April 4, 2019

The Honorable Richard Shelby  The Honorable Patrick Leahy
Chairman
Senate Appropriations Committee
Washington, DC 20510 Washington, DC 20510

The Honorable Roy Blunt The Honorable Patty Murray
Chairman
Senate Labor, Health and Human Services, Senate Labor, Health and Human Services,
Education Appropriations Subcommittee Education Appropriations Subcommittee
116 Dirksen Senate Office Building 116 Dirksen Senate Office Building
Washington, DC 20510 Washington, DC 20510

Dear Chairman Shelby, Ranking Member Leahy, Chairman Blunt, and Ranking Member Murray:

As the subcommittee begins its work on the Fiscal Year 2020 Labor, Health and Human Services, Education, and Related Agencies Appropriations Act, the National Council of Higher Education Resources (NCHER) urges you to extend the authority for Account Maintenance Fees (AMF) past September 30, 2019. Our state and nonprofit guarantors appreciate the subcommittee’s recognition of the vital role that guaranty agencies play in promoting student success and commend you for including language extending AMF authority for an additional year in the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act of 2019 (Public Law 115-245).

State and nonprofit guaranty agencies are authorized under the Higher Education Act of 1965 to provide important services to students, borrowers, families, and the federal government by increasing access to and success in postsecondary education and helping to 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, such as financial aid awareness, consumer education, FAFSA (Federal Application for Federal Student Aid) completion services and events, borrower assistance, and ombudsman support. These services are provided to students and families in states around the country, regardless of the type of loan they received to finance their postsecondary education.

- Assist struggling borrowers in avoiding default on their federal student loans, and help defaulted borrowers rehabilitate their loans and repair their credit history.

- 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.
• Maintain loan records for student and parent borrowers and conduct comprehensive compliance reviews of loan holders and servicers.

According to a recent survey of a select number of NCHER members on the impact of AMF funding, more than 5 million students, borrowers, and families received important college access and success and student loan repayment assistance; more than 1.5 million struggling borrowers received student loan delinquency and default aversion assistance; more than 72,000 students received financial literacy help at 380 events across the country; more than 55,900 high school counselors and teachers received college and success information at 7,400 events; more than 59,000 students and their families attended 3,750 financial aid events; and more than 8,290 financial aid administrators received important information about the federal student loan program at 370 events across the nation. Because of the specialized work of the state and nonprofit guarantors, 11.6 million phone calls and emails were answered from students and borrowers; 10.2 million visitors accessed important college access and success information on various websites; and 2.5 million materials were distributed to students and families at various college access and success touchpoints.

The fees are paid quarterly and based on the original principal balance of an agency’s outstanding non-defaulted federal guaranteed 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, federal taxpayers will receive fewer protections, 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.

The President’s budget request for fiscal year 2020 included the elimination of Account Maintenance Fees. The budget office mistakenly believes that, because there are no new originations under the federal guaranteed loan program, the fees are no longer necessary. However, there is still nearly $200 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. The FY2016, FY2017, FY2018, and FY2019 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 subcommittee to provide an additional one-year extension in the FY 2020 appropriations bill.

Once again, NCHER thanks the subcommittee for its past support and extension of AMF authority. The continued extension of AMF is essential for state and nonprofit agencies to continue to provide critical services to students and families on behalf of the federal government, and the subcommittee must take action before the end of the current fiscal year.

If you have any questions, please feel free to contact me at jbergeron@ncher.us or (202) 822-2106.

Sincerely,

James P. Bergeron
President