

**PHEAA names new CEO at critical time**  
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The state's student aid agency has named James Preston, its interim chief executive for the last several months, as its new CEO. The agency's board announced the appointment early today.

Preston, 57, has been serving as the interim president and CEO at PHEAA since the former CEO Dick Willey resigned in October at the board's request. Preston previously had been executive vice president of client relations and loan operations for the agency. He will earn \$320,000 in the post, said state Sen. Jane Earl, R-Erie, a member of the search committee.

PHEAA is facing severe financial challenges. Today, PHEAA's board is discussing the possibility of changes to the student grant program, which aids 160,000 students. Due to declining earnings, PHEAA has said that it may have to reduce the size of the top grant (\$4,700) and/or possibly offer fewer grants to students. College officials are worried about the prospect of fewer or smaller grants, which are awarded on the basis of financial need.

Earlier this month, PHEAA announced it was no longer offering federally guaranteed student loans, forcing students to turn to banks and private lenders. PHEAA and other student lenders nationwide have had trouble borrowing money due to recent upheaval in the financial markets.

Some agency employees have worried about layoffs, but PHEAA has said staff reductions would be a last resort.

Preston's ability in the midst of these challenges played a key role in his selection to lead the agency, said state Rep. Jennifer Mann, R-Lehigh.

"Our decision would have been more difficult had Jim not been managing PHEAA so well during what is perhaps the most challenging period in its 44-year history," said Mann, who led the search committee. "After careful evaluation ... we realized that any other option would have been a compromise for Pennsylvania families that we were not willing to make."

Preston has 25 years of experience in various investment banking positions, the agency said. He joined PHEAA in 2003. His salary as the executive vice president and during his stint as interim CEO has been \$217,757.

"When we began our search for a new CEO five months ago, we knew we could depend on Jim to provide a steady hand to help us manage PHEAA during the transition," said Rep. Bill Adolph, R-Delaware, who is the chairman of PHEAA's board of directors. "What was unknown to us at the time was the true extent of Jim's leadership abilities and management skills in dealing with the rapidly changing market-driven forces that are reshaping the student aid industry today."