

June 18, 2019

The Honorable Alma Adams
U.S. House of Representatives
2436 Rayburn House Office Building
Washington, DC 20515

The Honorable Mark Walker
U.S. House of Representatives
1725 Longworth House Office Building
Washington, DC 20515

The Honorable Doug Jones
U.S. Senate
326 Russell Senate Office Building
Washington, DC 20510

The Honorable Tim Scott
U.S. Senate
104 Hart Senate Office Building
Washington, DC 20510

Dear Reps. Adams and Walker and Sens. Jones and Scott:

The National Council of Higher Education Resources (NCHER) would like to express our concern with the elimination of Account Maintenance Fees (AMF) included in H.R. 2486 / S. 1279, the Fostering Undergraduate Talent by Unlocking Resources for Education or FUTURE Act. NCHER commends your leadership in expanding funding to Historically Black Colleges and Universities (HBCUs) and other Minority-Serving Institutions (MSIs); however, the elimination of AMF would hurt those very students and families who benefit from important college access and success programs across the country.

NCHER looks forward to working with you to maintain funding for programs that strengthen HBCUs and MSIs. But we strongly disagree that such effort should be paid for by ending those important services that our members provide to students, borrowers, and families. This is a false choice that no one should be forced to make, especially at a time when federal student loan debt totals over \$1.5 trillion, delinquency and default rates on federal student loans are on the rise, and students and their families need more – not less – specialized support services to help them repay their student loans.

State and nonprofit guaranty agencies are required under the Higher Education Act of 1965 to provide important services to students, borrowers, families, and the federal government by increasing access to and success in postsecondary education and helping to manage the federal legacy student loan program at the local level. In fact, several agencies are currently participating in the U.S. Department of Education's Project Success Initiative that provides intensive student support services at HBCU and MSI campuses across the country. These services provide support for current and future Federal Direct Loan borrowers as well as borrowers under the federal guaranteed loan program. These state and nonprofit agencies receive AMF payments to carry out the mandate to:

- Support 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 in states around the country, regardless of the type of loan they received to finance their postsecondary education.

- Assist struggling borrowers in avoiding default on their federal student loans, and help defaulted borrowers rehabilitate their loans and repair their credit history.
- 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.
- Maintain loan records for student and parent borrowers and conduct comprehensive compliance reviews of loan holders and servicers.

For all guaranty agencies, the payment of AMF is a critical source of funds to carry out their college access and outreach activities, many of which benefit first-generation college students. Guarantors receive a modest fee when they successfully prevent a student loan default. However, this amount is far less than what the agencies spend on default prevention, and guarantors use a portion of AMF to carry out default prevention activities and work with borrowers that have re-defaulted on their student loans. As such, eliminating these important funds would cripple the ability of the agencies to carry out their statutory responsibilities, and directly and negatively impact student and parent borrowers across the country.

According to a recent survey of a select number of NCHER members on the impact of AMF funding, more than 5 million students and families received college access and success and student loan repayment assistance; more than 1.5 million struggling borrowers received student loan delinquency and default aversion assistance; more than 72,000 students received financial literacy help at 380 events across the country; more than 55,900 high school counselors and teachers received college access and success information at 7,400 events; more than 59,000 students and their families attended 3,750 financial aid events; and more than 8,290 financial aid administrators received important information about the federal student loan program at 370 events. Because of the specialized work of the state and nonprofit guarantors, 11.6 million phone calls and emails were answered from students and borrowers; 10.2 million visitors accessed important college access and success information on various websites; and 2.5 million materials were distributed to students and families at various college access and success touchpoints.

The President's budget request for fiscal year 2020 included the elimination of Account Maintenance Fees. The budget office mistakenly believes that, because there are no new originations under the federal guaranteed loan program, the fees are no longer necessary. However, there is still nearly \$200 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. Also, as previously mentioned, guaranty agencies provide support to students and families with Federal Direct Loans.

If AMF is eliminated, fewer families will receive important information that helps open the doors to college, fewer schools will receive basic administrative support, federal taxpayers will receive fewer protections, 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.

Thank you for giving us the opportunity to weigh in on the impact and importance of AMF. If you have any questions, please feel free to contact me at jbergeron@ncher.us or (202) 822-2106.

Sincerely,



James P. Bergeron
President