



January 30, 2024

Hon. Virginia Foxx
Chairwoman
Committee on Education & the Workforce
U.S. House of Representatives
2176 Rayburn House Office Building
Washington, DC 20515-6100

Hon. Bobby Scott
Ranking Member
Committee on Education & the Workforce
U.S. House of Representatives
2101 Rayburn House Office Building
Washington, DC 20515-6100

Dear Chairwoman Foxx and Ranking Member Scott,

On behalf of the undersigned associations, we write to share our thoughts and concerns regarding H.R. 6951, the College Cost Reduction Act (CCRA), which the committee will mark up tomorrow. While we appreciate the thought and effort that went into preparing this bill, and are supportive of elements of it, we have significant concerns with the bill as drafted. We offer our comments below in the hopes of helping to improve the language and in an effort to work with the committee to best meet the needs of students and institutions.

The CCRA proposes a substantial restructuring of the federal student aid, lending, repayment, and accreditation processes. Changes to these programs will have a direct impact on tens of millions of students and thousands of institutions with diverse missions, student bodies, and communities. Changes in this area, while necessary, require sufficient time to analyze and gather the input of all impacted stakeholders. However, only 19 days passed between the introduction of the CCRA and the scheduled markup, leaving insufficient time for the public to unpack the many complexities of how the proposed formulas interact with one another and to truly understand the impact of this bill on colleges, universities, and, most importantly, students.

Allowing additional time for review would have provided time for a deeper analysis and consultation with students, families, and institutions. It would have also allowed for an opportunity to weigh in on these proposals in greater detail to provide expertise and guidance as the committee thought through certain proposals. We remain committed to increasing our lines of communication and working together to improve the American postsecondary system.

Below, we offer our comments on aspects of the bill that we support and aspects that are of concern. This list is not meant to be exhaustive as there are some aspects of the bill that we need more time to comprehensively assess, but this list acts as an overall response.

Proposals We Support

We would like to offer our support for the following proposals:

Simplification of Student Loan Repayment

Since the introduction of the Promoting Real Opportunity, Success, and Prosperity through Education Reform (PROSPER) Act in the 115th Congress, we have seen Republicans and Democrats reiterate the importance of simplifying and streamlining the myriad student loan repayment plans. There are nine various repayment plans that exist for students, which is only one piece of a complex, and unnecessary, student loan repayment system that confuses borrowers upon entering repayment. While we support the concept of simplifying the student loan repayment system, consolidating repayment options, and making it easier for borrowers to repay their student loans, we urge the committee to retain elements of the most consumer-friendly plans currently available to borrowers in any reduction of plan options.

Student Loan Forgiveness

We want all student loan borrowers to avoid accumulating debt loads that far exceed the amount they borrowed for college. Currently, student loan borrowers can only borrow up to the cost of attendance and should only be required, at most, to pay back what they actually borrowed plus any uncapitalized interest that would have accumulated under a standard repayment plan. We appreciate the inclusion of this provision in CCRA. While we prefer more generous existing proposals to help student loan borrowers better manage their debt, we appreciate the committee's efforts to ensure that borrowers are only required to repay what they borrowed to attend a postsecondary institution with limited interest accruing.

Removal of Interest Capitalization and Loan Origination Fees

Interest capitalization can be a crushing component of financing a postsecondary education when a student loan borrower is unable to make a payment that covers the full monthly payment due, resulting in unpaid interest being added to the overall balance of the loan. In addition, students do not even have access to the full amount of the loan they take out due to loan origination fees being charged, an unnecessary surcharge on students with financial need. We firmly believe that all interest capitalization and loan origination fees should be removed and fully support the committee's efforts to accomplish this goal.

Third-Party Servicers

Over the past few years, we have seen troubling efforts by the Department of Education to regulate third-party servicers (TPS). In previous comments to the Department, we have shared that their efforts would:

- Dramatically expand the number of entities subject to TPS requirements and disrupt important educational services that support students;
- Create a significant burden for institutions and outside entities that disrupts the ability of institutions to provide critical educational services; and
- Raise serious concerns regarding the prohibition on an institution contracting with a TPS if the servicer was located outside of the United States.¹

We support Congress acting to clarify the appropriate federal role in overseeing relationships between institutions and third-party servicers and want to work with you as any further legislative proposals in this area are developed.

Reverse Transfer

Pursuing a postsecondary degree does not always represent a linear path for many students who often have professional, family, and other obligations outside of their postsecondary careers. Allowing for student education records to be sent back to an institution in which the student was previously enrolled in to apply credit toward completion of a program, with clear student prior consent, will enable numerous students to receive a credential for coursework completed and enhance their future academic and professional opportunities at no additional cost to the student.

Loan Rehabilitation

Currently, if a student falls behind on their student loan repayments to the point of default, they are given one opportunity to bring their federal loans back into repayment status through a process known as rehabilitation. While this process is currently on pause due to the Fresh Start program², we support allowing borrowers to rehabilitate their loans twice as an additional way to help them manage their debts, come into repayment, improve their credit, and cease all collections on their student loans.

Ability of Institutions to Limit Student Loan Borrowing

The CCRA proposes significant penalties to institutions based upon the repayment status of their former students. Given this, it is only fair that institutions are given authority to limit student borrowing to prevent overborrowing, a provision the higher education community has long sought. We would not want to limit a student from receiving what they need to pursue their postsecondary degree, but it is important that institutions have the opportunity to be part of the decision-making process to determine the overall loan amount. We offer our strong support for the ability of institutions to have a greater say at the beginning when students are seeking to finance their degree.

¹ American Council on Education. (March 29, 2023). [Letter to the Education Department on Third-Party Servicers]. Retrieved from https://www.acenet.edu/Documents/Comments_ED_Third_Party_Servicers_032923.pdf

² Federal Student Aid. (n.d.). *Get out of default with fresh start*. U.S. Department of Education. <https://studentaid.gov/announcements-events/default-fresh-start>

Two-Year Limit for Program Reviews

The CCRA requires the Department to provide an initial report 90 days after a site visit to an institution of higher education. The institution would have 90 days to respond, and the Department would have 90 days to provide a final report and any subsequent enforcement actions. We are supportive of the stated window of time that a programmatic review be completed within two years after the initial visit, and we are supportive of set timelines throughout the process. This provides greater clarity for the institution and holds the Department accountable to a timeline as well.

Proposals of Concern

We would like to share our concerns regarding the following proposals below.

Value-Added Earnings vs. Total Price Formula

When it comes to accountability, it is important that students are able to see a return on their investment. But over the last several years, lawmakers and policymakers have increasingly equated the value of a college degree with the amount of debt incurred to earn their degree relative to earnings. The value of higher education, however, encompasses more than the economic return on the student's investment. Simply put, value cannot be summed up in an equation. Data shows that college attendance leads to upward economic mobility, higher job salaries, lower unemployment rates, and, on average, an increased quality of life.^{3,4,5} However, there are students who have not fully realized these benefits for multiple reasons, and we understand that one of the committee's goals is to address the issue of increased student loan debt. While we appreciate the attempt made to address this issue, we do have concerns with the value-added earnings and total price formula.

In the CCRA, the value-added earnings for a student who completed a program is the annual earnings of a student that is measured in a time period that equates to the credential received. Earnings are captured one year after a student completes a certificate program, two years after a student completes an associate or master's degree, and four years after a student completes a baccalaureate degree or higher. The rationale used to determine these time frames is unclear, particularly given extensive data related to the varying career salary progressions of students across much larger timeframes, and we are concerned that the threshold set in CCRA is likely to impose significant and inequitable impacts on institutions solely due to geography and other factors beyond an institution's control.

³ Ma, J., & Pender, M. (2023). *Education pays 2023: The benefits of higher education for individuals and society*. College Board. <https://research.collegeboard.org/media/pdf/education-pays-2023.pdf>

⁴ U.S. Bureau of Labor Statistics. (n.d.). *Graphics for economic news releases: Quartiles and selected deciles of usual weekly earnings by educational attainment*. U.S. Department of Labor. <https://www.bls.gov/charts/usual-weekly-earnings/usual-weekly-earnings-by-quartiles-and-selected-deciles-by-education.htm>

⁵ U.S. Bureau of Labor Statistics. (2023, May). *Education pays, 2022*. U.S. Department of Labor. <https://www.bls.gov/careeroutlook/2023/data-on-display/education-pays.htm>

The CCRA defines value-added earnings as an earnings threshold of at least 150 percent of the poverty level for undergraduate students and of at least 300 percent of the poverty level for graduate students. This is, unfortunately, not happening across the board. For instance, according to the Department of Health and Human Services, 150 percent of the poverty level for a single individual equates to \$22,590 and 300 percent of the poverty level for a single individual equates to \$45,180.⁶ Using data from the U.S. Census Bureau, graduates with a master's degree across all instructional programs in the state of Louisiana are making \$36,859 one year after they complete their program and \$48,708 five years after they complete their program. While there is not an average salary given for these graduates two years after they graduate, we can safely assume that it would not be above 300 percent of the poverty level threshold.⁷ Given this, it is our hope that institutions would not be subject to any negative statutory or regulatory actions based on a metric that would appear to be difficult, if not impossible, to meet in parts of the country. While we acknowledge that the CCRA proposes a limited geographic adjustment to the value-added earnings using the recent regional price parity index of the Bureau of Economic Analysis where the institution is located, we know that many students move outside their states following graduation, further minimizing the validity of this as a tool to assess institutional performance.

In addition, penalizing institutions of higher education due to the total price charged per program and the value-added earnings of the student is unreasonable. Institutions have no control over how much their students earn once they complete their programs. Furthermore, many factors play a role in how much tuition an institution must charge a given student, including the resultant financial impacts of a history of state disinvestment in public institutions. Data continues to show that all students do not get paid at the same rates⁸, thus creating a situation that would potentially penalize the very institutions that serve large numbers of low-income students of color.

Risk-Sharing

We are deeply concerned by the unintended consequences of risk-sharing and the potential impacts it would have throughout higher education in access and support for students deemed “risky.” As we mentioned previously, we appreciate the language in the bill that allows for institutions to limit student loan borrowing on the front end as a way to mitigate the risk to students. For the very reasons previously mentioned regarding the value-added earnings and total price formula, institutions have no control over how their students actually perform in the labor market and value-added earnings should not be a part of any risk-sharing proposal. Analysis of previous risk-sharing proposals has consistently demonstrated that the burden for making these payments falls disproportionately on institutions enrolling greater shares of low-income, first-generation, and students of color.

⁶ Office of the Assistant Secretary for Planning and Evaluation. (2023). *Poverty guidelines*. U.S. Department of Health and Human Services. <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>

⁷ U.S. Census Bureau. (n.d.). *Post-secondary employment outcomes explorer*. U.S. Department of Labor. <https://lehd.ces.census.gov/applications/pseo/?type=earnings&compare=percentile&specificity=2&state=22&institution=22°reelevel=07&gradcohort=0000-5&filter=1&program=00>

⁸ U.S. Census Bureau. (2024, January 18). *Usual weekly earnings of wage and salary workers fourth quarter 2023*. U.S. Department of Labor. <https://www.bls.gov/news.release/pdf/wkveng.pdf>

These are often the institutions with the fewest additional resources to manage substantial new annual penalties. This proposal is likely to harm the ability of the most vulnerable students to access postsecondary education and limit institutions' ability to serve and educate these students.

Changes to the Need Analysis Formula

The CCRA proposes to amend the current need analysis formula by changing the ability of students to borrow up to the cost of attendance and instead only allows them to borrow up to the median cost of college per program of study. The median cost of college is defined as looking across all programs at all institutions of higher education that are offered using the same six-digit Classification of Instructional Programs code and finding the median price.

Changing the need analysis formula as proposed by the committee will have detrimental effects on a student's ability to borrow what they may need to obtain their postsecondary degree. Students are currently able to borrow up to the cost of attendance for good reason, as many students, especially low-income students, come from families with low wealth and the inability to cover all associated expenses.

These changes would also create an inequity for students in accessing federal student aid based solely on what institution they may attend. Students attending low-tuition, predominantly open-access institutions would likely receive aid that covered a higher proportion of their cost of attendance than would students at institutions with higher tuition rates. Not all institutions charge the same price per program of study and to compare these costs across all institutions presents a major challenge to a student's ability to properly finance their postsecondary education. Furthermore, elements of the cost of attendance at a given institution are beyond its control, including the cost of living in the area in which it is located.

Elimination of the Federal Supplemental Educational Opportunity Grants

We have long supported effective and targeted student aid programs, including the Federal Supplemental Educational Opportunity Grant (SEOG) program, which works in partnership with Pell Grants and Work-Study to support low-income students' access to college while limiting borrowing. This program remains a pivotal program offering last-dollar aid for students who are still in financial need. In fiscal year 2020-2021, this program provided aid across all institutions of higher education to over 1.8 million students, in an overall amount that exceeds \$1.4 billion, and over 1.6 million students are still projected to benefit from the program this year. Eliminating this program would be eliminating a source of funding that is crucial to the success of low-income students pursuing their degree.⁹

Cap on Loan Limits and Termination of PLUS Loans

⁹ U.S. Department of Education. (2023). *Student financial assistance: Fiscal year 2024 budget request*. <https://www2.ed.gov/about/overview/budget/budget24/justifications/p-sfa.pdf>

The current aggregate limit for graduate and professional borrowing is \$138,500, and the CCRA proposes to limit borrowing to \$100,000 for graduate students and \$150,000 for professional students. The bill also limits aggregate borrowing for undergraduate students with unsubsidized loans from \$57,500 to \$50,000 and completely eliminates the ability of students to borrow from both the Grad PLUS and Parent PLUS loan programs. Currently, there are 1.8 million borrowers in the Grad PLUS program and 3.8 million parents in the Parent PLUS program. Eliminating these two programs would force these students and parents to borrow from the private sector with much less favorable terms and conditions on student loans, instantly adding cost and greater risk to millions of students.¹⁰

While we appreciate the increased aggregate loan limit for professional students, we fear that not having a carveout for health professions will be problematic. As you may know, graduate and professional students that are currently enrolled in health professions have access to higher annual and aggregate loan limits. While we appreciate the ability of the aggregate loan limits to be increased to \$150,000 should they enroll in a qualifying undergraduate program, we strongly believe that the health care exemption should still remain.

Student Outcomes vs. Achievement

We are concerned about the provision in the bill that would require accreditors to establish standards related to “student achievement outcomes,” as opposed to current law, which focuses on “student achievement.” Although this change may seem minor, it actually represents a dramatic shift in the role of accreditation. Although accreditors can, and do, examine outcome metrics, they do so as part of a holistic, peer-reviewed process that examines all aspects of student success, both qualitative and quantitative. Requiring accreditors to monitor compliance with outcome metrics such as median price versus value-added earnings or labor market outcomes would inappropriately blur the lines of the program integrity triad and detract from accreditors’ focus on academic quality.

Mandatory Policy Regarding Acceptance of Transfer of Credit

Placing restrictions on an institution’s ability to determine its own transfer of credit policies runs counter to our shared goal of improving accountability and rigor in postsecondary education. At these institutions, it is a faculty member’s responsibility to create programs, modify programs, and structure programs in a way that best fits the mission, goals, and rigor of the institution. Institutions do not all operate in the same way and they should retain the authority to enter into articulation agreements with those institutions that they believe meet their quality standards. We understand, and strongly support, efforts to allow students to transfer between institutions more seamlessly, but institutions should have the sole authority to determine how to structure their own curriculum and best meet the needs

¹⁰ Federal Student Aid. (n.d.). *Federal student loan portfolio*. U.S. Department of Education. <https://studentaid.gov/data-center/student/portfolio>

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of their students.

We look forward to continuing this conversation with you as you think through further legislative proposals that impact both students and institutions of higher education.

Sincerely,



Ted Mitchell
President

On behalf of:

American Association of Collegiate Registrars and Admissions Officers
American Association of Community Colleges
American Association of State Colleges and Universities
American Council on Education
Association of American Medical Colleges
Association of American Universities
Association of Catholic Colleges and Universities
Association of Jesuit Colleges and Universities
Association of Public and Land-grant Universities
Council for Christian Colleges & Universities
Council of Graduate Schools
EDUCAUSE
National Association for Equal Opportunity in Higher Education
National Association of College and University Business Officers
National Association of Independent Colleges and Universities