

February 26, 2024

The Honorable Mike Johnson
Speaker of the House
United States House of Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable Hakeem Jeffries
Democratic Leader
United States House of Representatives
H-204, The Capitol
Washington, DC 20515

Dear Speaker Johnson and Leader Jeffries:

Representing America's leading research universities, I write on behalf of the Association of American Universities (AAU) to express strong opposition to the offset included in H.R. 6585, the Bipartisan Workforce Pell Act, scheduled for consideration under suspension of the rules this week. We ask that you postpone a vote on this bill until an alternative offset can be determined.

While AAU supports the objectives of H.R. 6585 to expand Pell Grant eligibility to include high-quality, short-term training programs, AAU is profoundly concerned about the offset contained in Section 6 of the bill. AAU appreciates that Chair Foxx and Ranking Member Scott recognized that the original proposed offset was problematic, but the new approach sets a dangerous precedent for how we fund new and important higher education financial assistance programs. Moreover, it will divert institutional funds away from need-based grants and scholarships, increasing the degree to which students at these institutions will be forced to rely on loans.

Given the significance of the proposed changes, we urge you and all members of the House to delay action on further consideration of the bill for the following reasons:

1) There are many unanswered questions about how the proposed offset would work and about its impact on students and institutions.

For example, there are questions about whether the funds from this pay-for will be adequate to cover the costs of the Bipartisan Workforce Pell Act, especially when the costs of administration are considered. In addition, it is unclear whether an institution repaying the loan for a student who did not pay thereby relieves the student of the repayment burden. If so, that would encourage students *not* to repay their loans and rely instead on the institution to do so. And the repayment obligations of institutions could change from year to year as both enrollment numbers and endowment size change each year.

2) The proposed offset creates a dangerous new precedent by making educational institutions responsible for students' federal loans.

The bill offsets an expansion of the Pell Grant program by requiring a subset of non-profit colleges and universities -- already subject to the existing endowment tax -- to also assume responsibility for paying the costs of their students' federal loans. This proposal essentially creates a second new arbitrary tax on these institutions not linked to additional financial risk or poor performance. By requiring these schools to assume responsibility for the repayment of federal student loans, it sets a historic and dangerous precedent which could easily be expanded in the future to other colleges and universities.

3) The proposal selects one subset of educational institutions, their students, and charitable contributions to pay for the benefit of a different subset of educational institutions and their students.

The proposal in Section 6 would inappropriately target one group of institutions, students, and charitable contributions from donors to benefit another group of institutions. The targeted colleges and universities already pay the existing endowment tax while at the same time providing significant and comprehensive institutional need-based grant aid to their students. They also use their endowment funds to support important research being conducted at their institutions. It is inappropriate that earnings from gifts and charitable support provided by alumni and others specifically designated to support scholarships and research at those institutions should instead be utilized by the federal government to pay for and finance federal financial aid programs at other institutions. Certainly, this was not the intention of the donors who made these gifts to these institutions in the first place.

4) A proposal that fundamentally alters how we pay for federal financial aid programs deserves full vetting and should not be considered on suspension of the rules.

The proposed pay-for in the legislation represents a substantial change in how we pay for federal financial aid programs. Such a major change deserves a full vetting with Committee hearings to understand its potential impact before members of the entire House are required to vote on it. Given that this language has only been released in recent days, rushing the bill to the floor is premature. We encourage you to wait until we can better understand how this new offset will be implemented, and until we can consider the effects of any unintended consequences for current and future students.

Again, while AAU remains supportive of the expansion of the Pell Grant program to include short-term programs, the proposal to finance this new program is misguided, arbitrary, and should not be enacted. AAU therefore respectfully requests that any vote on the Bipartisan

Workforce Pell Act be postponed until concerns with the newly proposed offset are addressed and an alternative method of paying for the program expansion can be found. If the bill proceeds to a floor vote without changes to the offset, we encourage a “no” vote. Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink that reads "Barbara R. Snyder". The signature is written in a cursive style with a light blue background behind the text.

Barbara R. Snyder
President

cc: Members, U.S. House of Representatives