

FOR IMMEDIATE RELEASE
April 3, 2017

CONTACT: Michele Streeter
(202) 955-5510
micheles@efc.org

Nonprofit, State-Based Student Loan Organizations Publish Recommendations for Improving Higher Education Financing

Education Finance Council Releases White Paper Outlining Recommendations for Improving Student Loan Program

WASHINGTON, D.C. — Education Finance Council (EFC), the national trade association representing nonprofit and state-based student loan organizations, released on Monday a new white paper, "[Helping Families Plan and Pay for College: Recommendations for Improving Higher Education Financing](#)," that highlights the important role of nonprofit and state-based student loan organizations and makes recommendations for improving higher education financing to better enable students and families to successfully plan for and finance their postsecondary goals.

"We are thrilled to release this white paper that both spotlights the current work of nonprofit and state-based organizations and serves as an outline for improving the higher education financing system. Our members work diligently to put families first by providing top-notch advisory and outreach services, consumer-friendly education loans, and comprehensive assistance and guidance for borrowers experiencing personal hardship or financial difficulties," said EFC President Debra J. Chromy. "It is within that framework that EFC is pleased to present a set of common-sense policy recommendations that will minimize confusion by simplifying and streamlining programs and processes, save money for borrowers and the federal government, require consumer protections that put borrowers first, and assist more families in achieving their higher education dreams."

In 2016, EFC Members directly worked with over 2.5 million families to help them successfully plan, save, and pay for college. And, during the 2015-16 fiscal year, nonprofit and state-based organizations helped over 76,000 students and their families close the gap in college funding with more than 87,000 loans, totaling \$1.1 billion.

With this background and expertise in working with students, families, and borrowers, EFC members present a number of policy recommendations to better support families' abilities to plan and pay for college, including:

- Support nonprofit and state-based organizations' college access, counseling, and financial literacy initiatives and explore ways to leverage the existing infrastructure of these organizations;
- Preserve tax-exempt bond financing (Private Activity Bonds) for education loans;
- Reduce repayment options to three plans (standard, graduated, and income-based) and combine existing forgiveness programs into a single program;
- Require all income-driven repayment (IDR) programs to, at a minimum, cover the interest accruing on the loan balance to avoid negative amortization;

- Require the disclosure of annual percentage rates (APR) for federal student loans;
- Create a mechanism for borrowers to give the Education Department advance permission to automatically access their tax information for the limited purpose of determining eligibility for all IDR plans;
- Exempt federal and private education loans discharged due to death or total and permanent disability of a borrower from income tax on the amount discharged;
- Provide higher education institutions with authority to reduce loan limits for certain borrowers and require all non-federal education loans to be certified by a higher education institution official;
- Amend the Preferred Lender List statute to allow schools the ability to recommend to students and families loans offered through nonprofit and state-based organizations; and
- Allow all Federal Direct Loan servicers the ability to service consolidation loans, so that borrowers do not need to transition to a new servicer at this crucial point in the repayment process.

Download the white paper [here](#).

###