AccessLex INSTITUTE®

September 25, 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 offer its support for H.R. 9441, the *Student Loan Interest Cap Act*. Introduced on August 30, 2024 by Reps. Jared Moskowitz (D-FL) and Anna Paulina Luna (R-FL), this bipartisan bill would establish a three percent cap on federal student loan interest rates, meaningfully lowering costs for students and making higher education more affordable.

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.

For the current academic year, graduate students were offered Unsubsidized Stafford Loans with an interest rate of 8.08% and Grad PLUS Loans with a 9.08% interest rate. High interest rates such as these can add thousands of dollars in accrued interest to the original principal balance over the life of the loan. As we have seen in recent years, borrowers are increasingly unable to pay these ballooning student loan debts. But even for borrowers who are making payments, seeing the principal balance of their loan increase can create a psychological burden and add to a sense of hopelessness of ever paying off their student loan debt. Large loan balances can also restrict a borrower's ability to invest in other ways, such as buying a home.

This situation is compounded by the fact that income-driven repayment, a federal program designed to help borrowers repay their loans and stay out of default, has been effectively halted by the courts. While affected borrowers have been placed in an administrative forbearance that is not accruing interest, they are also not getting credit for income-driven repayment or Public Service Loan Forgiveness during this time. Additionally, until these lawsuits are complete, we do not know if income-driven repayment plans will be available in the future to help struggling borrowers. Materially lowering interest rates to no more than three percent will make student debt payments more manageable, which will be especially important in the event that income-driven repayment plans cease to be available.

AccessLex Institute has long advocated for lowering interest rates for borrowers in order to increase access to and affordability of higher education. The *Student Loan Interest Cap Act* would make it more likely that borrowers will be able to enroll in higher education, stay out of default, and successfully repay their debts. In turn, these borrowers will be able to contribute positively to the economy by buying homes, starting businesses, and generating tax revenue.

While implementing this policy change will cost money, the primary purpose of the federal government in student lending is not to generate profit, but to assist borrowers in accessing higher education. Any open access program offered by the government to remedy a shortfall in the market, such as in student lending, will incur costs. Therefore, the federal student loan program should be regarded as an investment in human capital, rather than a profit-driven endeavor.

Thank you for your time and attention to this matter. 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