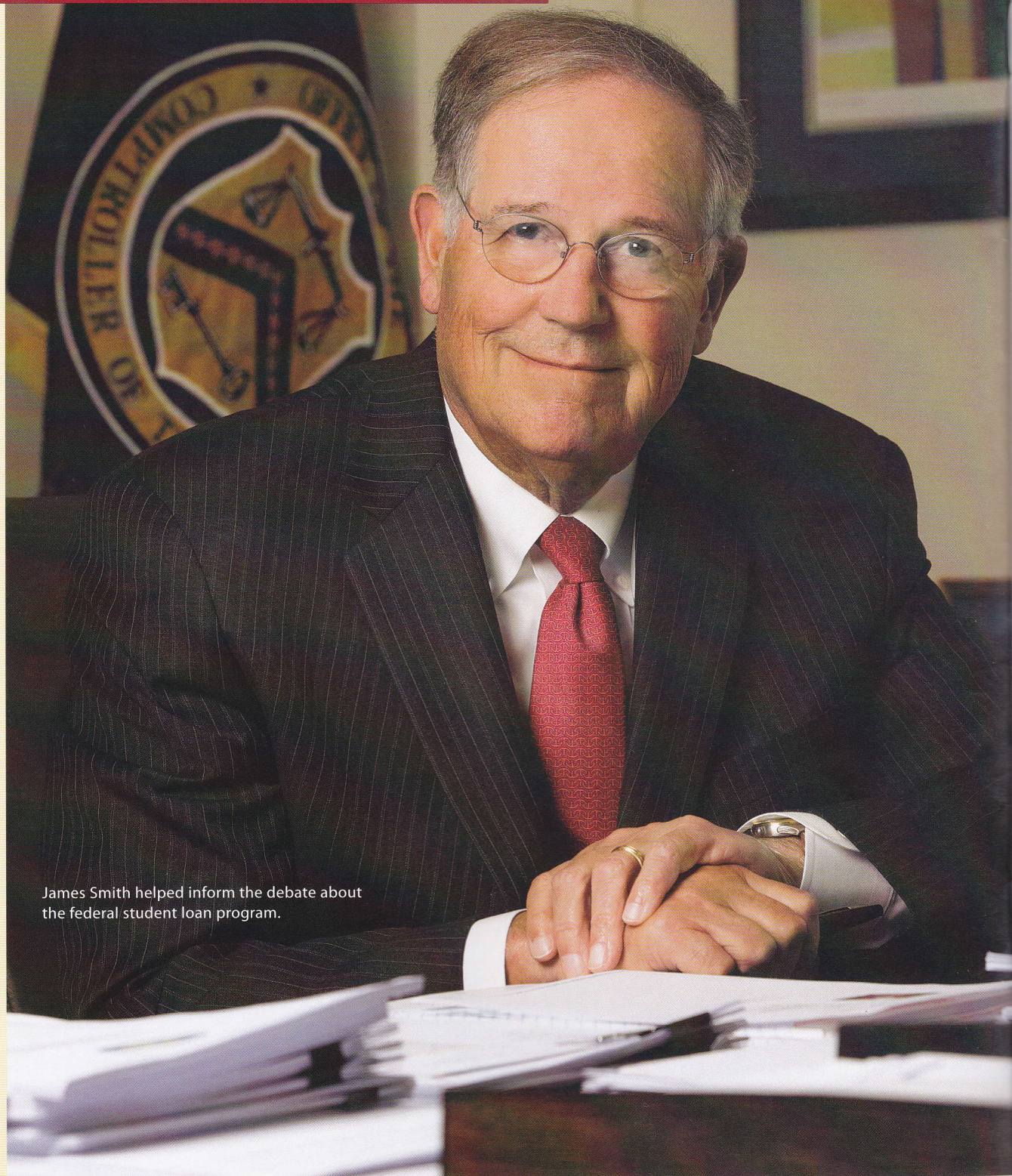


Reflections

Organizations Partner to Champion Cause



James Smith helped inform the debate about the federal student loan program.

As James Smith looks back at his vast experiences in six decades of banking-related projects and programs, one series of events stands out.

"My part in helping to get the loan guarantee program off to a rational start will always be with me as something I'm very proud that I had the chance to do," he says. "It's one of the pleasant memories of my life."

That 1965 debate about how to construct the federal education loan program, proposed by President Lyndon Johnson's administration, first brought USA Funds to Smith's attention.

Smith had been deputy legislative counsel for the Washington, D.C.-based American Bankers Association for three years when Edward McCabe approached the group about joining in USA Funds' efforts to retain USA Funds' role as a guarantor of student loans in a federal program.

McCabe at the time was representing USA Funds' interests on Capitol Hill. He had been among the group of business leaders who worked to establish United Student Aid Funds five years earlier as a nonprofit student loan guarantor with the vision of creating privately funded guaranteed loan programs in every state.

"I got assigned to work with Ed on that effort to preserve the admirable idea that was there and to build off of it," Smith says. "In the end, we were able to mold the federal program so it supplemented the existing program

efforts of USA Funds and similar state agencies — rather than ignoring and abandoning these programs and having the federal government do that work all over again itself."

Not that the accomplishment came without plenty of hard work on the part of Smith, McCabe and others, Smith says. He remembers, for example, one point during crunch time of Congress' decision making on that proposed federal student loan program.

A U.S. Senate committee staff director advised Smith and McCabe that if their ideas for the federal program were to have any hope of success with his committee the following week, they would need to draw up a side-by-side comparison. That side-by-side would need to outline

the ideas of the version of the program that the Johnson administration proposed and the version of the program that the U.S. House of Representatives had just passed.

"So Ed and I, on a very hot and steamy July Saturday, in a conference room of the American Bankers Association Washington office with no air conditioning — that's the way buildings operated in those days — had a pile for both bills," Smith says. "We were chopping the materials into pieces and pasting them on a great piece of stiff-backed paper to provide the side-by-side, with commentary in another column why one item and another were done."

That side-by-side helped spell out the issue for the Senate committee, which advanced the House version of the bill — the proposal that built on the existing guarantor setup. "I don't want to overstate it," Smith says of the duo's work that weekend, "but it was an important little action in the whole process."

Once the Guaranteed Student Loan Program — a predecessor to today's Federal Family Education Loan Program — was under way, Smith and the ABA worked diligently to encourage the involvement of lenders across the nation.

Charls Walker, who at the time was the ABA's executive vice president, says Smith's "grassroots appeal" was key in persuading lenders to get involved. Walker, Smith and McCabe were among those who visited

countless lender meetings to rally support.

Smith went on to a lengthy career in Washington that continues today. Among the positions he has held are those with the U.S. Treasury and as comptroller of the U.S. currency. Today he is the chairman of the government affairs organization the Smith-Free Group.

His relationship with USA Funds has endured.

"I think if one looked at the period from '65 forward," Smith says, "it's hard to say there is any organization that has played a more dynamic role in the building of a program and understanding the needs of students — who had that liaison between funders and schools and recipients — than USA Funds. And I think USA Funds is the single most important institutional force in the venerable success of the student financing effort." ■

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