EFC | Education Finance Council™

Nonprofits Empowering Student Success

April 14, 2025

The Honorable Randy Feenstra
U.S. House of Representatives
2434 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Feenstra,

On behalf of the Education Finance Council (EFC), thank you for introducing H.R. 2660 to remove Qualified Student Loan Bonds (QSLBs) from the Private Activity Bond (PAB) volume cap and exempt QLSBs from the Alternative Minimum Tax (AMT). Your bill enables EFC members -- state-based, nonprofit organizations -- to continue providing students and families with access to low-cost education loans.

EFC members use QSLBs to raise the capital they need to offer low-cost education loans to students who have unmet need beyond what the federal government provides through Title IV of the *Higher Education Act of 1965*. Importantly, federal rules restrict the yield of EFC members' loan portfolios financed by QSLBs to no more than 2 percent of the cost of the funds. This means the savings generated can be passed along to students in the form of lower interest rates.

Unfortunately, as you know, certain provisions in the Internal Revenue Code limit EFC members' ability to maximize QSLBs to the benefit of students. First, since QSLBs are a type of PAB, they are subject to the annual state volume cap. As a result, EFC members compete for bond capacity with other regional infrastructure projects. Additionally, QSLBs are treated as a preference item under the Alternative Minimum Tax (AMT), which increases student borrowers' interest rates anywhere from 25 to 60 basis points. Importantly, H.R. 2660 removes these unnecessary barriers.

Students and their families deserve to have borrower-friendly options in the private marketplace as they consider how to pay for their college degree or credential once they've exhausted their options from the federal government. We appreciate your work to provide such options and keep higher education within reach for tens of thousands of students every year.

Sincerely,

Gail daMota
President