



September 18, 2008

## Ky. boosts student loan fund

### NKU had some anxious days

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Officials at Northern Kentucky University were poised to help find other loan options when the nation's credit crisis almost hit students last month.

The Kentucky Higher Education Student Loan Corp., known as the Student Loan People, notified Kentucky universities it would not be distributing funds on Aug. 14.

The corporation, Kentucky's only public, non-profit student loan provider, had run out of money because of turmoil in the U.S. credit markets.

Classes at NKU started Aug. 25.

The crisis was averted on Aug. 15 when the state agreed to buy a \$50 million bond to help the Student Loan People.

This "bridge financing" meant the loan agency would receive additional federal money approved by Congress in May. The availability of that money was contingent on the state providing the short-term financing.

"The Student Loan People were in constant communication with Kentucky colleges and universities, informing us of their status," said Leah Stewart, Northern Kentucky University's director of the Office of Student Financial Assistance.

"Based on the communication received, I had full confidence that the Student Loan People would continue to participate in the federal loan programs," Stewart said.

However, if the Student Loan People or any other lender chose to suspend making loans, her staff was equipped to help students find other funding to pay their tuition, she said.

The deal announced by the state meant many students would not have to turn to private lenders.

"Low-cost student loans enable thousands of Kentuckians to obtain a college education or technical training every year," Gov. Steve Beshear said in a statement.

"This is critical, both to provide educational and economic opportunity for all of our citizens, as well as for the commonwealth's ability to attract the high-tech industries and the well-paid jobs of the 21st century," Beshear said.

"This bond issuance, which will be paid back on time, with full interest, represents the state's most important investment, an investment in Kentucky's future," the governor said.

Jonathan Miller, secretary of the Finance and Administration Cabinet, said the state also would be getting a good investment in the deal.

The loan had a term of 445 days and will be payable on Nov. 25, 2009, Miller said. At that rate, the agency will pay \$1.9 million in interest, he said.

Loan checks from the Student Loan People began arriving the week classes began, Stewart said.

*The Courier-Journal and the Associated Press contributed.*

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