



January 31, 2024

The Honorable Virginia Foxx  
Chair  
House Education & the Workforce Committee  
2176 Rayburn House Office Building  
Washington, DC 20515

The Honorable Bobby Scott  
Ranking Member  
House Education & the Workforce Committee  
2101 Rayburn House Office Building  
Washington, DC 20515

Dear Chairwoman Foxx and Ranking Member Scott:

Representing America's leading research universities, I write on behalf of the Association of American Universities (AAU) to provide initial comments on the College Costs Reduction Act (CCRA). AAU appreciates you and your staff seeking meaningful changes to the Higher Education Act to improve accessibility and student success. We clearly share many of the same goals for postsecondary reform.

Although the CCRA includes provisions that will help advance our shared goals for postsecondary reform, there are also proposals about which we have major concerns or feel can be improved or clarified. In our comments below we briefly highlight some of these provisions, which supplement the more extensive comments provided by the American Council on Education (ACE).

**Areas of Support:**

***Financial Aid Transparency*** - AAU is encouraged to see language that provides for a standard format and common terminology for financial aid offer letters. AAU is a part of the College Costs Transparency Initiative that established core principles and standards for this purpose. More than 40 AAU members have signed a pledge to adhere to the Initiative's transparency standards. AAU commends the committee's efforts for establishing a uniform approach for institutions to follow and providing students and families with accurate information on the actual costs of college.

***Elimination of Administrative Loan Origination Fees and Interest Capitalization*** – We are pleased to see language which will eliminate loan administration fees and interest capitalization for student borrowers. These fees tend to be unreasonable and confusing for students, and only drive up the costs of borrowing to attend college.

***Risk-Based Approach to Accreditation*** - We appreciate that the committee has adopted a risk-based approach to accreditation. AAU believes the accreditation system should respond differently to the varying degrees of risk across institutions.

**Areas for Improvement/Additional Clarification:**

***College Transparency Requirements*** - AAU supports the College Transparency Act (CTA) (H.R. 2957) which would establish a student-level data system to provide accurate and timely information for students and families as they make their college choice. While we are pleased to see that the committee has incorporated some elements of the CTA into the CCRA, we remain concerned that that data requirements in the CCRA are not comprehensive enough to achieve the overall transparency goals intended by the CTA. By using data only for students in certain subgroups (those who receive federal financial aid, are veterans, or eligible for workforce investment opportunity benefits), the proposal would continue the current practice of not providing comprehensive data and information on how institutions are serving all students. We ask the committee to consider expanding these provisions to align them with the CTA, which would capture a more comprehensive data set that would benefit all students.

**Initial Areas of Major Concern:**

***Risk-Sharing Policies*** - AAU has significant concerns with the provisions in the bill that establish risk-sharing policies requiring institutions to compensate the government for student interest and principal on certain federal loans. In particular, we are concerned that the risk-sharing proposals would be counterproductive to improving college affordability and accessibility.

The risk-sharing provisions in the bill could harm institutions that enroll a high number of low-income and first-generation students. Because students from disadvantaged and under-represented communities have historically had a more difficult time with repayments, these provisions discourage institutions from admitting these students. At a time when we all aim to make higher education more accessible, these provisions may have the opposite effect.

***Need Analysis Formula Change to Median Cost of College*** – AAU has concerns with the change to the need analysis formula as this could harm a student’s ability to access the financial resources needed to complete a college degree. Setting maximum borrowing limits based on the median cost of college per program of study limits access for many students, particularly low-income students, who may not have the financial capacity to make up additional costs. Median costs may not cover the most suitable program for any given student. Given the wide variety of institutions across the country, programs of study will cost different amounts at different institutions, and students should be able to access appropriate financing regardless of the institution they choose to attend.

***Maximum Price Guarantee*** - AAU has concerns with the provision in the bill that requires institutions to guarantee a maximum price of a college degree for up to six years. Institutions are subject to fluctuations in costs and state budget variations, as well as many other potential factors that can affect the cost of a college degree.

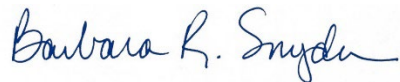
AAU Letter to House Education & the Workforce Committee  
College Costs Reduction Act  
January 31, 2024

***Loan Limits and Elimination of PLUS Loans*** - AAU has concerns with arbitrarily limiting loans, particularly limiting borrowing for graduate and professional degrees, and eliminating parent PLUS and graduate PLUS loans. All these proposals greatly restrict a student's ability to access postsecondary education opportunities. The collective changes proposed to federal loan programs will force students and their families to turn to more costly private loans, thus unintentionally increasing the cost of higher education.

### **Conclusion**

While these comments highlight a number of areas of interest to AAU, we anticipate additional comments in the future after we have had more time to receive feedback from AAU member universities and more fully analyze and understand the impacts of the proposed legislation on our students and campuses. We thank the committee for the chance to raise our concerns and appreciate the committee staff's continuing access and responsiveness. We look forward to working with you on this legislation as it advances through the legislative process.

Sincerely,

A handwritten signature in blue ink that reads "Barbara R. Snyder". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

Barbara R. Snyder  
President