

November 19, 2019

The Honorable Lisa Murkowski
United States Senate
522 Hart Senate Office Building
Washington, DC 20510

The Honorable Jack Reed
United States Senate
728 Hart Senate Office Building
Washington, DC 20510

Dear Senators Murkowski and Reed:

On behalf of Education Finance Council (EFC), I am writing to endorse the *State-Based Education Loan Awareness Act*. EFC greatly appreciates this legislation and your efforts to ensure that students and families receive information about the low-cost education loans offered by state-based organizations.

EFC is the national trade association representing nonprofit and state-based organizations that, as mission-driven, public purpose organizations, are dedicated to improving college access, success, and affordability in their states and nationwide. EFC members operate as loan servicers and supplemental loan originators and provide a wide array of college access and student success services and resources.

EFC's nonprofit, state-based members all offer a fixed rate option that is generally lower than the rates offered by private, for-profit lenders. Some loan programs offered by EFC members are funded by the proceeds of tax-exempt bonds, which enables these organizations to offer education loans with low interest rates and favorable terms. These state-based, nonprofit lenders have designed their loans to give students and families a consumer-friendly option to fund the gap between the total cost of attendance at colleges and universities and other aid, which may include federal loans, grants, and scholarships. As outlined in [EFC's Guiding Principles](#), EFC member organizations encourage borrowers to exhaust their federal student loan eligibility first before accessing non-federal loans.

Unfortunately, the current Preferred Lender List requirement makes it difficult for many higher education institutions to provide information to students and their families about the availability of these lower-cost options. As a result, many families take out the higher-cost Federal Direct PLUS loan or use internet searches that are dominated by for-profit lenders to find an education loan. These families often end up paying much more in interest and total payments than they would have using a non-profit, state-based lender. EFC members work hard to ensure that borrowers are making the financing decision that best meets their individual needs, but today many borrowers are simply unaware that state-based loan programs exist.

The State-Based Education Loan Awareness Act would clear the way for higher education institutions to make families aware of the lower-cost, non-federal loans available through state-based education loan programs so they can make a fully informed decision about how best to finance their student's education. This bill will:

- Put information about lower-cost, consumer-friendly education loan options - those with interest rates and fees lower than or equal to the Federal Direct PLUS - directly into the hands of students and families;

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- Improve college affordability - particularly for middle-class families squeezed by the rising cost of tuition – by providing access to loans that are offered at low interest rates; and
- Help families navigate the complex world of college financing by allowing institutions and state-based organizations to offer enhanced guidance and advice, ensuring that borrowers exhaust their federal student loan options before seeking non-federal loan financing.

EFC and our members look forward to working with you and your colleagues to move this important legislation forward.

Sincerely,

A handwritten signature in black ink that reads "Debra J. Chromy". The signature is written in a cursive, flowing style.

Debra J. Chromy, Ed.D.
President