March 9, 2018

The Honorable Rodney Frelinghuysen
Chairman
House Appropriations Committee
H-305, The Capitol
Washington, DC 20515

The Honorable Nita Lowey
Ranking Member
House Appropriations Committee
1016 Longworth House Office Building
Washington, DC 20515

The Honorable Tom Cole
Chairman
House Labor, Health and Human Services,
Education Appropriations Subcommittee
2358-B Rayburn House Office Building
Washington, DC 20515

The Honorable Rosa DeLauro
Ranking Member
House Labor, Health and Human Services,
Education Appropriations Subcommittee
1016 Longworth House Office Building
Washington, DC 20515

Dear Chairman Frelinghuysen, Ranking Member Lowey, Chairman Cole, and Ranking Member DeLauro:

As the subcommittee begins its work on the Fiscal Year 2019 Labor, Health and Human Services, Education, and Related Agencies Appropriations Act, the National Council of Higher Education Resources (NCHER) urges you to extend the authority for Account Maintenance Fee (AMF) payments past September 30, 2018. Our state and nonprofit guarantors appreciate the subcommittee's recognition of the vital role that guaranty agencies play in the federal student loan program, and commend you for including language extending AMF authority for an additional year in the Bipartisan Budget Act of 2018 (Public Law 115-123).

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 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. The fees are crucial to ensuring that the agencies are able to perform critical functions that assist borrowers in avoiding default and protect federal taxpayers as the FFELP continues to wind-down its operations. The fees are used to carry out the agencies' 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 lenders and schools.

- Maintain loan records for student and parent borrowers; monitor school enrollment and repayment status; conduct comprehensive compliance reviews of lenders, servicers, and schools; and conduct claim reviews and issue loan holder payments.

The fees are paid quarterly and based on the original principal balance of an agency's outstanding non-defaulted FFELP portfolio. According to the Congressional Budget Office, the annual extension of AMF authority is budget neutral. If AMF is eliminated or not preserved, guaranty agencies will be unable to perform the basic administrative functions mandated by the FFELP program and could turn over their portfolios to the Department – driving up the agency's administrative costs.

The President's budget request for fiscal year 2019 included the elimination of Account Maintenance Fees. The budget office mistakenly believes that, because there are no new originations under FFELP, the fees are no longer necessary. However, there is still roughly $203.4 billion in outstanding FFELP loans held by private lenders and guaranty agencies. The agencies provide - and must continue to provide – services and 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, and we urge the subcommittee to provide an additional one-year extension in the FY 2019 appropriations bill.

As you know, the House Education and the Workforce Committee and the Senate Health, Education, Labor, and Pensions Committee are currently in the process of reauthorizing the Higher Education Act. While H.R. 4508, the Promoting Real Opportunity, Success, and Prosperity through Education Reform Act, would extend Account Maintenance Fees paid to guaranty agencies until 2024, it is important that the subcommittee continue to include language in the annual appropriations process until a reauthorization bill can be finalized by both chambers and passed by Congress.

Once again, NCHER thanks the subcommittee for its past support and extension of AMF authority. The continued extension of AMF is essential for state and nonprofit agencies to continue to provide critical services to students and families on behalf of the federal government, and the subcommittee must take action before the end of the current fiscal year.

If you have any questions, please feel free to contact me at jbergeron@ncher.us or (202) 822-2106.

Sincerely,

James P. Bergeron
President