

NCHER's Advocacy Priorities for the 119th Congress – Fiscal Year 2025 and Fiscal Year 2026 Appropriations

The National Council of Higher Education Resources (NCHER) and its members assist students and families develop, pay for, and achieve their career, training, and postsecondary educational goals. The following are NCHER's advocacy priorities for the 119th Congress:

Extending Account Maintenance Fees (AMF) to support college access and success initiatives

State and nonprofit guaranty agencies are authorized under the Higher Education Act of 1965 to provide important services to students and their families, borrowers, 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 borrowers with Direct Loans 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 3.2 million student and parent borrowers still have more than \$86.4 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.
- Provide outreach, financial wellness services, emergency grants, paid internships, and other programming to students at Minority Serving Institutions as part of the Project Success Program.

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. 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. The FY 2016, FY 2017, FY 2018, FY 2019, FY 2020, FY 2021, FY 2022, FY 2023, and FY 2024 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. **NCHER supports including a one-year extension of AMF in both the Fiscal Year 2025 and Fiscal Year 2026 Labor, Health and Human Services, Education, and Related Agencies Appropriations Acts.**

Leveraging the expertise of state and nonprofit organizations to help struggling borrowers

College affordability and student loan debt are important issues on the minds of our nation's students and families. According to recent statistics, federal student loan debt totals \$1.6 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. While most borrowers are now in repayment following a three-year suspension of their monthly payments, many federal student and parent borrowers are struggling to pay back their student loans. Even before the pandemic, student and parent borrowers were in need of more specialized support services throughout their postsecondary education to help them understand their financial decisions. But the support is even more important now as borrowers transition back to repayment status, while balancing other economic pressures resulting from the loss of or decrease in employment.

Many 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, and the U.S. Department of Education should leverage their expertise to help struggling borrowers with Federal Direct Loans. The agencies:

- Act as 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.
- Provide early awareness support to students and families on a variety of educational choices such as career and training opportunities available beyond high school, and discuss how to apply for college and navigate the financial aid process, how to avoid overborrowing, the importance of managing student loan debt, and budgeting and personal finance management skills. These services are also proactively provided to student and parent borrowers at risk of default.

Previous data compiled on the specialized delinquency and default prevention services that state and nonprofit organizations provided to colleges and universities prior to the pandemic showed significant reductions in institutional cohort default rates. The Department should take advantage of this record of success by working with state and nonprofit organizations, in conjunction with its federal student loan servicers, to provide specialized support to student and parent borrowers.

The House and Senate versions of the Labor, Health and Human Services, Education, and Related Agencies Appropriations Act for 2019, 2020, 2021, 2022, 2023, and 2024 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 of Education to utilize the expertise of these organizations to help struggling borrowers as part of its current federal student loan procurements. **NCHER supports including bill or report language directing the Department of Education to work with state and nonprofit organizations to help struggling borrowers in both the Fiscal Year 2025 and Fiscal Year 2026 Labor, Health and Human Services, Education, and Related Agencies Appropriations Acts.**

If you have any questions or need more information, please contact Vicki Shipley, Interim President of NCHER, at vshipley@ncher.org or (202) 822-2106.