Student aid leader Nelnet announces support of College Access and Opportunities Act

(Lincoln, NE) - Today, Nelnet, a national education finance leader, announced its support of the College Access and Opportunities Act of 2004, introduced by Congressmen John Boehner (R-OH) and Howard P. "Buck" McKeon (R-CA). The legislation is a cornerstone of the pending reauthorization of the Higher Education Act and proposes refinements to student aid programs with a focus on the expansion of student aid access, the extension of repayment options, and the reduction of borrower fees.

"Nelnet welcomes the ideas presented in the College Access and Opportunities Act," commented Don Bouc, President of Nelnet and the company's chief spokesperson. "The proposed modifications to the student aid programs will provide increased access and opportunity for millions of students across the country."

Bouc noted that Nelnet is particularly pleased with the legislation's support for the Pell and Campus Based Programs and the Congressmen's recognition for the value of the diversity of assistance they provide. The company anticipates students and colleges will welcome the expansion of Pell Grants for first and second-year students and the added flexibility of year-round grants.

The legislation also proposes to expand loan limits for first and second-year students. Current loan limits have not kept pace with growing college costs, forcing future and continuing students to cancel enrollment plans or borrow from more expensive loan programs to meet their needs. Expanded loan limits will open doors for some and lower the cost for others.

Regarding the move to variable interest rates for all student loan programs, the bill reflects the thinking of both Republicans and Democrats. Variable interest rates are particularly important in curbing the overwhelming costs the government is experiencing from current fixed-rate consolidation loans. The continued funding of college graduates who have already benefited from the student aid program will undermine efforts to expand, or perhaps to continue, the assistance offered to students who have not yet enrolled or who have not yet completed their programs.

"It is better to use the limited federal dollars available to assist new and continuing students rather than to sustain subsidies for those who have already completed their education," noted Bouc.

The bill includes a reduction in the borrower-paid origination fees for student loans and provides some loan repayment flexibility. Fee reductions and repayment options further support those borrowers pursuing higher education on the barest of financial terms.

Proposed funding for the legislation includes the possible prospective elimination of certain floor income that some student aid lenders receive during periods of declining interest. The income is generated through loans held either permanently or temporarily in particular tax exempt financings to establish floor earnings of 9.5%. While Nelnet has been the beneficiary of such earnings, the company was the first to propose a change in the provision, with the resulting savings used to expand available student aid.

"Nelnet's position, like Congressman Boehner's and Congressman McKeon's, is that surrendering these earnings opportunities provides a reasonable and achievable method of funding future student aid program needs," commented Bouc. "While we understand the risk that such newly freed capital could be redirected to other programs by the Congress, we believe the potential benefit to students outweighs the risks."

Providing services to over 1.7 million student loan borrower accounts, Nelnet has pledged its continued support of initiatives such as the College Access and Opportunities Act that provide greater educational benefits to students and families.

Additional information about the company is available at www.nelnet.net.

Nelnet offers a broad range of financial services and technology-based products, including student loan origination, holding, guarantee servicing, and a suite of software solutions. With over $12 billion in total assets, Nelnet originates in excess of $2 billion for itself and its service partners annually, and its servicing software is used by 35 clients,

including Nelnet, to service over $46 billion in student loans. Nelnet ranks among the nation's leaders in terms of total student loan assets.

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