Association of Public & Land-grant Universities

January 29, 2024

The Honorable Virginia Foxx
Chair
House Committee on Education & the Workforce
Washington, DC 20005

The Honorable Bobby Scott
Ranking Member
House Committee on Education & the Workforce
Washington, DC 20005

Dear Chairwoman Foxx and Ranking Member Scott,

In advance of the Committee on Education and the Workforce's markup of the College Cost Reduction Act, I write as president of the Association of Public and Land-grant Universities (APLU) to share strong concerns with the legislation. In particular, APLU is deeply concerned about the legislation's reliance on exceedingly complex and unproven metrics for high-stakes determinations locked in statute and ways in which the legislation lacks consideration of unique dynamics of state institutions as it relates to higher education finance and accountability. With more than three-quarters of all students in postsecondary education attending public institutions, these are critical factors for consideration.

While APLU greatly appreciates the Committee's consultative process with stakeholders leading up to introduction of the legislation, the rush to committee markup following release of the bill severely limits the depth of analysis and feedback APLU and other stakeholders are able to provide at this time. However, we are able to provide preliminary brief summaries of provisions of top concern, areas of the legislation we support, and areas in which APLU requests improvements. There are numerous provisions of the legislation APLU is not able to provide feedback on at this time due to the need for additional analysis and consideration. We appreciate the opportunity to continue to work with the Committee to achieve legislation that better balances the needs of students and institutions and advances shared goals of effective transparency and accountability of higher education.

APLU is a membership organization that fosters a community of university leaders collectively working to advance the mission of public research universities. The association's U.S membership consists of more than 230 public research universities, land-grant institutions, state university systems, and affiliated organizations spanning across all 50 states, the District of Columbia, and six U.S. territories.

The association and its members collectively focus on increasing access, equity, completion, and workforce readiness; promoting pathbreaking scientific research; and bolstering economic and community engagement. Annually, its U.S. member campuses enroll 4.5 million undergraduates and 1.3 million graduate students, award 1.3 million degrees, employ 1.2 million faculty and staff, and conduct $48.5 billion in university-based research.

Contributions of Public Universities to Students, Competitiveness, and the Workforce

Public research universities are major drivers of upward mobility, innovation, and societal progress. They provide the most affordable path to a four-year degree, preparing professionals for critical roles in society including teaching, nursing, engineering, and social work as well as countless other professions that are critical to our national competitiveness. On average, in-state students at public four-year institutions pay just $2,730 in tuition and fees after scholarships, grants, and tax benefits. Recent bachelor's degree recipients earn $22,000 more annually than their peers whose highest degree is a high school diploma and an additional $1.2 million over a lifetime. Adding to this impact, public universities drive breakthrough innovations through research that saves lives, enhances quality of life, and fuels economic growth. And working with their communities, they identify and address vexing challenges through their education, research, and outreach missions.

With this public purpose and impact in mind, we respectfully urge the Committee to consider APLU's views on the College Cost Reduction Act.

Provisions of Deepest Concern to APLU

Risk-Sharing – APLU is deeply concerned that the unintended consequences of risk sharing run counter and would undermine the goals of the legislation and of the federal government's historic focus in higher education. Risk sharing unintentionally incentivizes institutions to reduce "risk," which for these purposes would mean becoming more selective and less accessible to low and moderate-income students. We have seen in some states that performance-based funding has had such deleterious unintended consequences. While APLU understands other areas of the bill are meant to provide opposite incentives to institutions, the risk sharing payments are guaranteed, while the funding from PROMISE Grants are not. Risk sharing might require institutions to take out costly insurance policies to mitigate their risk, or divert funds that should be used to support their academic mission in the event of incurring penalties under the policy. For public universities, risk sharing is most likely to provide the highest penalty to institutions serving the highest percentage of low-income students and receive the lowest funding from their states to serve them.

Maximum Total Price Guarantee – APLU appreciates the intent of this provision is to ensure students understand the full costs of their degree programs over the years of the program. While the intention is understandable, it is unfortunately inconsistent with how public institutions are funded. States typically operate on annual or biannual budgets and public universities seldom know the outcomes of state processes until their conclusion. Like the budget process in Congress, state processes can be volatile, unpredictable, and outcomes vary greatly by political and economic shifts. With state funding such a highly determinative factor in tuition setting, it is difficult to imagine how public universities could guarantee a specific tuition level for years. Additionally, for most public research universities, tuition levels are not under their direct control. Depending on the circumstances, tuition may be determined by one or a combination of governing boards, governors, and/or state legislatures. Under the bill, institutions must provide a maximum price guarantee to be eligible for Pell Plus and PROMISE Grants.

Median Costs of Programs – The legislation applies a nationwide "median cost of college" limitation for purposes of determining a maximum student aid eligibility for Pell and annual loan limits. The calculation is deeply concerning as it cuts off aid students need to access programs and institutions. Unlike some online programs, traditional in-person education does not operate as a national competitive market. Significant price variations are typical and most often reflect different costs to provide education. For example, the costs of providing education in a research university setting with PhD level faculty preeminent in their field with access to state-of-the-art laboratory facilities is an entirely different cost factor than as an example, courses taught by adjunct faculty in a satellite location. This is true even when CIP codes may be the same. Further, cost of attendance will significantly vary by region. Additionally, for public universities, tuition levels will substantially vary by levels of state investment. It is no coincidence that the highest tuition levels are seen within states that rank toward the bottom of state investment in higher education. Given these variables, a median cost of college limitation that cuts off student aid, will simply leave students without the aid needed to attend programs and institutions that may be above the median for a number of complex reasons that do not relate to lack of cost controls or insufficient consideration of student cost burdens. We urge the Committee to instead focus on empowering students with the information needed to make informed decisions on programs and institutions, rather than cutting off their aid if above a nationwide median.

Supplemental Education Opportunity Grants (SEOG) – APLU opposes the elimination of SEOG. The program provides up to $4,000 in additional grant aid to Pell Grant recipients, serving as a core component of financial aid packages for students with the greatest financial need. Federal SEOG dollars are matched by participating institutions, requiring colleges to contribute at least 25 percent of the awarded funds. This funding provides important flexibility to institutions, allowing financial aid officers to target additional assistance to support students who have experienced unexpected changes to their financial circumstances. New programs created under the bill, such as Pell Plus and PROMISE Grants, are not replacements for SEOG, which works in conjunction with Pell to provide access to higher education to the neediest students and lowers the cost of college.

Elimination of PLUS Loans – APLU opposes the elimination of PLUS Loans as they are an important tool for students to access higher education. Eliminating PLUS loans would push students to the private loan market, with higher interest rates and fewer borrower protections, which will disproportionately hurt students from families with lower credit history or collateral. APLU is deeply concerned that private lenders could discriminate based on a student's perceived risk, and charge interest rates that rival that of a credit card.

Provisions APLU Supports

Elimination of Origination Fees – APLU greatly appreciates the elimination of loan origination fees, which are needless, unexpected, and confusing expenses to students that drive up the cost of borrowing and college.

Elimination of Interest Capitalization – APLU strongly supports the legislation's elimination of interest capitalization, a practice that is unfair to borrowers.

Risk-Based Accreditation – APLU appreciates the legislation's requirements for risk-based accreditation with appropriate deference to accreditors on implementation. As institutional performance data has become available, assessments of higher education have been shifting to a greater focus on outcomes. Yet, in the case of accreditation, many vestiges of the input/process model remain and much of that was put in statute as part of the Higher Education Act. With better outcomes data becoming more readily available, it is important to revise or remove some of the input/process components and shift the focus for accreditation to a more outcomes-based model.

Another vestige of the inputs/process model is that some accrediting agencies require every institution to follow the same process for the reaffirmation of accreditation, with some exception tied to the mission of the institution, regardless of institutional performance and risks to students and taxpayers. In many cases, the existing process is wasteful of both institutional and accreditor resources and more importantly does not optimally protect students and taxpayers as attention and resources are not as focused on the institutions needing the most attention. The College Cost Reduction Act would make key improvements with the focus on risk-based accreditation.

Provisions APLU Would Support with Key Improvements

Student-Level Data Network - APLU greatly appreciates the legislation's creation of a student-level data network (SLDN) and urges further steps to ensure the SLDN can most effectively and efficiently improve data to inform students and families, policymakers, and. Due to the present limits on the Department of Education's data collection, students and families are left with incomplete and sometimes misleading information as they make the critical decision about which college or university to attend; policymakers struggle to make evidence-based decisions; and institutions lack the information they need to assess their performance and improve.

While the legislation is a substantial improvement over prior bills, the limits placed on the SLDN severely limit its utility and fail to fully address the present flaws in federal higher education data. For example, by limiting data to only Title IV, WIOA, and VA beneficiaries, the legislation would still leave a gap of around 30 percent of all students. The gaps are not evenly distributed and would lead to skewed data. At some institutions and academic programs, the gaps may be from students who do not borrow because they are able to fully finance their educations without federal lending. At other institutions, particularly lower cost institutions that serve high shares of low-income students, the gaps may be students who take advantage of state aid to finance their education.

While we understand the limitation may be motivated by a focus on federally-aided students, the U.S. government's support for higher education extends well beyond the categories within the bill. For example, on an annual basis, the federal government spends about as much on higher education tax benefits as it does Pell Grants.

APLU is also concerned the limitations in the legislation may not accomplish its goals of replacing IPEDS surveys, leaving a patchwork of both an SLDN and the exceedingly burdensome IPEDS reporting process. Additionally, severe limits on the U.S. Department of Education's authority - a stark departure from present practice - would make it needlessly difficult to modernize data collection and ensure the needs of students, policymakers, and institutions are met.

Authorization of Postsecondary Student Success Grants – APLU strongly supports the authorization of the Postsecondary Student Success Grant program. With an exciting and growing evidence-base for student success practices that increases likelihood of degree completion, erodes achievement gaps between different student demographics, and maximizes taxpayer investment in higher education, the federal government is right to focus not just on access and affordability with its funding. While APLU would like to unequivocally support the student success grants authorization in the College Cost Reduction Act, unfortunately the authorization level of $45 million matches the current appropriation and thus would foreclose possibility of much needed increased funding for the program. Given what we know works and the scale of the challenges, the present appropriation is wholly inadequate. APLU urges the Committee to amend the College Cost Reduction Act to substantially increase the authorization level.

Thank you for your consideration of APLU's views as the legislation moves to markup. We are eager to continue to serve as a resource.

Sincerely,

Mark Becker
President
Association of Public and Land-grant Universities

CC: Members of the House Education & Workforce Committee