April 15, 2024

The Honorable Tammy Baldwin Chair Senate Appropriations Subcommittee on Labor, Health and Human Services, Education 138 Dirksen Senate Office Building Washington, DC 20510	The Honorable Shelley Moore Capito Ranking Member Senate Appropriations Subcommittee on Labor, Health and Human Services, Education 138 Dirksen Senate Office Building Washington, DC 20510

Dear Chair Baldwin and Ranking Member Capito:

As the subcommittee begins its work on the Fiscal Year (FY) 2025 Labor, Health and Human Services, Education, and Related Agencies Appropriations Act, the National Council of Higher Education Resources (NCHER), Education Finance Council (EFC), and the National Association of Student Loan Administrators (NASLA) urge you to include a one-year extension of Account Maintenance Fees (AMF) paid to state and nonprofit guaranty agencies so they can continue to provide important college access and success activities to students and their families. Our organizations appreciate the subcommittee's recognition of the vital role that guaranty agencies play in promoting student success and commends you for extending AMF authority for an additional year in the Further Consolidated Appropriations Act, 2024 (Public Law 118-47) as well as in prior appropriations bills.

Background on Account Maintenance Fees

State and nonprofit guaranty agencies are authorized under the Higher Education Act of 1965 to provide important services to students and their families, borrowers, and the federal government in order to increase access to and success in postsecondary education and help manage the federal legacy student loan program at the local level. Many of the state and nonprofit agencies operate and provide student support services in more than one state. These agencies receive AMF payments to carry out the mandate to:

- Support college access and success activities in their states, such as consumer education and financial wellness, financial aid awareness, FAFSA (Free Application for Federal Student Aid) completion services and events, borrower assistance, and ombudsman support. These specialized services are provided to current and future Direct Loan borrowers as well as borrowers under the federal guaranteed loan program. In most states, these are the only services that are being offered to promote college access and success in postsecondary education.

- Assist struggling borrowers under the federal guaranteed loan program in avoiding default on their federal student loans, and helping defaulted borrowers rehabilitate their federal loans and repair their credit history. More than 4.0 million student and parent borrowers still have more than $105.2 billion in federal guaranteed loans and these borrowers need access to important delinquency and default prevention services, just like Direct Loan borrowers.

- Provide schools with basic administrative support such as information on student loan defaults and loan transfers and training and technical assistance to loan holders and schools.

- Provide outreach, financial-wellness services, emergency grants, paid internships, and other programming to students at Minority Serving Institutions as part of the Project Success Program.

The fees are paid quarterly and based on the original principal balance of an agency's outstanding non-defaulted Federal Family Education Loan Program portfolio. **According to the Congressional Budget Office, the annual extension of AMF authority is budget neutral**. If AMF is not extended, fewer families will receive important information that helps open the doors to college, fewer schools will receive basic administrative support, and guaranty agencies will be unable to perform critical functions that assist borrowers in avoiding default and protect federal taxpayers as the federal legacy program continues to wind-down its operations. While the term "Account Maintenance Fees" may sound like an accounting procedure or administrative funding, it is a critical means of providing direct services to students, borrowers, and their families.

Impact of Account Maintenance Fees in Helping Students, Families, and Schools

According to a recent survey on the impact of AMF funding:

- 2.3 million students and families received college access and success and student loan repayment assistance in 2023.
- 1.2 million struggling borrowers received student loan delinquency and default aversion assistance.
- 125,673 students and their families attended 3,840 financial aid events.
- 2,360 financial aid administrators received important information about the federal student loan program at 90 training events.
- 2.1 million phone calls, texts, and emails were answered from students and borrowers.
- 3.7 million visitors accessed important college access and success information on various websites.
- 728,273 materials were distributed to students and families at various college access and success touchpoints.

As noted above, there is more than $105.2 billion in outstanding federal loans held by loan holders and guaranty agencies. The agencies provide - and must continue to provide – services and accountability for this sizeable federal asset necessitating the importance of making sure that Account Maintenance Fees continue to be paid by the federal government. The FY 2016, FY 2017, FY 2018, FY 2019, FY 2020, FY 2021, FY 2022, FY 2023, and FY 2024 appropriations bills included a one-year extension of AMF because it is essential for guaranty agencies to provide important services on behalf of the federal government, and we urge the committee to provide an additional one-year extension in the FY 2025 appropriations bill as Congress continues its work to reauthorize the Higher Education Act. **Failure to extend AMF would cripple the ability of the agencies to carry out their statutory responsibilities under the law, and directly and negatively impact student and parent borrowers across the country.**

Once again, NCHER, EFC, and NASLA thank the committee for its past support and extension of AMF authority. If you have any questions, please feel free to contact us.

Sincerely,

James P. Bergeron
President
National Council of Higher Education Resources
(202) 822-2106
jbergeron@ncher.org

Gail daMota
President
Education Finance Council
(202) 552-8505
gaild@efc.org

Richard George
President
National Association of Student Loan Administrators
(608) 733-2516
info@nasla.org