September 16, 2019

The Honorable Bobby Scott
Chairman
House Committee on Education and Labor
2176 Rayburn House Office Building
Washington, DC 20515

The Honorable Virginia Foxx
Ranking Member
House Committee on Education and Labor
2101 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Scott and Ranking Member Foxx:

The National Council of Higher Education Resources (NCHER) writes in strong opposition to the elimination of Account Maintenance Fees (AMF) paid to the nation's guaranty agencies included in H.R. 2486, the Fostering Undergraduate Talent by Unlocking Resources for Education or FUTURE Act. NCHER commends your leadership in expanding funding to Historically Black Colleges and Universities (HBCUs) and other Minority-Serving Institutions (MSIs); however, the elimination of AMF would hurt those very students and families who benefit from important college access and success programs across the country.

NCHER is interested in working with Congress to maintain funding for programs that strengthen HBCUs and MSIs. However, we strongly disagree that such effort should be paid for by ending those important services that our members provide to students, borrowers, and families. At a time when students are struggling to obtain the education that they need and borrowers are struggling to manage their student loan debt, the services supported by AMF are more critical than ever.

State and nonprofit guaranty agencies are required 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. In fact, several agencies are currently participating in the U.S. Department of Education's Project Success Initiative that provides intensive student support services at HBCU and MSI campuses across the country. These services provide support for current and future Federal Direct Loan borrowers as well as borrowers under the federal guaranteed loan program. State and nonprofit 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.

- 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.

For all guaranty agencies, the payment of AMF is a critical source of funds to carry out their college access and outreach activities, many of which benefit first-generation college students. Guarantors receive a modest fee when they successfully prevent a student loan default. However, this amount is far less than what the agencies spend on default prevention, and guarantors use a portion of AMF to carry out default prevention activities and work with borrowers who have re-defaulted on their student loans. As such, eliminating these important funds would cripple the ability of the agencies to carry out their statutory responsibilities, and directly and negatively impact student and parent borrowers across the country.

According to a recent survey of a select number of state and nonprofit organizations on the impact of AMF funding:

- More than 5.2 million students and families received college access and success and student loan repayment assistance in 2018;
- More than 1.6 million struggling borrowers received delinquency and default aversion assistance;
- More than 78,800 students received financial literacy help at 430 events across the country;
- More than 60,300 high school counselors and teachers received college access and success information at 10,400 events;
- More than 78,400 students and their families attended 4,100 financial aid events;
- More than 8,290 financial aid administrators received important information about the federal student loan program at 370 events.
- 11.6 million phone calls and emails were answered from students and borrowers;
- 11.2 million visitors accessed important college access and success information on various websites; and
- 2.58 million materials were distributed to students and families at various college access and success touchpoints.

If AMF is eliminated, 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. 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. With student loan debt and delinquency and default rates continuing to increase, AMF is vital to helping student and parent borrowers across the country.

NCHER and its members oppose H.R. 2486 because of the elimination of AMF. We urge you to find an alternative offset that will not hurt students who are currently getting a wide range of help from state and nonprofit organizations whose public mission is to expand college access and success in postsecondary education.

Sincerely,

James P. Bergeron
President