

February 21, 2017

The Honorable Virginia Foxx
Chairwoman
Committee on Education and
the Workforce
U.S. House of Representatives
2176 Rayburn House Office Building
Washington, DC 20515

The Honorable Bobby Scott
Ranking Member
Committee on Education and
the Workforce
U.S. House of Representatives
2101 Rayburn House Office Building
Washington, DC 20515

Dear Chairwoman Foxx and Ranking Member Scott:

During the February 7th House Committee on Education and the Workforce hearing, *Challenges and Opportunities in Higher Education*, Dr. Beth Akers of the Manhattan Institute, made several comments about Grad PLUS loans in both her formal statement and in her responses to questions from the Members. As President of the Council of Graduate Schools (CGS), I want to express my concern with Dr. Akers' recommendation to pare back or eliminate Grad PLUS loans. Doing so has the potential to create financial barriers for underrepresented minorities and low income students to pursue graduate education at precisely the time when many occupations have begun to require advanced degrees at entry level. Unless Congress were to provide viable options to federal loans for graduate students, master's and doctoral students' only option would be to go to the private lending market for student loans.

A key reason Congress originally authorized Grad PLUS loans was to eliminate the need for graduate students to go to the private lending market to finance their education. That objective has been achieved, as graduate students' dependence on private loans has been reduced by two-thirds. To suggest that graduate students should again look to private loans when Dr. Akers acknowledged in her response to Representative Wilson that, "underwriting in student loan markets would likely have implications for access and certain groups of disadvantaged students would be impacted more severely," ignores the growing need for individuals with advanced degrees to ensure the U.S. remains competitive in a global knowledge economy.

In a later response, Dr. Akers indicated that she preferred to see the "access mission" addressed through direct subsidies, through Pell Grants and through the tax code. Graduate students have no alternative but to borrow, as direct subsidies and Pell Grants are not available to them. Further, given current consideration of proposals to eliminate sections of the education tax code that provide some benefit to graduate students, it is unreasonable to expect that graduate students can depend on tax code provisions to finance their graduate education. Additionally, Dr. Akers indicated that she does not think "that providing students with loans when they are unlikely to repay them is the best mechanism to do that [provide access]." Providing federal student loans to graduate students is a low risk for the federal government because graduate students repay their loans and the default rate on Grad PLUS loans is very low. I have attached additional information about the Grad PLUS program for your reference.

AFFILIATES

Conference
of Southern
Graduate Schools

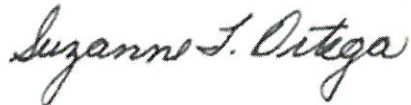
Northeastern
Association
of Graduate Schools

Midwestern
Association
of Graduate Schools

Western
Association
of Graduate Schools

CGS wants to be a resource to the Committee as it considers reauthorization of the Higher Education Act. We believe there are ways to reduce borrowing through such things as: enhanced and periodic loan counseling; helping students make informed choices so they borrow what they need rather than what they are eligible to borrow; eliminating the duplicative costs of borrowing; reducing the number of loan repayment options; and providing the opportunity for disadvantaged students who complete their undergraduate education to pursue graduate studies by allowing them to fully utilize their Pell Grant eligibility. We would be pleased to discuss these ideas with you further.

Sincerely,

A handwritten signature in cursive script that reads "Suzanne J. Ortega".

Suzanne Ortega
President

cc: The Honorable Lamar Alexander, Chairman, HELP Committee
The Honorable Patty Murray, Ranking Member, HELP Committee
The Honorable Joe Courtney
The Honorable Frederica S. Wilson