

1970s DIVERSITY & CHOICE

"We in Connecticut are blessed to have Connecticut Student Loan Foundation grow to such a position that it has now diversified its products and what it offers to students."

—Senator Joan V. Hartley (Connecticut),
Co-Chair of the Higher Education and Employment Advancement Committee



"No qualified student who wants to go to college should be barred by lack of money. That has long been a great American goal; I propose that we achieve it now."

—President Richard Nixon

The seventies continued to see an increase in college enrollment but schools now reflected populations that were more diverse. College campuses were still hotbeds of civil unrest and when it came time to reauthorize the Higher Education Act in 1972, Congress responded by passing Title IX, prohibiting discrimination in college admissions and other areas. By 1976, 48% of students enrolled in college were women and 15% were minorities (*Digest of Education Statistics, 2003*). Students from all walks of life were accessing a college education and CSLF was there to lend a helping hand.

The increase in enrollment also meant more borrowing. Lenders realized they needed more disposable funds in order to continue making new student loans. In 1972, Congress passed legislation creating secondary markets to purchase student loans, thus freeing up funds for the banks.

That same year, Connecticut became the first state in the nation to introduce its own secondary market, called Susie Mae. It wasn't until a year later, in 1973, that a government-sponsored enterprise, Sallie Mae, was founded.

CSLF continued to guarantee student loans during the mid-seventies with over \$280 million in loans provided to needy students. Many states that had begun administering the GSL program under their initial seed money exhausted their funds quickly. These agencies then turned to the government-created back-up program, the Federal Insured Student Loan Program (FISL). Yet the state-administered GSL program in Connecticut remained strong. Recognizing the importance of family choice and being one of the most financially secure agencies in the country, CSLF participated strictly in the GSL program and provided a 100% guarantee to lenders for defaulted loans.

CSLF continued to provide a full guarantee to lenders until the reauthorization of the Higher Education Act in 1976. In an effort to boost the GSL program, the Department of Education began underwriting defaulted claims to encourage the establishment of more state agencies. The FISL program eventually lost favor and the GSL program took over. CSLF remained a leader in the industry with strong GSL participation throughout the ensuing period of federal regulatory changes. This provided Connecticut schools with both the stability and flexibility required to meet the needs of its evolving student populations.

While college access was becoming a reality for many students, middle-income families were experiencing a squeeze. In 1978, the Carter administration responded with the passage of the Middle Income Student Assistance Act (MISAA). This act expanded federal interest subsidies under the GSL program to more students, and borrowing



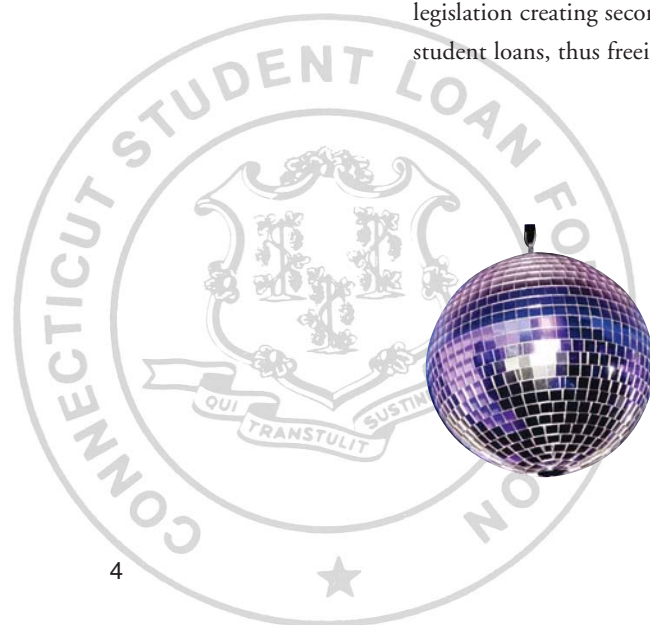
steadily increased as a result. Meanwhile, the State of Connecticut's loan forgiveness program remained in effect until 1979, when it fell victim to the appropriations process.

CSLF's growth went hand in hand with the expansion of the GSL program. By the end of the seventies, CSLF had cumulatively guaranteed almost \$700 million in student loans. By 1980, Connecticut was one of six states to account for over half of the loans guaranteed in the nation.

Customer Choice

In years gone by, a loan was a loan—nothing more, nothing less. CSLF has changed that concept and is considered a leader in offering choices for customers. For example, colleges and universities can select CSLF as a single source agency or they can choose to have CSLF serve as a cooperating partner with other lenders, guaranty agencies and/or servicers.

One of the advantages of CSLF's relatively small size is its ability to provide customized services. CSLF believes that a "one size fits all" philosophy is outdated and unresponsive. A number of schools have developed individualized processes to meet the needs of their unique student populations. CSLF recognizes that no two schools process loans exactly the same way, so customized workflows are the norm at CSLF.



1972

The second reauthorization of the Higher Education Act establishes non-discrimination policy for admissions, financial aid and other college related activities. Legislation is passed allowing secondary markets. The State of Connecticut introduces its secondary market, Susie Mae, for Connecticut lenders.

1973

The Student Loan Marketing Association (Sallie Mae) is created as a government-sponsored secondary market.



1976

The reauthorization of the Higher Education Act encourages the establishment of state agencies by offering incentive payments.

1978

Middle Income Student Assistance Act removes family income cap for interest subsidy on GSL program.

1979

The Office of Education is renamed the U.S. Department of Education.