

March 11, 2020

The Honorable Nita Lowey
Chairwoman
House Appropriations Committee
H-307, The Capitol
Washington, DC 20515

The Honorable Kay Granger
Ranking Member
House Appropriations Committee
1016 Longworth House Office Building
Washington, DC 20515

The Honorable Rosa DeLauro
Chairwoman
House Labor, Health and Human Services,
Education Appropriations Subcommittee
2358-C Rayburn House Office Building
Washington, DC 20515

The Honorable Tom Cole
Ranking Member
House Labor, Health and Human Services,
Education Appropriations Subcommittee
1016 Longworth House Office Building
Washington, DC 20515

Dear Chairwoman Lowey, Ranking Member Granger, Chairwoman DeLauro, and Ranking Member Cole:

The National Council of Higher Education Resources (NCHER) urges you to include legislative language promoting the use of state and nonprofit organizations to assist student and parent borrowers repay their federal student loans in the Fiscal Year 2021 Labor, Health and Human Services, Education, and Related Agencies Appropriations Act. Our members appreciate the subcommittee's past support of the important and successful work of state and nonprofit organizations that assist students and families, and urge you to strengthen the report language included in past appropriations bills.

College affordability and student loan debt are important issues on the minds of our nation's students and families. According to recent statistics from the U.S. Department of Education and Federal Reserve Bank of New York, federal student loan debt totals nearly \$1.51 trillion, an amount that policymakers and economists have cited is negatively impacting the ability of student borrowers to achieve postsecondary success, own a car, buy a house, or start a family. At the same time, more than 10 percent of borrowers who took out a federal student loan defaulted on that loan within three years, and over 10 percent of all student loans are either in delinquency more than 90 days or in default. Clearly, student and parent borrowers need access to more specialized support services throughout their postsecondary education to help them understand their financial decisions.

State and nonprofit organizations across the country, with more than 50 years of experience, have been highly successful in providing important services to struggling borrowers for decades because they provide a holistic approach to student success. The agencies act as borrower advocates to help struggling borrowers understand the student loan repayment process and options that may be available to them to help mitigate delinquencies and defaults. They also counsel students and families on early awareness of the variety of educational choices available beyond high school and creating a college-going culture, the appropriate courses to take in high school to facilitate entering the college major or career program of their choosing, how to apply for college and navigate the financial aid process, how to avoid overborrowing, and the importance of managing student

loan debt, as well as budgeting and personal finance management skills. These services are proactively provided to student and parent borrowers at risk of default.

The House and Senate versions of the Labor, Health and Human Services, Education, and Related Agencies Appropriations Act for Fiscal Year 2019 and 2020 included report language recognizing the important role that state and nonprofit organizations – each with a public mission to help students and families – could play in the federal student loan program and urging the Department to leverage the expertise of these organizations to help struggling borrowers as part of its upcoming federal student loan procurements. But the agency has failed to implement the report language to date. Because of this, NCHER supports including bill language in the Fiscal Year 2021 appropriations bill directing the Department to work with state and nonprofit organizations to help struggling borrowers during its upcoming federal student loan servicing procurement. It is in the national interest for these state and nonprofit agencies to continue to provide critical services to students and families to help them repay their student loans and promote college access and success in postsecondary education.

The suggested legislative language is as follows:

“Provided further, That to the extent Federal Student Aid (FSA) permits student loan servicing subcontracting, FSA shall encourage prime contractors to enter into subcontracting arrangements that include state-based and non-profit entities with current and demonstrated expertise in assisting struggling federal student loan borrowers avoid loan delinquency and default.”

NCHER commends the subcommittee for its work to increase college access and success. Our organization urges you to improve on the existing servicing system by leveraging the expertise of smaller state and nonprofit organizations in helping student and parent borrowers.

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

Sincerely,



James P. Bergeron
President