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Pa. student loan board rejects Sallie Mae takeover bid

BYLINE: By PETER JACKSON, Associated Press Writer

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The board of Pennsylvania's state-run student loan program Monday emphatically rejected an unsolicited \$1 billion takeover bid by industry giant Sallie Mae.

Directors of the Pennsylvania Higher Education Assistance Agency also adopted a resolution vowing that the 41-year-old agency would never be sold to a for-profit corporation.

"PHEAA is not now and never will be for sale, especially to a profit-driven corporation with a track record of overcharging borrowers, laying off workers and gobbling up any organization that stands between students and a quest for bigger profits," said state Rep. Elinor Z. Taylor, R-Chester, who chairs the PHEAA board.

SLM Corp., the official name of Reston, Va.-based Sallie Mae, had offered Dec. 20 to pay the state \$500 million up front and \$100 million a year for five years to buy PHEAA. Top executives at the company, one of the nation's leading student loan providers, hinted that the price may even be increased if the state were willing to negotiate.

Gov. Ed Rendell had said he was intrigued by Sallie Mae's claim that the takeover could save tens of millions of dollars in operating costs, but there was no indication Monday that he intends to intervene.

"There are no negotiations or anything of that nature, and there were no requests," said Rendell spokesman Abe Amoros.

Sallie Mae officials had no immediate comment Monday on the boards' decision.

PHEAA, a creation of the state Legislature with a 20-member bipartisan board dominated by legislators, manages \$33 billion in assets and employs 2,300 people. Sallie Mae has \$53 billion in assets and 6,600 employees nationally, according to its Web site.

On the Net:

PHEAA: <http://www.pheaa.org>

Sallie Mae: <http://www.salliemae.com>

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CITY: HARRISBURG, PA, USA (79%);

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