***Legislative Alert: College Cost Reduction Act Could Leave Student Borrowers in Debt for Life, Gut Critical Safeguards for Students and Families***

In January 2024, the House Committee on Education & the Workforce passed the College Cost Reduction Act (H.R. 6951), sponsored by Chairwoman Virginia Foxx, on a party-line vote. Despite its name, the CCRA could lead to higher debt burdens for students—burdens they could carry the rest of their lives. The bill would also strip away critical safeguards against predatory practices that harm students, and run the risk of funneling taxpayer-funded financial aid dollars into increased profits for investors and leaders of for-profit colleges at the expense of results for students.

Should H.R. 6951 move to a floor vote, the undersigned organizations encourage Members to vote **No**.

This legislation, as passed by committee, would:

- ***Increase monthly student loan payments for most borrowers and could leave some borrowers indebted indefinitely, as well as increase delinquency and default rates.*** As part of the bill, Chairwoman Foxx proposed a new repayment system for federal student loans. Based on legislation previously introduced by Rep. Burgess Owens (R-UT), the proposal would replace existing income-driven repayment (IDR) plans with a single plan that would increase payments for most borrowers and remove safeguards that protect borrowers from carrying debt for more than 25 years. The plan would be especially harmful to borrowers who earn below 225% of the federal poverty level and would put low-income borrowers at much higher risk of delinquency and default.

- ***Reverse bipartisan policy that stopped improper targeting of veterans.*** In 2021, bipartisan legislation closed the longstanding 90/10 loophole. Previously, this loophole incentivized for-profit colleges to target student veterans, as their GI Bill educational benefits did not count against the required threshold for the proportion of institutional revenue required to come from non-federal sources. Predatory colleges saw veterans as little more than dollar signs in uniform. After extensive negotiations that included representatives from proprietary colleges, a regulatory panel reached consensus on implementing Congress' intent to close this loophole and protect veterans against predatory recruiting. If passed, CCRA would undo the bipartisan agreement and consensus-backed regulations, once again opening the field for predatory colleges to target student veterans to take their benefits, turn them into profits, and leave veterans with low-quality credentials that do not lead to promised career opportunities.

- ***Gut critical safeguards against predatory practices and waste tax dollars.*** In addition to removing a key protection for student veterans, the CCRA would remove a set of baseline protections the Higher Education Act now provides to all federal student loan borrowers. Among these protections, the CCRA would rescind the gainful employment rule and financial value transparency framework that should protect students against high-cost, low quality programs. It would also rescind borrower defense to repayment, which enables defrauded borrowers to receive a measure of justice by providing the Education Department authority to discharge loan debt when student borrowers were subjected to unfair and deceptive practices, misrepresentations, or fraud. The CCRA would go even further by rescinding closed school discharge authority, despite research showing the significant harm done to all students whose institutions close—too often with little to no warning.

- ***Narrow the pipeline to critical professions, including teaching.*** The CCRA's risk-sharing model would require institutions to pay back a portion of federal student loans when borrowers become unable to make their payments. The approach has significant methodological shortcomings and is indifferent to state or local workforce shortages, societal needs, or any other non-monetary considerations. Recent analysis of the formula used to determine this liability for institutions shows that, if put into place, this model could lead to program closures for socially essential, but relatively low-paid professionals—including teaching and social work.

To request any additional information about the College Cost Reduction Act and its numerous harmful provisions for students, please contact Dr. Kyle Southern of The Institute for College Access & Success at ksouthern@ticas.org.

Sincerely,

American Association of University Women
Consumer Action
David Halperin, Attorney
National Association for College Admission Counseling
National Consumer Law Center (on behalf of its low-income clients)
National Education Association
New America Higher Education Program
Project on Predatory Student Lending
Student Borrower Protection Center
Student Debt Crisis Center
Student Loan Fund (SLF)
The Campaign for College Opportunity
The Century Foundation Education Team
The Education Trust
The Institute for College Access & Success
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