

September 10, 2024

The Honorable John Barrasso
U.S. Senate
307 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Cynthia Lummis
U.S. Senate
127A Russell Senate Office Building
Washington, D.C. 20510

Dear Senators Barrasso and Lummis:

I am writing on behalf of Education Finance Council (EFC) to endorse S. 4686, the *Transparency in Student Lending Act*. EFC supports your proposal to help students and families understand the full cost of borrowing a federal student loan.

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 services to millions of students and families every year. EFC members are driven by a public purpose mission to support students as they seek to grow their skills and improve their lives.

Unlike private education loan programs, the federal student loan programs are not subject to *Truth in Lending Act* (TILA) disclosure requirements. TILA mandates that lenders disclose important credit features such as annual percentage rate (APR), loan term, and total cost. Congress passed TILA to establish best practices and give consumers standard information they can use to compare their options and choose the right loan for their needs.

The federal government's failure to disclose APRs for its student loan programs leaves students and families unable to fully judge the true cost of these loans. This lack of transparency is particularly concerning for federal PLUS Loan borrowers, who face an origination fee exceeding 4.2 percent on top of the 9.08 percent fixed interest rate for the 2024-25 Award Year.

State-based, nonprofit higher education finance organizations often provide the most generous private education loan options for families. EFC members adhere to a set of guiding principles that promote borrower success, improve college affordability, and hold nonprofit student lenders to a high level of accountability.¹ Our members' loan programs feature low APRs, no origination fees, flexible repayment plans, and lower total debt burdens than the federal PLUS Loan program and for-profit student loan programs.

EFC proudly endorses the *Transparency in Student Lending Act*, which will equip students and families with all the information they need to understand the cost of borrowing a federal student loan. Your legislation will enable families to accurately compare all available credit options, ultimately making college more affordable.

EFC looks forward to working with you and your colleagues to ensure the federal government sets student loan borrowers up for success.

Sincerely,



Gail daMota
President

¹ <https://www.efc.org/guiding-principles/>