February 19, 2025

The Honorable Mike Johnson
Speaker
United States House of Representatives

The Honorable John Thune
Majority Leader
United States Senate

The Honorable Hakeem Jeffries
Minority Leader
United States House of Representatives

The Honorable Chuck Schumer
Minority Leader
United States Senate

Dear Speaker Johnson, Leader Thune, Leader Jeffries, and Leader Schumer,

We write as organizations and advocates committed to advancing higher education opportunity for all Americans, and in opposition to any reconciliation legislation that diverts essential educational resources to other policy areas. This short-sighted approach would diminish access to quality postsecondary education, increase the cost for students and families, and risk driving up the number of student loan borrowers who fall into default, leading to disastrous financial consequences. We also oppose potential legislative provisions that would limit student access or otherwise make college less affordable to students by cutting access to critical financial aid and eliminating aspects of the federal student loan program.

Recent reporting on the potential inclusion of troubling higher education provisions that would make college less affordable even as it diverts those savings into unrelated legislative priorities in the budget reconciliation process has alarmed us as advocates for students and borrowers.[1] Reporting indicates that a reconciliation bill would use provisions from the College Cost Reduction Act (CCRA), introduced last Congress—legislation that would intentionally leave as many as half of all students with unmet financial need, limit students' and their families' access to student loans, and make student loan repayment significantly more expensive for many current and future borrowers by ending interest subsidies and increasing borrowers' monthly payments.

Higher monthly payments would not only make repaying student loans more expensive; combined with the removal of essential safeguards that protect borrowers from carrying debt for more than 25 years, CCRA provisions would drive more borrowers into delinquency and default. Some borrowers, especially those with incomes below 150 percent of the federal poverty level, would face lifetimes of student debt. Removing the possibility of a light at the end of the student debt tunnel makes the prospect of pursuing college education even more daunting than it already

[1] J. Blake. (January 27, 2025). "Universities Brace for Funding Cuts as Congress Considers Reconciliation." *Inside Higher Ed*. https://www.insidehighered.com/news/government/politics-elections/2025/01/27/house-republicans-target-student-loan-programs-budget; B. Becker. (January 20, 2025). "Republican Pay-For Menu Sparks Call to Action." *Politico*. https://www.politico.com/newsletters/weekly-tax/2025/01/20/republican-pay-for-menu-sparks-call-to-action-00199233.

is for many low- and middle-income students and families, and it is the wrong direction for federal policy to take.

Additional potential reconciliation funding options reportedly include tax changes that will make college less affordable, such as the elimination of the American Opportunity Tax Credit and Lifetime Learning Credit. Eliminating these tax provisions would place more pressure on students and their families seeking to cover the costs of tuition and other education expenses, making it harder for them to complete their programs of study and further contribute to the U.S. economy.

Further, the options under consideration include adding a new tax on scholarships.[2] Nearly two-thirds of undergraduates rely on some form of grant or scholarship to help finance their education. As a recent analysis found, shifting these funds to taxable income would "immediately make college more expensive for the millions of students who receive grants and scholarships to help pay their tuition and fees."[3]

In addition to the reported provisions that increase the cost of higher education are concerning provisions, also from the CCRA, that would undermine the progress made in recent years to hold educational institutions accountable for the quality of education they provide. By removing essential safeguards – including the gainful employment rule, the borrower defense to repayment rule, the 90/10 threshold protecting student veterans, and closed school loan discharge – these provisions risk returning to a time when institutions, particularly for-profit schools, could exploit students without meaningful oversight or consequences. The provisions would also remove the possibility of meaningful redress for borrowers who suffered from a sudden college closure or fraud perpetrated by the college they attended. It would return to a time when student veterans were disproportionately targeted by colleges that left them with meager wages. Any reform efforts must focus on strengthening student and taxpayer protection measures, ensuring that all institutions meet high standards for student outcomes, and protecting students from misleading and exploitative practices.

Similarly, while presented as an effort to hold institutions to higher standards, the institutional risk-sharing provisions included in the CCRA remain deeply concerning. The model would charge institutions a portion of loans issued to students who go on to face challenges with repayment post-graduation, or who choose to work in fields that qualify them for other types of loan relief, such as Public Service Loan Forgiveness. This broad risk-sharing approach does not account for the resources available to an institution, such as the historic underfunding of HBCUs

---

[2] https://www.politico.com/f/?id=00000194-74a8-d40a-ab9e-7fbc70940000.

[3] E. Conroy. (January 24, 2025). "Republican Proposal Would Make College Scholarships Taxable Income." *Forbes*. https://www.forbes.com/sites/edwardconroy/2025/01/24/republican-proposal-would--make-college-scholarships-taxable-income/.

and other public institutions that disproportionately serve low-income students and students of color.[4] This model also would not consider the share of an institution's tuition and fees directed toward a student's education or are expended on unrelated expenses like marketing and advertising. As a result, the CCRA's risk-sharing model may also discourage institutions from enrolling students who are most in need of higher education and could lead to institutions shutting down programs that prepare professionals for essential but undercompensated fields, including social work and teaching.[5] The effects of this sweeping policy change have not been adequately examined, and the risk of harm to underserved populations is unacceptably high.

Any reconciliation measure must exclude provisions that would make higher education less affordable, less accessible, or give greater license to low-quality programs to prey on students and waste taxpayer dollars. Such measures would exacerbate the very problems they aim to solve while harming students, borrowers, and the higher education system, ultimately weakening the nation's workforce and economy. We urge you to consider alternative measures that focus on long-term solutions, including greater investment in public higher education, expansion of financial aid, and stronger consumer protections for student borrowers. We urge you to reject diverting needed resources away from students pursuing the education and training they need to participate fully in civic life and our economy.

We will continue to advocate forcefully for students' interests, and we stand ready to partner with you in advancing those interests for our country's shared future.

Sincerely,

AFT, AFL-CIO
American Federation of State, County and Municipal Employees (AFSCME)
Center for American Progress
EdTrust
National Consumer Law Center (on behalf of its low-income clients)
National Education Association
Student Borrower Protection Center
The Institute for College Access & Success
The Leadership Conference on Civil and Human Rights
Young Invincibles

[4] Last year, analysis by the American Council on Education showed "that for institutions enrolling Pell Grant recipients as 30 percent or more of their total enrollment, 62 percent would be at a net loss under CCRA. For institutions enrolling Pell Grant recipients as 50 percent or more of their total student enrollment, that percentage increases to 71 percent." See full letter at https://www.acenet.edu/Documents/Letter-House-CCRA-Data-051624.pdf.

[5] The Institute for College Access & Success. (2024). "How the College Cost Reduction Act Could Threaten the Teacher Pipeline." https://ticas.org/wp-content/uploads/2024/09/CCRA-Teacher-Social-Work-Liability-Analysis-8.27.24.pdf.

Carolyn Fast, Director of Higher Education Policy and Senior Fellow, The Century Foundation

CC: Members of Congress