EFC Education Finance Council™
Helping Families Plan & Pay for College℠

NCHER

SLSA STUDENT LOAN SERVICING ALLIANCE

December 6, 2021

The Honorable Maxine Waters
Chair
House Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Patrick McHenry
Ranking Member
House Committee on Financial Services
4340 O'Neill House Office Building
Washington, DC 20515

The Honorable Bobby Scott
Chair
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

Rep. Brad Sherman
U.S. House of Representatives
2181 Rayburn House Office Building
Washington, DC 20515

Dear Chair Waters, Ranking Member McHenry, Chair Scott, Ranking Member Foxx, and Rep. Sherman:

On behalf of the membership of the Education Finance Council (EFC), National Council of Higher Education Resources (NCHER), and Student Loan Servicing Alliance (SLSA), we write in strong support of H.R. 4616, the Adjustable Interest Rate (LIBOR) Act, which facilitates the transition away from the London Interbank Offered Rate (LIBOR). The bill includes language that provides for the replacement of LIBOR in the formula for loans under the Federal Family Education Loan Program. We thank you for your work in a bipartisan manner to address this important issue that will promote stability for federal student loans.

Under the Higher Education Act, lenders can use LIBOR to calculate their special allowance payments (SAP) under the Federal Family Education Loan Program. Similar to mortgages, commercial loans, and other financial products, student loan lenders need solutions in instances when LIBOR will no longer be representative or published, and our members need certainty in instances where a lender has not agreed to waive its rights under the law. The U.S. Department of Education and the U.S. Department of Treasury have all agreed that a statutory change is needed to replace 1-month LIBOR in the SAP calculation. These noncontroversial and technical changes that have been included in H.R. 4616 will enable a smooth transition for the longstanding contracts in place between lenders and the federal government with no impact on borrowers and no additional cost to taxpayers.

EFC, NCHER, and SLSA appreciate the leadership that the House Financial Services Committee, House Education and Labor Committee, and Rep. Sherman have demonstrated in developing this important piece of legislation. Our organizations and our memberships are pleased to support the Adjustable Interest Rate (LIBOR) Act and urge the House to pass H.R. 4616.

If you have any questions or need additional information, please contact Gail daMota with EFC at (202) 552-8505 (gaild@efc.org), James Bergeron with NCHER at (202) 822-2106 (jbergeron@ncher.org), or Scott Buchanan with SLSA at (202) 955-6055 (scott.buchanan@slsa.net).

Sincerely,

Scott Buchanan
Executive Director, SLSA

Gail daMota
President, EFC

James Bergeron
President, NCHER