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April 18, 2007

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VIA FACSIMILE – 202-401-0596

The Honorable Margaret Spellings
Secretary of Education
U.S. Department of Education
400 Maryland Avenue, SW
Room 7W301
Washington, DC 20202

Dear Secretary Spellings:

I am writing to strongly urge you to take emergency action to immediately resolve a number of problems in the federal student loan programs that are preventing the programs from operating to the maximum benefit of students, families, and taxpayers.

The Department of Education has been delinquent in its oversight of the student loan industry. While I appreciate the letter you issued to Chairman Kennedy yesterday, the fact is that much more needs to be done to address problems in the federal student loan programs. Within 10 days, I request that you respond in writing and provide an update on the status of these emergency action items.

1. Impose a moratorium on "preferred lender lists." Immediately end the practice of institutions using "preferred lenders" until we can ensure that these lists no longer drive corruption and cronyism.
2. Clearly define and end bribes. Please explain why the Department has failed for the past six years to publish regulations on inducements and immediately publish emergency regulations to clearly define inducements and bribes.
3. Require full disclosure. Immediately require all institutions and lenders to disclose any and all relationships that present conflicts of interest.
4. Instruct schools and lenders to cease and desist all conflicts of interest. Immediately bar institutions and lenders from having conflicts of interest.

The Honorable Margaret Spellings
April 18, 2007
Page 2

5. Conduct oversight of Department of Education employees. Request the Inspector General to conduct full oversight of all Department of Education employees to ensure they have no conflicts of interest with student lenders.

Additionally, in the public interest and in the interest of full disclosure, I urge you to:

- Launch a public campaign to actively educate students and families about their rights and options when borrowing for college; and
- Make public all records of loan industry meetings with political appointees so that the Congress and the American public better understand who at the Department was being lobbied by the industry.

As stewards of the federal student aid programs, we all have a responsibility to ensure the integrity of the program. It is time to take that responsibility seriously and act in the best interest of students, families and taxpayers.

Sincerely,


GEORGE MILLER
Chairman