April 20, 2023

The Honorable Robert Aderholt
Chairman
House Appropriations Subcommittee on Labor, Health and Human Services, Education
2358-B Rayburn House Office Building
Washington, DC 20515

The Honorable Rosa DeLauro
Ranking Member
House Appropriations Subcommittee on Labor, Health and Human Services, Education
1036 Longworth House Office Building
Washington, DC 20515

Dear Chairman Aderholt and Ranking Member DeLauro:

As the subcommittee begins its work on the Fiscal Year (FY) 2024 Labor, Health and Human Services, Education, and Related Agencies Appropriations Act, the National Council of Higher Education Resources (NCHER) urges 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. NCHER appreciates 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 Consolidated Appropriations Act, 2023 (Public Law 117-328) as well as in prior appropriations bills.

<u>Background on Account Maintenance Fees</u>

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 4.7 million student and parent borrowers still have more than $121.6 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.

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.

<u>Impact of Account Maintenance Fees in Helping Students, Families, and Schools</u>

According to a recent survey based on responding NCHER members on the impact of AMF funding:

- 5 million students and families received college access and success and student loan repayment assistance in 2022.
- 623,848 million struggling borrowers received student loan delinquency and default aversion assistance.
- 12,481 students received financial wellness help at 723 events across the country.
- 7,368 high school counselors and teachers received college access and success information at 535 events.
- 111,985 students and their families attended 2,997 financial aid events.
- 6,476 financial aid administrators received important information about the federal student loan program at 465 events.
- 3.4 million phone calls and emails were answered from students and borrowers.
- 14.4 million visitors accessed important college access and success information on various websites.
- 1.4 million materials were distributed to students and families at various college access and success touchpoints.

As noted above, there is more than $121.6 billion in outstanding loans held by private 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, and FY 2023 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 2024 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 thanks the committee for its past support and extension of AMF authority. If you have any questions, please feel free to contact me at jbergeron@ncher.org or (202) 822-2106.

Sincerely,

James P. Bergeron
President