



May 2, 2022

The Honorable Pete Sessions
United States House of Representatives
2204 Rayburn House Office Building
Washington, DC 20515

Dear Representative Sessions:

On behalf of Education Finance Council (EFC), I am writing to endorse the *State-Based Education Loan Awareness Act*. EFC greatly appreciates your efforts to help students and families receive information about low-cost education loans offered by state-based organizations.

EFC is the national trade association representing nonprofit and state-based higher education finance organizations. EFC member organizations have been working to increase higher education access, success, and affordability by offering a wide range of resources and services to students and families, including outreach programs, scholarships, grants, college savings plans, low-cost education loans, low-cost refinancing loans, extensive college access and completion programs, financial literacy programs, and early awareness programs. EFC members are driven by a public purpose mission to expand borrowers' financial knowledge, prevent over-borrowing, and promote positive repayment behavior.

Many of EFC's nonprofit, state-based members offer a fixed rate student loan option that is generally lower than the rates offered by private, for-profit lenders. Some loan programs offered by EFC members are funded by the proceeds of tax-exempt bonds, which enables these organizations to offer education loans with low interest rates and favorable terms. These state-based, nonprofit lenders have designed their loans to give students and families a consumer-friendly option to fund the gap between the total cost of attendance at colleges and universities and other aid, which may include federal loans, grants, and scholarships. As outlined in [EFC's Guiding Principles](#), EFC member organizations encourage borrowers to exhaust their federal student loan eligibility before accessing non-federal loans.

Unfortunately, the Preferred Lender List requirements in the *Higher Education Act* make it difficult for higher education institutions to provide information to students and their families about the availability of these consumer-friendly options. As a result, many families take out the higher-cost Federal Direct Parent PLUS loan or use internet searches that are dominated by for-profit lenders to find an education loan. These families often end up paying much more in interest and total payments than they would have had they borrowed from a non-profit, state-based lender. EFC members work hard to ensure that families make the financing decision that best meets their unique needs, but many borrowers are simply unaware that state-based loan programs exist.

The *State-Based Education Loan Awareness Act* would increase student awareness of low-cost, non-federal loans so they can make smart financial decisions and reduce the cost of borrowing for postsecondary education. This bill will:

- Put information about low-cost, consumer-friendly education loan options - those with interest rates and fees lower than or equal to the Federal Direct Parent PLUS program - directly into the hands of students and families;
- Improve college affordability - particularly for middle-class families squeezed by the rising cost of tuition - by providing access to loans that are offered at low interest rates; and
- Help families navigate the complexity of college financing by allowing institutions and state-based organizations to offer enhanced guidance and advice, ensuring that borrowers exhaust their federal student loan options before seeking non-federal loan financing.

EFC and our members look forward to working with you and your colleagues to move this important legislation forward.

Sincerely,

A handwritten signature in black ink, appearing to read "Gail daMota". The signature is fluid and cursive, with the first name "Gail" being the most prominent.

Gail daMota
President