



January 22, 2024

The Honorable Virginia Foxx
Chairwoman
House Education and Workforce Committee
2462 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Robert Scott
Ranking Member
House Education and Workforce Committee
2328 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairwoman Foxx and Ranking Member Scott:

AccessLex Institute® is pleased to see that Congress continues its work to reauthorize the Higher Education Act (HEA) with the introduction of the *College Cost Reduction Act*. While we have serious concerns with provisions of the bill that would limit access and end time-based forgiveness, we are heartened to see that the *College Cost Reduction Act* offers a thoughtful and nuanced approach to borrowing and addresses the higher education funding issues that impact students and families.

AccessLex Institute, in partnership with its nearly 200 nonprofit and state-affiliated ABA-approved member law schools, has been committed to improving access to legal education and to maximizing the affordability and value of a law degree since 1983. The AccessLex Center for Legal Education Excellence® advocates for policies that make legal education work better for students and society alike and conducts research on the most critical issues facing legal education today.

Graduate Borrowing

Though we support several of the proposals in the *College Cost Reduction Act*, we are deeply concerned with the provisions that would (1) eliminate the Grad PLUS Loan program; (2) limit the amount of federal student aid a student can receive annually at the median cost of college; and (3) cap the aggregate student loan limit at \$150,000 for professional students. These provisions cut against the very heart of HEA by serving to reduce access rather than to expand it, particularly for low- and middle-income students.

It has always been our position that eliminating the Grad PLUS Loan program is bad policy. Federal graduate lending provides a critical financing option for students who are interested in obtaining an advanced degree, which many professions require, regardless of background or station. Eliminating Grad PLUS loans and limiting graduate borrowing would force students to seek supplemental financing from private sector lenders to pay for their degree. Relying on private lenders, which have differing

incentives, underwriting limitations, and profit goals than the federal government, would mean returning to an environment where many low- and middle-income persons will be unable to obtain a student loan under reasonable terms, or even obtain a loan at all.

Next, capping the annual amount of federal loans a student can receive at the median cost of attendance for students enrolled in similar degree programs nationally seems like sound policy on its face, but it would result in cutting off access to traditionally underrepresented students who would be unable to obtain private financing for their degree. First, this policy change assumes a level of homogeneity exists between programs that does not exist. While a few higher-resourced schools may be positioned to fulfill the unmet need of their students, most are not able to do so. This proposal also does not appear to take into consideration basic factors that impact cost such as geographic location, different cost of living metrics, and whether an institution is private or publicly supported. Second, using the median cost as the measure for the amount of federal loans available would necessarily result in half of all programs falling above the median. This would then require students in these programs to take out private loans, which as discussed above is simply not possible for many low- and middle-income students.

Finally, we appreciate that the *College Cost Reduction Act* takes into account the different costs associated with professional degree programs and would provide these students with an aggregate loan limit that is separate from other graduate students. This aggregate loan limit of \$150,000 for professional students is more generous than we've seen in previous bills and reflects the higher costs and longer duration of many professional degree programs. However, there are a number of professional programs that cost more than \$150,000 in total. This means that students in these programs would eventually have to take out private loans to finance a portion of their education, even if the annual cost of their program is below the median cost of attendance for students enrolled in similar degree programs nationally. The aggregate loan limits also fail to consider issues like inflation and the rising cost of college. Rather than a static figure, we continue to advocate that any loan limits should be indexed in some way to reflect increases in tuition, cost of living and inflation.

Repayment

Regarding repayment, it has long been our position that the availability of five different federal income-driven repayment (IDR) plans is not an optimal situation for borrowers and can lead to confusion and unintended financial consequences due to the slightly different terms of each plan. So, we are happy to see that the *College Cost Reduction Act* would reduce the available plans down to one. However, we are concerned that the bill's new repayment plan does not provide for any time-based forgiveness, one of the hallmark features of IDR plans. Without time-based forgiveness, many struggling, and even insolvent borrowers, could be taking on a literal lifetime of debt depending on their income levels and given the effective nondischargeability of student loans in bankruptcy.

Cost Reduction

We appreciate that the *College Cost Reduction Act* would eliminate both origination fees on new student loans and interest capitalization for current and new borrowers — two changes that can have material impacts on borrowers' ability to repay their loans. With the upfront taking of up to four percent for the processing of a loan, origination fees increase the cost of higher education for borrowers who are responsible for repaying the withheld amount plus all interest that accrues on that amount. Additionally, interest capitalization adds to this cost by attaching accrued interest to the outstanding

principal balance of a loan, causing the loan balance of many borrowers to grow over time. For years, AccessLex has been advocating for the elimination of both measures and even [supported](#) the *Student Loan Tax Elimination Act* which is the basis for this section of the bill. By eliminating origination fees and interest capitalization, we can begin to reduce costs for students and decrease their debt over time.

Transparency

We are also pleased to see that the *College Cost Reduction Act* would require the standardization of financial aid offer letters by requiring the use of standardized definitions and terminology, among other things. Understanding how much college costs and how to pay for it can be a complex and confusing process for students and families. In addition, the federal student loan system is hard to navigate and a lack of uniformity in financial aid offer letters across schools can lead students to make ill-informed decisions about financing their degree. That is why we have advocated for Congress to require financial aid offer letter standardization and authored an [issue brief](#) addressing our concerns, providing policy recommendations to improve transparency. We believe that making these changes will help to mitigate the confusion that has plagued students and families in the financial aid process by providing consistent and transparent information.

Lastly, we are happy to see an emphasis on data transparency in the *College Cost Reduction Act*. The requirement that the College Scorecard include program-level statistics on student outcomes is an important step in improving the information available to students which will help them make more informed decisions about higher education. Additionally, we support the creation of a student-level data system. However, rather than limit the system to federally-aided students, we ask that the Committee consider including the *College Transparency Act*, which would overturn the existing student-level data ban. AccessLex has been a strong [supporter](#) of the *College Transparency Act* because we believe it would go a long way in expanding access to critical higher education data for all students.

Thank you for your time and attention to this matter. We stand ready to work with Congress to craft a bill that supports access to higher education and increases its affordability, particularly for low- and middle-income borrowers. If you have any questions, please do not hesitate to contact me at cchapman@accesslex.org or Nancy Conneely, Managing Director of Policy, at nconneely@accesslex.org.

Sincerely,



Christopher P. Chapman
President and Chief Executive Officer