

**House Finance Hearing  
Testimony of Nathan Hench  
December 6, 2023**

Chairman Samuelson, Chairman Greiner, and members of the House Finance Committee, my name is Nathan Hench. I am the Senior Vice President of Public Affairs, Guaranty, and Strategy for the Pennsylvania Higher Education Assistance Agency (or PHEAA).

Allow me to express my sincere gratitude for inviting PHEAA to speak before this committee.

This occasion is particularly special for me as it feels like a bit of a homecoming. I began my career as a Research Analyst for the House Finance Committee, a role that eventually led me to the position of Executive Director. Reflecting on the years since I was employed by the House, it's truly humbling to find myself before you today in this capacity.

In Pennsylvania, the cost of higher education is particularly burdensome. Our students unfortunately rank third highest in the nation for average student debt load from a 4-year college or university, with a staggering \$39,375, and 64% of students graduate with debt.

At PHEAA, we remain steadfast in our commitment to fulfilling our mission of providing affordable access to higher education for the students and families of Pennsylvania. We recognize that education is more than an individual accomplishment; it is a societal investment that reaps dividends for the Commonwealth and our nation as a whole.

It's through our long-term partnership with the Governor and this Legislature that the PHEAA-administered PA State Grant, Pennsylvania's largest state-funded student aid program, has provided students with financial support to achieve their dream of higher education. For the second year in a row, qualifying students can take advantage of the largest maximum PA State Grant award ever offered of \$5,750.

Research shows that a PA State Grant recipient who also receives a federal Pell Grant has an average debt load that is more than \$7,500 less than the average borrower.

Since PHEAA pays all administrative costs, every single dollar that is appropriated to the PA State Grant Program goes directly to support Pennsylvania students with the most financial need.

At PHEAA, we also understand that navigating the financial aid process can be daunting, and for some, it's a roadblock that discourages them from pursuing advanced education.

In addition to the PA State Grant Program, our agency works diligently to bridge the gap in financial literacy, through a wide array of initiatives and programs.

Spearheaded by our Pennsylvania School Services Team, comprised of 13 Higher Education Access Partners strategically located across the Commonwealth, PHEAA hosts hundreds of workshops, both in-person and virtually, webinars, trainings, and events each year, to help demystify the financial aid process.

We've partnered with government officials, local schools, and community organizations to provide resources and guidance on financial planning for higher education.

Last year alone, PHEAA Access Partners conducted more than 3,300 financial aid-related events - reaching more than 35,000 individuals with personal student aid assistance.

Furthermore, PHEAA has developed an extensive network of public service websites that comprehensively address the entire educational journey. We provide vital information on college and career planning through [EducationPlanner.org](http://EducationPlanner.org), responsible borrowing through [MySmartBorrowing.org](http://MySmartBorrowing.org), and practical advice on how to deal with common financial solutions facing today's college students and recent graduates through [YouCanDealWithIt.com](http://YouCanDealWithIt.com).

At PHEAA, we always encourage students to pursue free money through available scholarships and grants first. If a student has exhausted all grant and scholarship options for the year, they should then look to "direct" Stafford loans, which are federal student loans made by the federal government.

Parents or guardians looking for financial assistance to support a student's education may come across the federal Parent PLUS Loan. While it may be a viable option for some, we also encourage borrowers to compare the PLUS loans to other loan products like PHEAA's PA Forward Student Loan Program.

PA Forward offers Pennsylvania's best state-based student loan option, providing undergraduate, graduate, and parent loans at competitive rates with better borrower benefits, as compared to most private education loan programs.

For example, our PA Forward Parent Loan may offer greater savings compared to the federal Parent PLUS Loan, with lower starting rates and no origination fees.

We continuously explore ways to keep interest rates competitive, ensuring that our loans remain accessible and reasonable. At the same time, we encourage responsible borrowing, pointing students and families toward a path to a sound financial future.

Although PHEAA management cannot take a position on legislation, such as House Bill 219, we firmly support any effort that aims to enhance the well-being of the Commonwealth by providing affordable access to higher education.

Specific to the core policy matter of HB 219, this proposed legislation would offer a tax credit for student loan interest paid for the filing tax year - allowing for a maximum of \$2,500 per individual. It incorporates means testing, applying to individuals earning up to \$75,000 and couples with a combined income of \$155,000.

While PHEAA no longer services federally held loans owned by the Department of Education, we continue to service commercially held federal loans owned by PHEAA, as well as those of 180 other third-party entities.

As a student loan servicer under our brand American Education Services (AES), we will generate a 1098 student loan interest statement when a borrower's summed eligible amount is equal to or greater than \$600.00 in interest paid for the calendar year.

All borrowers, including those with less than \$600 in paid interest, can view their interest paid amount through various channels, such as their Customer Portal and by contacting AES Customer Service.

As PHEAA understands the intent of HB 219, these statements and tax information through our AES portal would be helpful for tax filers who meet the income threshold as directed in the bill.

Thank you again for the opportunity to testify before you today. I am pleased to address any questions the members may have regarding PHEAA's grant programs or services.