

Guaranty Agencies Manage the Federal Guaranteed Student Loan Program at the State and Local Level and Provide Localized Services to Students, Families, and Borrowers

Since 1965, state and nonprofit entities – called guaranty agencies – have provided important services to students, families, borrowers, and the federal government by helping to manage the federal student loan program at the local level, and increasing access to postsecondary education. Under the Higher Education Act (HEA), guaranty agencies:

- Provide a range of outreach services and programs to students, families, schools, and community organizations to help students gain access to and succeed at postsecondary education.
- Help students and families better manage their finances by designing materials and programs on budgeting, establishing good credit, paying for college, and successfully managing debt.
- Work closely with students, borrowers, and schools to provide information and support to ensure successful loan repayment and avoid default. This includes ongoing borrower contact, especially for those student and parent borrowers who have fallen behind on their payments.
- Have agreements with the Secretary of Education to administer certain aspects of the federal guaranteed student loan program, called the Federal Family Education Loan Program (FFELP).
- Review default claims to ensure due diligence was performed by the lender and servicer; purchase these claims; work with defaulted student and parent borrowers to rehabilitate their defaulted loans, restore their credit, and provide them with a fresh start; recover defaulted loan dollars; process discharge claims for eligible borrowers; and report actions to credit bureaus.
- Conduct detailed program reviews on behalf of the federal government to ensure program integrity and lender and school compliance with pertinent federal and state laws and regulations, and to provide important program data and reports to federal and state governments, schools, lenders, and other stakeholders to improve the operation and efficacy of the federal student aid programs.

Many guaranty agencies operate and provide student support services in more than one state.

In 2010, Congress passed the Student Aid and Fiscal Responsibility Act, which ended all new originations under FFELP. Federal loans to finance postsecondary education are now made under the Federal Direct Loan Program. Although there are no new originations of FFELP loans, guaranty agencies continue to carry out their public purpose missions and federal responsibilities, which include insuring loans already disbursed, helping borrowers, paying lender default claims, and providing outreach services to all students. As of September 30, 2014, according to the U.S. Department of Education, the guaranteed loan portfolio consisted of about \$252 billion in outstanding FFELP loans held by private lenders. As of that date, guaranty agencies were also responsible for collecting another \$42 billion in defaulted loans. In FY 2014, guaranty agencies rehabilitated \$5.2 billion in defaulted loans to approximately 300,000 borrowers, and collected another \$4.5 billion for the federal government.

If you have any questions or need more information, contact Sean Devereey, Vice President for Government Relations at the National Council of Higher Education Resources (NCHER), at sdevereey@ncher.us or (202) 822-2106.

List of Guaranty Agencies

The 32 guaranty agencies responsible for administering the Federal Family Education Loan Program (FFELP) and providing localized services to students, families, and borrowers include the following:

- American Education Services (AES)/Pennsylvania Higher Education Assistance Agency (PHEAA)
- American Student Assistance (ASA) - Massachusetts
- College Assist - Colorado
- Educational Credit Management Corporation (ECMC)
- Finance Authority of Maine (FAME)
- Florida Office of Student Financial Assistant/Florida Department of Education
- Georgia Student Finance Commission*
- Great Lakes Higher Education Corporation - Wisconsin
- Illinois Student Assistance Commission (ISAC)
- Iowa College Student Aid Commission (ICSAC)*
- Kentucky Higher Education Assistance Authority (KHEAA)
- Louisiana Office of Student Financial Assistance
- Michigan Guaranty Agency, Department of Treasury
- Missouri Department of Higher Education
- Montana Guaranteed Student Loan Program
- National Student Loan Program (NSLP) - Nebraska
- New Hampshire Higher Education Assistance Foundation (NHHEAF)
- New Jersey Higher Education Student Assistance Authority (HESAA)
- New Mexico Student Loan Guarantee Corporation
- New York State Higher Education Services Corporation (HESC)
- North Carolina State Education Assistance Authority (NCSEAA)
- Northwest Education Loan Association (NELA) - Washington
- Oklahoma College Assistance Program (OCAP)
- Rhode Island Higher Education Assistance Authority (RIHEAA)
- South Carolina Student Loan Corporation
- Student Loan Guarantee Foundation of Arkansas*
- Student Loans of North Dakota
- Tennessee Student Assistance Corporation
- TG (Texas Guaranteed)
- USA Funds
- Utah Higher Education Assistance Authority (UHEAA)
- Vermont Student Assistance Commission (VSAC)

* Arkansas, Georgia, and Iowa continue to provide student and borrower support services, but no longer manage their guaranteed student loan portfolios.