

April 29, 2024

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 applauds your efforts to help students and families receive information about low-cost education loans offered by state-based and nonprofit organizations. Your legislation makes college more affordable for students and families nationwide.

Education Finance Council (EFC) is the national trade association representing nonprofit and state-based higher education finance organizations. EFC members increase postsecondary education access, success, and affordability by providing a wide range of free resources and support services to students and families. Every year our members support millions of individuals as they seek to expand their skillsets and improve their lives.

Many of EFC's nonprofit, state-based members offer a fixed-rate student loan that features lower rates than the loans for-profit lenders lend to consumers. Some loan programs offered by EFC members are funded using the proceeds of tax-exempt Qualified Student Loan Bonds (QSLBs). Since 1976, more than \$18.3 billion in education loans have been funded from the proceeds of tax-exempt QSLBs resulting in collective savings for borrowers of more than \$1.2 billion.

These state-based nonprofit lenders 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. 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 colleges and universities to provide information to students and their families about the availability of these consumer-friendly student loans. As a result, many families take out the higher-cost Federal Direct Parent PLUS Program loans or use internet searches that are dominated by for-profit lenders. 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 student loan programs exist.

The *State-Based Education Loan Awareness Act* would increase families' awareness of low-cost, non-federal student loans so they can make optimal 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 inflation and the rising cost of tuition—by providing access to loans that offer low fixed 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