April 25, 2022

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

The Honorable Roy Blunt
Ranking Member
Senate Appropriations Subcommittee on Labor,
Health and Human Services, Education
116 Dirksen Senate Office Building
Washington, DC 20510

Dear Chair Murray and Ranking Member Blunt:

As the subcommittee begins its work on the Fiscal Year (FY) 2023 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, especially those impacted by the COVID-19 pandemic. 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, 2022 (Public Law 117-103) as well as in prior appropriations bills.

Background on Account Maintenance Fees

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 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 5.5 million student and parent borrowers still have more than $143.0 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 college access and success assistance provided to students, especially low-income and first-generation students, has become even more important during the COVID-19 pandemic. According to the National College Attainment Network, 31.4 percent of the Class of 2022 has completed the FAFSA, a 0.3 percent increase compared to the same time last year. But last year's application numbers were lower than previous years. The graduating Class of 2021 completed 4.8 percent fewer FAFSAs than the Class of 2020. The work of the NCHER membership is critical to reversing these lower numbers and getting students enrolled - and reenrolled - in postsecondary education over the next few months.

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:

- 5.9 million students and families received college access and success and student loan repayment assistance in 2021;
- 596,731 million struggling borrowers received student loan delinquency and default aversion assistance;
- 29,304 students received financial literacy help at 774 events across the country;
- 8,348 high school counselors and teachers received college access and success information at 843 events;
- 91,385 students and their families attended 4,806 financial aid events;
- 8,868 financial aid administrators received important information about the federal student loan program at 168 events;
- 6.5 million phone calls and emails were answered from students and borrowers;
- 34 million visitors accessed important college access and success information on various websites; and
- 4.1 million materials were distributed to students and families at various college access and success touchpoints.

As noted above, there is more than $140 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, and FY 2022 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 2023 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