



PHEAA Ordered to Publish Spending Records

By Emily Zaborniak



The Pennsylvania Higher Education Assistance Authority, or PHEAA, boasts nearly 60 billion dollars in assets, making it one of the nation's largest student loan agencies. With such a remarkably strong presence, the organization inevitably garners public attention. However, recently, this attention has led to scrutiny. PHEAA has been accused and found guilty of withholding information about its spending on retreats for board members, as well as other suspicious financial records.

In a five to two ruling, the organization was found in violation of Pennsylvania's Right-to-Know Law. As a result, the Commonwealth Court panel ordered PHEAA to disclose various documents and pay a portion of the legal fees incurred by the media organizations whose reporters originally sought out the documents.

PHEAA's off-putting publicity reflects a current trend among financial aid institutions and private loan lenders. A recent report investigated lenders such as EduCap and the negative press exposure they have received for overspending. EduCap was highly criticized for its plans to hold an "educational summit" in the Caribbean at a luxurious hotel. Similarly, PHEAA was targeted by news organizations seeking credit card spending and travel records from employees and board members who attended meetings held at posh resorts in several states.

PHEAA attempted to form a rebuttal to the reporters' demands for disclosure. It first claimed that, because all but four of the 20 board members are legislators, certain documents in question ought to be considered "legislative recordings" and, therefore, exempt from the Right-to-Know Law. Its second claim argued that the records contained "trade secrets" that would divulge the agency's strategies for success in the marketplace. To PHEAA's dismay, the court rejected both claims.

Judge Doris A. Smith-Ribner elaborated on the court's reasoning, saying, "Although it competes with private lenders and others, PHEAA is subject to the Right-to-Know Law [...], and it may not conduct its affairs precisely as a private entity does."

The court's decision comes after more than a year of complicated accusations. It all began when three reporters separately filed Right-to-Know requests to gain access to PHEAA's records. Then, in September 2005, PHEAA filed suit in the Commonwealth Court, naming the reporters as respondents and asking the court to explicitly allow it to refuse to release the requested documents. This incited the news organizations to file a countersuit, and both sides agreed to nonbinding arbitration. In June, a retired county judge, who served as a hearing examiner during the process, recommended that PHEAA make its spending records public, but the agency insisted that it would keep the documents' contents undisclosed. After PHEAA's stubborn reaction, the news organizations appealed to the Commonwealth Court, bringing about its present decision on the case.



The court will allow PHEAA to redact, or black out, personal information such as home addresses, phone numbers, Social Security numbers, credit card numbers, and bank account numbers.

In an Associated Press article, *Patriot-News* Executive Editor David Newhouse made these conclusive remarks: “This is not our victory; it’s a victory for the public, who has a right to know how their money is spent. I only regret that PHEAA spent so much time, effort, and, I’m sure, legal fees to fight our attempt to report the facts.”