



September 28, 2021

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 your efforts to help students and families receive information about low-cost education loans offered by state-based organizations.

EFC is the national trade association representing nonprofit and state-based higher education finance organizations. EFC member organizations have been working to increase higher education access, success, and affordability by offering a wide range of resources and services to students and families, including outreach programs, scholarships, grants, college savings plans, low-cost education loans, low-cost refinancing loans, extensive college access and completion programs, financial literacy programs, and early awareness programs. EFC members are driven by a public purpose mission to expand borrowers' financial knowledge, prevent over-borrowing, and promote positive repayment behavior.

Many of EFC's nonprofit, state-based members offer a fixed rate student loan 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 before accessing non-federal loans.

Unfortunately, the Preferred Lender List requirements in the *Higher Education Act* make it difficult for higher education institutions to provide information to students and their families about the availability of these consumer-friendly options. As a result, many families take out the higher-cost Federal Direct Parent 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 had they borrowed from a non-profit, state-based lender. EFC members work hard to ensure that families make the financing decision that best meets their unique needs, but many borrowers are simply unaware that state-based loan programs exist.

The *State-Based Education Loan Awareness Act* would increase student awareness of low-cost, non-federal loans so they can make smart financial decisions and reduce the cost of borrowing for postsecondary education. This bill will:

- Put information about low-cost, consumer-friendly education loan options - those with interest rates and fees lower than or equal to the Federal Direct Parent PLUS program - directly into the hands of students and families;
- 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 complexity 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, appearing to read "Gail daMota". The signature is fluid and cursive, with the first name "Gail" being the most prominent.

Gail daMota
President