

November 30, 2017

The Honorable Paul Ryan
Speaker
U.S. House of Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
H-204, The Capitol
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
S-230, The Capitol
Washington, DC 20510

The Honorable Chuck Schumer
Minority Leader
U.S. Senate
S-221, The Capitol
Washington, DC 20510

Dear Speaker Ryan, Leader Pelosi, Leader McConnell, and Leader Schumer:

The National Council of Higher Education Resources (NCHER) strongly urges you to oppose any effort to eliminate the payment of Account Maintenance Fees (AMF) for student loan guaranty agencies as part of a year-end budget agreement. AMF is crucial to ensuring that state and nonprofit guaranty agencies are able to perform critical functions that assist borrowers in avoiding default and protect federal taxpayers.

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 by helping to manage the legacy Federal Family Education Loan Program (FFELP) at the local level, and increasing access to and success in postsecondary education. Many guaranty agencies operate and provide student support services in more than one state. These agencies receive AMF payments from the U.S. Department of Education to pay for their general operating expenses. If AMF is eliminated:

- Fewer borrowers will receive college access and success activities, such as financial aid awareness, consumer education, FAFSA (Federal Application for Federal Student Aid) completion services and events, borrower assistance, and ombudsman support. These services are provided to students and families regardless of the type of loan they received to finance their postsecondary education.
- Delinquency prevention services will be affected, resulting in more borrowers defaulting on their student loans. Also, fewer borrowers will rehabilitate their loans since the funds are used to provide intensive late-stage delinquency services to struggling borrowers.
- Fewer schools will receive basic administrative support such as training and technical assistance and information on student loan defaults and loan transfer.
- Federal taxpayers will receive fewer protections - these important agencies maintain records for borrowers, monitor school enrollment and repayment status, conduct comprehensive compliance

reviews of loan holders, servicers, and schools, and conduct claim reviews and issue loan holder payments.

- Guaranty agencies will be unable to perform the basic administrative functions mandated by the FFELP program and could turn over their portfolios to the U.S. Department of Education – driving up the agency’s administrative costs.

As you know, the elimination of AMF was included in the President’s budget for fiscal year 2018, but there is a misunderstanding with the budget office that, because there are no new originations under FFELP, the fees are no longer necessary. However, there is still roughly \$201 billion in outstanding FFELP loans held by private lenders and guaranty agencies provide - and must continue to provide - accountability for this sizeable federal asset and the functions need to continue throughout the wind-down period. The FY2016, FY2017, and FY2018 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.

Once again, NCHER urges you to oppose any effort to eliminate the payment of Account Maintenance Fees in any year-end budget agreement. State and nonprofit agencies must be allowed to continue to provide critical services to students and families to help them repay their student loans and promote college access and success in postsecondary education.

Thank you for your attention to this urgent matter. If you have any questions, please feel free to contact me at jbergeron@ncher.us or (202) 822-2106.

Sincerely,



James P. Bergeron
President

cc: The Honorable Diane Black, Chair, House Budget Committee
The Honorable John Yarmuth, Ranking Member, House Budget Committee
The Honorable Mike Enzi, Chair, Senate Budget Committee
The Honorable Bernie Sanders, Ranking Member, Senate Budget Committee