October 25, 2019

The Honorable Bobby Scott  
Chairman  
House Committee on Education and Labor  
Washington, DC 20510

Dear Chairman Scott:

Thank you for including key student-centered proposals in the College Affordability Act that, together, will significantly improve college affordability and accountability. We particularly appreciate that the bill makes new investments in Pell Grants, funds a renewed federal-state partnership, makes student loans more affordable, protects students against low-quality colleges, and improves federal postsecondary data collection and reporting. While improvements are needed as the bill moves through the legislative process, it is a promising start to the effort to reauthorize the Higher Education Act.

With the current Pell Grant covering its lowest share of college costs in decades, the bill’s $500 increase to the grant is a particularly crucial boost for the more than seven million students who rely on this program to attend and complete college. Also critical is the bill’s expansion of Pell eligibility to certain undocumented students as well as to students who are incarcerated.

Protecting more of the Pell Grant’s funding from annual discretionary decision-making will help increase predictability for the program and grant recipients, while permanently restoring the grant’s automatic inflation adjustments will ensure the grant amount at least keeps pace with inflation.

A new federal-state partnership like the one included in the bill will be integral to ensuring that these and other new federal investments in higher education supplement, not supplant, state investments in public colleges and financial aid.

The bill also includes important protections that better protect students against predatory practices and ensure that high-cost low quality programs improve or lose access to taxpayer dollars. Specifically, the College Affordability Act reinstates the gainful employment rule, establishes a fair process for borrowers to discharge their loans based on a college’s misconduct, closes the 90/10 loophole and reinstates the requirement that 15 percent of a college’s revenues come from students and employers, and addresses “covert” college conversions from for-profit to non-profit status. The bill also takes steps to reduce defaults by improving the cohort default rate by addressing forbearance abuse and considering the percentage of students who borrow.

Further improvements in consumer protection include a secret shopper program to identify and dissuade unlawful and deceptive behavior by schools, the creation of a student complaint system and an enforcement unit, improvements to existing disclosure requirements, and stronger financial responsibility provisions that will help to prevent sudden school closures.

In addition, the College Affordability Act simplifies and improves the student loan repayment process by consolidating the current array of repayment plans and making income-driven repayment (IDR) more equitable and more affordable for low-income borrowers. The bill also takes steps to reduce default by
making it easier for borrowers to remain in IDR and automatically enrolling severely delinquent borrowers into an IDR plan.

The bill’s long overdue improvements to federal postsecondary data collection and reporting will provide students and families, colleges, and policymakers with more comprehensive and comparable data on college costs and outcomes, while also ensuring both privacy and security. The bill also makes key improvements to the FAFSA process and takes positive steps toward improving financial aid offer communications.

To build on these provisions, and to more fully equip students to attain a quality college credential without overly burdensome debt, we urge the Committee to make critical additions and improvements to the bill. Research shows that to fully close disparities in college opportunity we need to make larger investments in the Pell Grant than those proposed in the College Affordability Act. Moreover, while shifting Pell Grant funding away from annual appropriations is a welcome improvement, fully supporting the program through mandatory funding remains an important goal. We also continue to have significant concerns and open questions about unintended consequences related to extending Pell Grants to short-term programs and recommend that any such eligibility extension be limited to a narrow, carefully evaluated demonstration project.

State disinvestment in higher education is one of the primary drivers of rising tuition; to stop state disinvestment in its tracks we also encourage the Committee to consider changes to its federal-state partnership proposal. Specifically, we recommend allowing states to use funds to increase support for all public colleges and the students attending them, requiring all states to assess inequitable funding patterns, and including an automatic stabilizer provision to increase federal support to states during economic downturns.

We would also like to see further improvements to provisions to protect students and taxpayers from predatory practices and low-quality colleges. Automatic closed school discharge, which forgives the loans of students whose schools close while they are attending and who do not enroll elsewhere, is a critical consumer protection recently repealed by the Education Department. In light of the recent failures of accrediting bodies to adequately oversee institutions, we also recommend improvements to ensure that accrediting bodies are free of conflicts of interest and that their decisions are fully transparent.

Thank you for your leadership on these critical issues. We look forward to continuing to work with you to further develop, strengthen, and advance higher education policies that bring the costs of college within even closer reach, further reduce equity gaps in college funding as well as access and attainment, and ensure that only quality programs have access to federal aid.

Sincerely,

James Kvaal
President