American Council on Education

April 29, 2025

The Honorable Tim Walberg
Chairman, Committee on Education and Workforce
U.S. House of Representatives
2176 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Walberg:

I write on behalf of the undersigned higher education organizations to share our strong concerns and opposition to the Student Success and Taxpayer Savings Plan, a proposal to provide for budget reconciliation affecting education programs, to be marked up this morning. Given the short turnaround from bill introduction to a formal markup, and without a formal score from the Congressional Budget Office, important stakeholders have been given little time for in-depth analysis of the many substantially consequential policy proposals impacting students and institutions. Thus, we are only able to offer high-level comments regarding the proposals. These comments are not meant to be an exhaustive list nor are they meant to represent all our views.

First, we want to acknowledge several items in the proposal that would have a positive impact on students, families, and institutions of higher education. We have previously asked Congress to address the looming Pell shortfall in reconciliation, and we appreciate the provision of additional funding for this purpose, especially since the applications for the Free Application for Federal Student Aid are significantly higher than this time last year.[1] However, we are deeply concerned by the manner in which Pell is secured as the program itself is curtailed, including the potentially disproportionate impact on working students and student parents limited in their ability to take on a 15-credit courseload.

Furthermore, we appreciate the proposed fixes to federal need-analysis regarding the treatment of small businesses and family farms, as this is a much-needed modification to ensure that families are not disproportionately impacted by the miscalculations of their assets. Lastly, we want to acknowledge the inclusion of language that allows institutions to limit student loan borrowing, as appropriate, though such professional judgment should be extended to individual cases.

Despite these positive elements, on the whole, this bill proposes policies that will harm students, institutions, and borrowers. The overwhelming majority of provisions in the bill would reduce student aid to low-income students and would impose onerous financial penalties on institutions, particularly those least able to meet them. These harmful proposals include: (1) limiting Pell eligibility; (2) eliminating subsidized student loans; (3) eliminating Grad PLUS and restricting Parent PLUS loans without adequate increases in loan limits; (4) limiting the availability of federal aid to the median cost of specific programs; (5) eliminating/reducing forbearances and deferments; and (6) establishing less favorable loan repayment options, all of which will lead to students paying more, borrowing more, and facing costlier repayment terms.

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[1] National College Attainment Network. (2025). *NCAN's FAFSA tracker*. Retrieved on April 28, 2025, from https://www.ncan.org/page/fafsatracker

Finally, the proposal to create an institutional risk-sharing process is significantly problematic. The committee's data show that in this risk-sharing proposal, 98 percent of institutions would have a risk-sharing payment and even accounting for PROMISE Grants, 75 percent of institutions would have an overall net loss.[2] This will unduly penalize the very institutions serving the largest numbers of those students who struggle most in the labor market: low income, first generation, and underrepresented student populations. Attempting to design and implement an accountability scheme with such an uneven, incredibly complex, and punitive approach will only result in enormous negative consequences. The breadth of the proposal to empower the federal government to take funds from some institutions to then redistribute to other institutions who are the decided "winners" under a complex formula is astonishing in its reach.

Thank you for your time and attention to these matters. We look forward to continuing this conversation with you as this process moves forward and urge consideration of alternative approaches in partnership with key stakeholders.

Sincerely,

Ted Mitchell
President

American Association of Community Colleges
American Association of State Colleges and Universities
American Council on Education
Association of American Universities
Association of Public and Land-grant Universities
National Association of Independent Colleges and Universities

[2] American Council on Education. (n.d). *College Cost Reduction Act: By the numbers*. https://www.acenet.edu/News-Room/Pages/CCRA-By-the-Numbers.aspx