

# News Advisory



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**FOR IMMEDIATE RELEASE**

## **PHEAA Federal Student Loan Contract Statement**

**Harrisburg, PA (July 8, 2021)** – The Pennsylvania Higher Education Assistance Agency (PHEAA) notified the U.S. Department of Education’s Office of Federal Student Aid (FSA) today that it will not accept an extension of its 12-year old federal student loan servicing contract beyond what is needed to ensure a smooth transition for borrowers, which expires December 14, 2021, in an effort to more appropriately focus on its core public service mission in Pennsylvania.

PHEAA was created in 1963 by the Pennsylvania General Assembly with the primary mission of creating affordable access to higher education for Pennsylvania students and their families. PHEAA became a federal servicer in 2009 as it sought to diversify its business operations following the financial crisis and the end of FFELP to help support its public service mission - most importantly the funding of need-based grant awards for Pennsylvania students. As a state agency with a mandated public service mission, PHEAA occupies a unique position among the nation’s large student loan servicers.

In the 12 years since PHEAA accepted the terms of its federal servicing contract, the federal loan programs, as managed by the U.S. Department of Education, have grown increasingly complex and challenging while the cost to service those programs increased dramatically.

PHEAA will continue to expand its successful commercial servicing, mission-based student lending and software as a service business as it refocuses on its core mission for the Commonwealth of Pennsylvania.

### **About PHEAA**

Created in 1963 by the Pennsylvania General Assembly, the Pennsylvania Higher Education Assistance Agency (PHEAA) has evolved into one of the nation’s leading student aid organizations. Today PHEAA is a national provider of student financial services, serving millions of students and thousands of schools through its loan guaranty, loan servicing, financial aid processing, outreach, and other student aid programs.

PHEAA’s earnings are used to support its public service mission and to pay its operating costs, including administration of the PA State Grant and other state-funded student aid programs. As the only major federal loan servicer with a nonprofit public service mission, PHEAA devotes its energy and resources to help ease the financial burden of higher education for its primary stakeholders – Pennsylvania students and families.

PHEAA conducts its student loan servicing operations nationally as FedLoan Servicing and American Education Services (AES). PHEAA operates its digital technology division as Avereo.