



January 30, 2024

The Honorable Virginia Foxx  
Chairwoman, Committee on Education and the Workforce  
U.S. House of Representatives

Dear Chairwoman Foxx:

We thank you for your work to introduce the College Cost Reduction Act (CCRA). This legislation would create incentives to bring down the costs of college while ensuring institutions are held accountable for postsecondary outcomes. However, it would also overturn important protections that will undermine the goals of the legislation. Arnold Ventures is a philanthropy dedicated to tackling some of the most pressing problems in the United States. We invest in research, policy development, litigation, and advocacy to increase the return on investment of higher education for both taxpayers and students — especially students who have been historically marginalized. As you prepare to mark up CCRA, we appreciate the opportunity to share our thoughts on the proposed legislation and to suggest opportunities to further advance its goals while maintaining much-needed student protections.

As you know, postsecondary education, done well, provides the surest path to economic mobility and valuable careers. But our nation's current system leaves a lot to be desired when it comes to ensuring quality outcomes for its students and transparency to drive informed decision-making by both families and institutions.

CCRA creates a foundation on which to build bipartisan, bicameral discussions. In particular, Arnold Ventures is encouraged to see included in the bill:

- *Authorization of the Postsecondary Student Success Grants* program, which supports evidence-based institutional efforts to increase postsecondary retention and completion rates. By both investing in proven, promising practices and continuing to build the evidence base with new research into how best to help students, Congress can ensure taxpayer dollars are spent effectively and responsibly.
- *Standardization of financial aid offers*, which would help students and families better understand what they can expect to pay at a given school and help them make informed decisions. We urge you to further clarify that, unless and until Congress sunsets the Parent PLUS loan program (as CCRA would beginning July 1, 2025), institutions may not package an amount for such loans within the financial aid offer and must disclose that the loans are available conditional on a separate application process.

- *Requiring accreditors to address student outcomes.* Arnold Ventures applauds the focus in CCRA on requiring accreditors to consider student outcomes, adopt standard terminology across accrediting agencies, and conduct risk-based reviews of their institutions. These updates are much needed and would improve the accreditation process. As described in detail later, however, we are concerned about the quality of accreditors that will be implementing these provisions.
- *A second chance for student loan borrowers in default.* Allowing student loan borrowers in default to rehabilitate their loans a second time is an important first step that will open additional financial, economic, and academic opportunities for students most in need of support. Additional policies like reducing collection costs and fees for defaulted borrowers and eliminating offsets of key federal benefits like the Earned Income Tax Credit and Social Security for those in default would go even further to help these vulnerable borrowers.
- *Elimination of interest capitalization,* which is a key point of frustration for many borrowers whose debts continue to grow even as they make payments.
- *A focus on college completion of Pell Grant recipients* by establishing a Pell Plus program that would double the Pell Grant awards of students on track to graduate with a bachelor's degree within four-years and begin to shift the focus to student outcomes. We recognize that this expansion of the Pell Grant program would help later-stage students to graduate. Proposals expanding Pell, however, should also support retention and matriculation of students in the first half of their college careers.

The College Cost Reduction Act also takes important steps to address complex postsecondary issues, but some of its proposals create unintended consequences. Arnold Ventures looks forward to working with the Committee on Education and the Workforce to help improve these policy proposals as drafted:

- *High-quality data* have the power to transform students' choices, improve institutions' continuous improvement efforts, and inform policymakers and the public. We strongly support the proposed addition of a data system that would increase transparency for students and families while protecting the privacy of individuals. We also strongly support your efforts to provide better data to enable informed decision-making. To ensure data provide the necessary accuracy so that students can appropriately interpret the data and institutions can cease providing information in a parallel, aggregate data reporting system (the Integrated Postsecondary Education Data System), however, we recommend broadening the coverage of reporting to include all certificate- or degree-seeking students enrolled in Title IV-participating programs.
- *An accountability system that prioritizes students* should hold all institutions accountable for providing value to students and to taxpayers regardless of their tax status. We are encouraged to see a sector-neutral accountability proposal with a return-on-investment metric at its core. The complex structure of the proposal, reliance on a single measure (loan repayment), and decades-long period to fully resolve the required payments for each cohort, however, is not the

most effective strategy to drive changes in institutional behavior. Instead, a streamlined framework that assesses multiple metrics – such as the completion rates and median earnings of programs and institutions alongside their loan outcomes – to provide escalating consequences may prove more effective. Overall, this proposal creates a strong framework for a future accountability system, and we appreciate your thoughtful work on this important matter.

- *Establishing reasonable loan limits* will help to ensure that institutions don't load up their students with exorbitant levels of debt, as we have seen particularly among too many graduate students. While we are continuing to explore the impact of the particular levels proposed, we commend you for establishing some reasonable limit especially for graduate student loans.
- *IDR reforms* that target the benefits to borrowers whose incomes are too low even to cover the interest on their loans and that set repayment amounts at an affordable level for borrowers will help to ensure borrowers' debt is manageable. IDR is also an important complement to accountability efforts, as it ensures borrowers have access to a safety net even when they attended low-value programs that did not pay off. We note, however, that continuing to change the terms and options for IDR creates confusion for borrowers and complicates implementation. As a result, it is important that the Office of Federal Student Aid receives full funding to implement this significant change and many other legislation provisions.

As the Committee looks to continue to improve this bill in preparation for a markup, Arnold Ventures requests the Committee to reconsider the following provisions:

- *Repealing consumer protection regulations.* This bill repeals several critical rules designed to protect students, borrowers, and taxpayers. We are deeply concerned with these changes, which would undermine longstanding efforts to protect students and taxpayers from investing limited time and money into programs that take advantage of them, engage in illegal and/or deceptive practices, and leave them worse off for having enrolled in the first place. We strongly urge you to remove Sec. 302 of CCRA. If this section, and the associated repeals of the regulations, were to pass, it would undermine the goal of CCRA legislation to improve student outcomes and leave students and taxpayers vulnerable to waste, fraud, and abuse.
  - Repealing gainful employment rules (and preventing their re-regulation at any time in the future) would remove important outcomes-based standards for programs only eligible for federal financial aid because of their promise to lead to jobs.
  - Eliminating the 90/10 provision in the law would also mean erasing an important measure of an institution's true market value – a test that ensures that students are willing to pay for the education themselves, rather than the college being propped up solely with taxpayer dollars.
  - Rescinding personal liability requirements would only increase the likelihood that it is taxpayers, and not institutions themselves, who will shoulder the significant costs of college closure or misconduct by predatory programs.

- Repealing borrower defense rules would make it extremely difficult for defrauded students to see the loan relief to which they are entitled, even where institutions' deceptive and illegal practices are widespread.
- *Codifying the bundled services loophole.* Long-standing incentive compensation requirements are designed to prevent deceptive recruiting practices. But by legislating a loophole to those rules, the bill creates a lucrative financial incentive for third-party companies to recruit students through predatory means, hiding behind the names of the postsecondary institutions with which they contract.
- *State recognition of accrediting entities.* We are deeply concerned by the proposal to create an entry point for third-party entities to serve as accreditors with little or no assurance of rigor or quality, simply by finding states willing to rubber-stamp the agencies' work. All the quality expectations CCRA tries to set, including for accreditors, would be meaningless if bad actors are permitted to serve as accreditors with no way to ensure a baseline level of rigor across agencies. Students and taxpayers depend on accreditors to serve as a quality check for colleges accessing federal dollars. Accrediting agencies already fall short in this regard, and we need to do much more to hold agencies accountable for their approval and oversight of institutions and programs that fall far short of our expectations. Instead, we are concerned that this would dilute the already-weak expectations of accreditors even further, opening the door to shady actors blindly approving predatory actors – only serving to exacerbate the problem.

CCRA begins a conversation about needed updates to the Higher Education Act, and Arnold Ventures thanks the Chairwoman for an initial proposal to reform postsecondary education. We look forward to partnering with you and with policymakers on this Committee and in the Senate as this legislation works through the legislative process.

Sincerely,

**Kelly McManus**  
Vice President, Higher Education

CC: Recipients on next page

CC: Representatives:

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