



# EdFed

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## More MOHELA Changes

In recent months, the press has followed the moves of the Missouri Higher Education Loan Authority (MOHELA) and Governor Matt Blunt's plan to sell its assets in an attempt to invest in campus construction. The latest development in the MOHELA story is a plan proposed by Senate Democrats.

Blunt's initial proposal called for a transfer of \$350 million from Missouri's student loan agency to campus-enhancement projects. His belief is that financing the buildings in which future students will learn will perpetuate success. However, his opponents state that the same future students will have greater problems with affording loans as a result.

Last week, nine Democratic senators signed on to a bill stating that they wish to preserve MOHELA's assets while expanding student financial aid and financing campus construction statewide. Ultimately, the new plan is an alternative route to reach the same goal outlined by Blunt. However, the ways in which the two sides would like to go about achieving that goal are significantly different.

In direct contrast to Blunt's program, the Democratic proposal would take a smaller portion-1.5%-of MOHELA's assets each year for an indefinite number of years. The senators insist that this new bill would assist MOHELA with maintaining all of its assets and still fulfill the intention of disbursing low-cost student loans and accessible financial aid plans.

Senator Wes Shoemyer voiced support for the plan and his party, saying, "Instead of selling off our assets, we as Democrats would be encouraging MOHELA to grow and invest."

Governor Blunt questioned the financial validity of the plan, and there is doubt that the rest of MOHELA's decision makers will change their minds and work against Blunt's plan-especially since it's been approved for nearly a year.

"I don't see MOHELA going back and redoing this," said John Smith, the board's chairman. "We've already made our decision."

If the Democrats' plan is pushed through, however, decisions regarding allocation of assets could bypass the MOHELA board's approval. After MOHELA turned over the required portion of its assets, the state would use about \$38 million of what it is already spending on student aid to buy bonds to finance the \$350 million in building projects. The state would pay debt service for those bonds each year.

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Jessica Robinson, a spokeswoman for the governor, criticized the Democratic plan for its dependency on debt. "It's like buying a car on credit when you have the money to pay for it now," she said.

Yet Democrats stand behind their claim that their plan is logical because they are utilizing MOHELA's financial position in a dependable way to repay the bonds.