

The Federal Family Education Loan (FFEL) Program serves as a valuable vehicle for borrowers to capitalize on the advantages of public-private partnerships to borrow funds. Critics allege that the program is saddled with conflicts of interest that increase costs for students and taxpayers. Such criticism eventually led to federal reform efforts of the FFEL Program statutory and regulatory framework. This note explores shortcomings in the historical regime and the genesis of the federal reform efforts. It provides background information on prohibited inducements and preferred lender lists, two areas of emphasis in recent reforms. Against this backdrop, it examines the extent to which inadequacies owing to the reactionary nature of the reforms offset the potential benefits of increased clarity in the statutory and regulatory framework.