

# THE STATE OF HIGHER EDUCATION

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HEARING  
OF THE  
COMMITTEE ON HEALTH, EDUCATION,  
LABOR, AND PENSIONS  
UNITED STATES SENATE  
ONE HUNDRED NINETEENTH CONGRESS  
FIRST SESSION  
ON  
EXAMINING THE STATE OF HIGHER EDUCATION

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MAY 21, 2025

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Wednesday, May 21, 2025

U.S. SENATE,  
COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS,  
*Washington, DC.*

The Committee met, pursuant to notice, at 10:01 a.m., in room 430, Dirksen Senate Office Building, Hon. Bill Cassidy, Chairman of the Committee, presiding.

Present: Senators Cassidy [presiding], Marshall, Hawley, Banks, Moody, Sanders, Kaine, Hassan, Hickenlooper, Kim, Blunt Rochester, and Alsobrooks.

## OPENING STATEMENT OF SENATOR CASSIDY

The CHAIRMAN. The Senate Committee on Health, Education, Labor, and Pensions will please come to order. In some respects, the American higher education system has lost its purpose.

Many college students are not learning skills needed to succeed in the modern workforce, and studies show that the cost of college is quickly outpacing the value of a student's education. In the last 30 years, tuitions and fees at private nonprofit colleges rose by 80 percent.

At public 4-year institutions, they have increased by 109 percent. Meanwhile, according to a non-partisan analysis, 23 percent of bachelor's degree programs and 43 percent of master's degrees have a negative return on investment. This is to say that students pay more for their degrees than the increase in salaries they can expect. Now, this increased cost often is not going to improve education.

Often those dollars are being funneled to promote a DEI ideology, dividing students based on race and ethnicity. A report studying 65 colleges and universities found that the average institution was paying for 45 staff members to promote DEI policies. By the way, these programs are subsidized by taxpayers who contribute significant funding annually for these universities.

Instead of promoting academic excellence, many campuses have been ideologically captured, becoming hotbeds of hate and division. Students leave college woefully unprepared for the workforce while being saddled with insurmountable debt that they cannot pay back. Comprehensive reform of higher education is needed.

President Trump and Secretary McMahon are making progress, including fixing the broken student loan program, but Congressional action is needed to create lasting change. Over the last sev-

eral years, there have been multiple legislative attempts to improve higher-ed to benefit students.

This includes my bipartisan *College Transparency Act* with Senator Warren, which allows students to compare the differences between prospective colleges and a major to see if the value of the degree is worth the cost. Senator Tuberville is leading the *Graduate Opportunity and Affordable Loans Act* to end graduate plus loans, which have been inflationary to tuition costs.

This bill puts downward pressure on rising college costs by limiting graduate school borrowing. There is also the *Streamlining Accountability and Value in Education*, or SAVE, *for Students Act* led by Senator Cornyn, which streamlines confusing repayment options for student loan borrowers, decreasing the nine options to two, giving students and families clarity as to which repayment plan best fits their needs.

I look forward to discussing these and other policies in depth today. It is a given, but nonetheless, I emphasize the power of education. It can transform lives, lifting not just the generation that attends college out of poverty, but the subsequent generations in that family as well. It is also a font of life-changing innovation and research, helps develop life-saving cures, and define solutions to some of America's biggest challenges.

But when universities fail in their basic responsibility to ensure a safe learning environment, when students leave college in debt and without hope for a brighter future, the American people lose trust in higher-ed. There is no one who can advocate for higher education better than the institutions themselves.

Universities must make the case to the American people as to why they are valuable to the Nation and are worthy of taxpayer investment. I thank Taylor University and Tuskegee University for being here. Rarely are HBCUs or religiously oriented universities mentioned in conversations about the landscape of how to improve America's higher education system.

We will also hear from the Austin, Texas Community College District, which offers an interesting perspective beyond traditional 4-year universities. A great opportunity for all to share stories of the value you provide. I will make one more comment. As I mentioned earlier, it is important that everyone has an opportunity to speak to the American people on this important topic.

Each person and institution should have the right to make their case. In light of that, it is known, but I will comment upon, that Harvard University had been requested to attend today's panel. Harvard is the world—is world famous for its cutting edge research, which helps make not only our Nation, but the world healthier.

But there have been recent episodes in a recent report on Antisemitism within Harvard's culture. This would have been Harvard's chance to tell the Committee and the country how it is addressing Antisemitism, removing DEI from priorities, and highlighting their value as a research institution.

Unfortunately, they declined the invitation. Thank you again to our witnesses for being here. I look forward to discussing how we

can improve higher education so students can succeed in the classroom and beyond. And with that, I recognize Senator Sanders.

#### OPENING STATEMENT OF SENATOR SANDERS

Senator SANDERS. Thank you very much, Mr. Chairman. And let me thank all of our guests for being here to discuss a very important subject.

Needless to say, Mr. Chairman, you and I look at this world a little bit differently regarding this subject. In my view, in a highly competitive global economy, in an economy where technology is changing the very nature of work and jobs we perform, if we are going to have the kind of standard of living that the American people deserve, we need the best educated workforce in the world.

I would trust there is not a lot of debate about the importance of that. Sadly, that is not the case today. Our Nation used to lead the world in the percentage of adults with a college degree. We were No. 1. Today, despite being the wealthiest Nation in the history of the world, we are in 11th place in terms of the percentage of adults with a college degree.

We are now behind countries like Japan, South Korea, Canada, the United Kingdom, Ireland, Australia, and Switzerland, among others. Being 11th in a competitive global economy in the number of our people who have college degrees is not a good place to be. Mr. Chairman, not only must we strive to have the strongest economy in the world, we also need an economy and an educational system which provides for the basic necessities of life for the American people.

Yet today, in our Country, we have an understaffed workforce, something which this Committee has discussed, which has led us to massive shortages of doctors, nurses, dentists, pharmacists, mental health counselors, and psychologists. So, we are living in a country where in terms of healthcare, we are not able to even provide the kind of care that our people need. That is one of the failures of our educational system.

Further, at a time when we face major infrastructural challenges, and when we need to transform our energy system away from fossil fuel in order to save this planet from the ravages of climate change, we don't have enough engineers, construction workers, plumbers, pipe fitters, sheet metal workers, and electricians because we have not made apprenticeship programs and trade schools widely available.

Moreover, Mr. Chairman, I happen to be a strong believer in lifelong learning. Learning is not just the means to getting a good job. As human beings, from 2 to 102, people strive to learn. It is part of what being human is about, and we should make that opportunity available to all.

Mr. Chairman, in the early part of the 19th century, not only did low-income and working-class kids not have the opportunity to go to college, many of them were unable to receive a high school education or even a primary school education. Young people at that point were working on farms, they were working in fields, and they were working in factories, often under terrible, terrible conditions.

Higher education at that time was available only to the children of the wealthy, mostly boys. Working people and trade unions understood at that time how unfair that was. They looked around them. They saw the rich kids going to Harvard and Yale and their kids not getting any education at all. And they fought hard all over this country to say, you know what, we want a public education system free for all kids to the 12th grade. And that was a major step forward for the United States of America.

Well, the world has changed just a little bit over the last 100 years. 40 or 50 years ago in Louisiana, or Vermont, virtually any state in this country, if you received a high school degree, the odds were pretty good that you would be able to go out and get a decent paying job, raise a family, buy a house, and survive on one income. That was 40 or 50 years ago. Well, that world has changed.

Today, the global economy has changed the world, technology has changed, and our educational needs have changed. Anybody here really think that a high school degree is all that kids need today? Most people don't. In America today, a college degree is the equivalent in many ways of what a high school degree was a generation ago.

Today, the median worker with a bachelor's degree will earn over a million dollars more in their career than that same worker with just a high-school diploma. But it is not just money. Young people want to get the best education they can so that they can be productive and contributing members of our society.

All over this country, I have had the opportunity to talk to young people who did well in high school. It is one of the saddest stories you are ever going to hear. Kids did well in high school, they want to get a college education, but they simply can't afford it. They look at the price tag and they say, no way am I going to go \$50,000, \$100,000 in debt.

How many wonderful young scientists and teachers do we lose because they can't afford to go to college, or don't want to leave school deeply in debt? And you talk about this Committee deals with healthcare. Everybody on this Committee knows you are a working class person, and you want to go to medical school, you know what you leave medical school with? \$500,000 in debt.

Anybody think that is vaguely sane at a time when we have a massive shortage of doctors? All of us on this Committee have talked to people who are paying off their student debt 20, 30, 40 years after graduating school. So, what is the answer?

In my view, the answer is to do what many other countries around the world are doing and saying that in the richest country in the history of the world, all of our people, rich, poor, who want to get a higher education should be able to do that regardless of their income.

That is why, Mr. Chairman, I have introduced legislation called the *College for All Act* that will do just that. Bottom line is, countries all over the world in Germany, France, Finland, Denmark, Norway, Sweden, and Iceland, public colleges and universities are tuition free.

Those countries are doing it not just for the young people themselves, but for the future of their country. They understand a well-educated population is good for the country. We should be doing the same. So, thank you very much, Mr. Chairman.

The CHAIRMAN. We will now proceed to the witnesses, and we will introduce each witness as he is going to testify. So not all at once, but. And so, I will introduce our first witness, Dr. Andrew Gillen. Am I pronouncing that correctly, sir, Gillen?

Mr. GILLEN. Yes.

The CHAIRMAN. Dr. Gillen is a research fellow at the Cato Institute, an independent think tank that advocates for individual liberty, free markets, and peace.

Dr. Gillen is one of the most prolific and respected researchers on higher-ed finance and accountability, and has written extensively on student loan reform, Federal accountability measures, and transparency in college outcomes. Thank you for your expertise and sharing it with us, Dr. Gillen. Please proceed, and you have 5 minutes.

**STATEMENT OF ANDREW GILLEN, RESEARCH FELLOW, CATO INSTITUTE, WASHINGTON, DC**

Mr. GILLEN. Chairman Cassidy, Ranking Member Sanders, and esteemed Members of the Committee, thank you for this opportunity to testify on these important matters. My full written testimony has been submitted for the record. And unfortunately, I won't have time to cover everything, but I do want to highlight a few key points on the topics of affordability——

The CHAIRMAN. Mr. Gillen, will you pull that microphone closer to you?

Mr. GILLEN. I do want to highlight a couple of comments on the topics of accountability, affordability, and innovation. So, regarding affordability. One of the main impediments to Federal action improving college affordability is what is called the Bennett Hypothesis, which refers to when colleges raise tuition or cut institutional aid when financial aid is provided.

There is a lot of literature that argues that this is happening, but we can fight against it. And so, the two most important ways to fight against it are one, introduce caps on the Federal aid program. So things like Pell Grants and undergraduate loans are capped, so we don't need to worry about the Bennett Hypothesis too much there. But things like Grad Plus and Parent Plus are uncapped.

To the extent that we keep these programs, it is very important that we put caps on them to avoid colleges kind of undermining the effectiveness of those aid programs. The other thing we can do is adapt what is called the median cost of attendance. And so right now, the way financial aid is awarded is the college sets its own cost of attendance.

If it increases price by \$1, the student gets \$1 more in aid. And this link between the college increasing price and the aid eligibility is what is driving the Bennett hypothesis. We can completely neuter that. We can sever that link by using the median cost of college. So you still have each college set its own costs of attendance, but

you then determine aid eligibility based on the median among all the colleges.

I would argue that we should do this at the program level rather than the college level, but the concept is very similar. Regarding accountability, most colleges are providing good education at a reasonable cost, but there are too many cases where the benefits from an education do not justify the cost that are being paid by either the Government or the student, or parents.

An accountability system would help reduce or completely eliminate this problem. So a well-designed accountability system would do a number of things. So one, it would be focused on programs rather than institutions. So a program is like a credential and field of study. So a bachelor's in nursing, that would be a program. It should utilize the labor market outcomes. It should be applied universally to all colleges, all programs rather than selectively.

Now, these are concepts that are pretty widely discussed, but there is two that are less widely discussed that I think would really benefit. The first is that we can use carrots too. So, all the accountability programs we have ever used in this country have just been sticks. The only thing we have ever threatened to do is take away financial aid.

We can use carrots. The carrots could be financial, so it could be performance bonuses, or it could be regulatory relief. So, why require a top performing college to be accredited or to have state authorization? We can waive these regulatory requirements for high performing colleges.

By using both carrots and sticks, that will introduce a lot of variation in the accountability system that will get us improved performance. The other thing that I think would be really important for accountability systems going forward is to use relative performance rather than a numerical cutoff.

The top 20, 25 percent of colleges should have different sanctions and rewards than the bottom 25 percent. Okay, so what accountability metrics could we use? I know people on this Committee have advocated earnings floors, gainful employment. All of these are all good things.

One under appreciated option is repayment rates. This actually makes the most sense. It is the most logical accountability metric for student loans. So we unfortunately have not done much on repayment rates. The last kind of metric that gets a lot of discussion is risk sharing. So risk sharing is the idea that if the student fails to repay their student loans, the college will then be responsible for either all or a portion of it.

This is the approach the House has taken where they have introduced a somewhat complicated risk sharing formula. I would argue that risk sharing formula is actually no more complicated than the gainful employment regulations, which we have implemented for close to a decade here on and off. So I would agree that it is not too complicated, but we can make it simpler if we want to.

Regarding innovation, the main barrier here is accreditation. So accreditation directs giant barriers to entry for new colleges and it

also forces all colleges to use the same recipe of inputs and processes. Both of these really suppress innovation.

To the extent we can reform accreditation to increase competition among accreditors and to make sure they focus on outcomes, that would lead to vast improvements in innovation. Thank you for this opportunity to testify.

[The prepared statement of Mr. Gillen follows.]

#### PREPARED STATEMENT OF ANDREW GILLEN

Chairman Cassidy, and esteemed Members of the Committee, thank you for giving me the opportunity to testify on these important matters.

The topic of this hearing is the state of higher education, and unfortunately the current state is the worst of my lifetime. Many are concerned about the value of higher education, the quality of the education provided relative to the cost, but many are also concerned about the values of higher education, the social and civic values it chooses to pass along to students and society.

While there are many areas of concern, there is little the Federal Government can or should do about some of them. For example, while there are valid concerns about curricula and grade inflation, Federal involvement would not fix the problems and would likely make things worse.

But there are several areas where the Federal Government could have a positive impact, largely by addressing undesirable and unintended consequences of existing government policies and practices. In particular, there is a strong case for Federal policy changes to address affordability, accountability, and innovation.

#### Affordability

The Federal Government provides around \$140 billion in financial aid each year, with a goal of promoting equality of opportunity and increasing college affordability. Most of the aid takes the form of grants, loans, or tax benefits. The effectiveness of these programs varies widely. For instance, Pell grants are well designed and implemented, and go far toward achieving their intended purpose. At the other end of the spectrum are the tax benefits, which are;

mistargeted, going to high-income students due to universal rather than selective targeting. Tax benefits also operate more as delayed reimbursement than as financial aid. And even the aid that does make it to the middle class is largely captured by the colleges because many colleges strategically respond to the tax credits by raising tuition or reducing institutional aid.<sup>1</sup>

Because they are so badly designed and ineffective, tax benefits should be eliminated.

Student loans fall somewhere in the middle. Loans are necessary for many students, but our current loan system is badly designed. One of the main problems is that a substantial portion of this aid is harvested by colleges without making college more affordable. There is considerable evidence that colleges raise their prices and reduce institutional aid when Federal financial aid is available. This phenomenon is referred to as the Bennett Hypothesis. The scholarly literature finds solid evidence that the Bennett Hypothesis is real:

- Professors Cellini and Goldin found “large and significant differences between the tuition charged by T4 and NT4 institutions . . . The magnitudes are comparable to average per-student Federal grant aid awards, suggesting that T4 institutions may indeed raise tuition to capture the maximum grant aid available.”<sup>2</sup>
- An old paper of mine explores how the competitive pressure will lead almost all colleges to raise their price when aid is available.<sup>3</sup>

<sup>1</sup> Andrew Gillen, “Higher Education Subsidization: Why and How Should We Subsidize Higher Education?” Texas Public Policy Foundation, April 2024.

<sup>2</sup> Stephanie Riegg Cellini and Claudia Goldin, “Does Federal Student Aid Raise Tuition? New Evidence on For-Profit Colleges,” NBER Working Paper No. 17827, February 2012.

<sup>3</sup> Andrew Gillen, “Introducing Bennett Hypothesis 2.0,” The Center for College Affordability and Productivity, February 2012.

- Professors Gordon and Hedlund find that increases in student loan borrowing are the most important factor in explaining rising college costs, accounting for 40 percent of the increase.<sup>4</sup>
- Analysts at the New York Federal Reserve Bank found that each additional dollar in loans led to 40–60 cents in higher tuition and a reduction of 20 cents of institutional aid.<sup>5</sup>
- Professors Black, Turner, and Denning find that “the creation of Grad PLUS led to significantly higher program prices ... sticker prices went up approximately dollar for dollar with increases in Federal loans.”<sup>6</sup>

Given that the Bennett Hypothesis is sabotaging student loans, this Committee should seek to reduce or eliminate the threat.

There are two policies that would limit the damage from the Bennett Hypothesis. First, aid could be targeted only to low-income students who would otherwise not be able to afford to attend college. Colleges cannot raise tuition as much in response to such aid because that would price these students out of the market again. Second, aid programs should be capped. Pell grants and undergraduate loans are already capped. Grad PLUS and Parent PLUS loans are not—there is no aggregate cap and the annual cap is entirely up to the college. While I would argue for eliminating PLUS loans entirely, at the very least, PLUS loans need to be capped.

There is also a way to neuter the Bennett Hypothesis. The way aid eligibility is determined right now, an increase in tuition will automatically lead to an increase in aid. So if a college raises tuition by \$1, their students get \$1 more in loans. This link between higher prices and more aid is the key driver of the Bennett Hypothesis. So sever the link. The best way to sever the link is to use the median cost of attendance among all colleges to determine aid eligibility instead of each colleges’ own cost of attendance.<sup>7</sup> When using the median, an increase in tuition at a particular college has no effect on how much aid a student can receive to attend that college. This vastly reduces each college’s incentive to raise tuition when aid is available, which in turn neuters the Bennett Hypothesis. Notably, the House’s reconciliation includes such a provision. The Senate should support this change too.

### Accountability

We desperately need more accountability in higher education. While most colleges provide a good education at a reasonable cost, there are substantial portions of higher education that are too low quality, too overpriced, or too oversupplied to justify an investment. But right now, colleges still benefit from enrolling students in such programs, because the college gets to keep all the money students paid even if the student fails to repay their loans. In other words, colleges can win even when students and the government lose. An accountability system should change this so that colleges only win when students and the government win too.

We know that accountability mechanisms can work. Of colleges sanctioned for having a Cohort Default Rate that was too high, 95 percent lost access to aid.<sup>8</sup> And of the 38 programs at Vatterott College that failed the Obama administration’s gainful employment test, all were closed several years later.<sup>9</sup> But while we technically have three accountability systems operating right now, none of them are effective. The first, Cohort Default Rates, is obsolete now that we use income driven repayment plans since such plans allow for \$0 payments that don’t count as defaulting. The second, Gainful Employment regulations, are routinely implemented by Democratic administrations and are just as routinely scrapped by Republican administrations. The third, accreditation, has probably never been used. I don’t know of any

<sup>4</sup> Grey Gordon and Aaron Hedlund, “Accounting for the Rise in College Tuition,” NBER Working Paper No. 21967, February 2016.

<sup>5</sup> David O. Lucca, Taylor Nadauld, and Karen Shen, “Credit Supply and the Rise in College Tuition: Evidence from the Expansion in Federal Student Aid Programs,” Federal Reserve Bank of New York, February 2017.

<sup>6</sup> Sandra E. Black, Lesley J. Turner, and Jeffrey T. Denning, “PLUS or Minus? The Effect of Graduate School Loans on Access, Attainment, and Prices,” NBER Working Paper 31291, May 2023.

<sup>7</sup> Andrew Gillen, “The Case for Replacing Cost of Attendance With Median Cost of College,” Texas Public Policy Foundation, October 2019.

<sup>8</sup> Stephanie R. Cellini, Rajeev Darolia, and Lesley J. Turner, “Where Do Students Go When For-Profit Colleges Lose Federal Aid?,” American Economic Journal: Economic Policy, 2020.

<sup>9</sup> Andrew Gillen, “Lessons from Gainful Employment: Improvements to Replicate and a Mistake to Avoid,” Texas Public Policy Foundation, February 2022.

college that has lost accreditation for being too expensive for students or losing too much taxpayer money.

Without any functioning accountability system, we are in dire need of a new one. A well-designed accountability system would:

(1). Focus on programs rather than institutions

Historically, accountability has been applied at the institutional (meaning the entire university) level, but program level (meaning a credential and field of study combination, such as a bachelor's in nursing) is much better because it avoids punishing good programs at bad schools while also ensuring that bad programs at good schools don't escape accountability.

(2). Utilize labor market outcomes

Accountability systems should also utilize labor market outcomes. Not only do around 90 percent of students attend college to enhance their careers, but because colleges can't control these outcomes, these metrics are harder for colleges to manipulate and game.

(3). Be applied universally rather than selectively

An accountability system should apply equally to all of higher education. There has been an unfortunate tendency with the Gainful Employment regulations to target only certain segments of higher education, notably the for-profit sector, while giving the vast majority of public and nonprofit higher education a free pass. But this is a fatal flaw in an accountability system because most failing programs were not located at for-profits. For example, applying the Obama administration's gainful employment test to all of higher education revealed that only targeting for-profits would have missed "89 percent of failing programs and 73 percent of students graduating from a failing program."<sup>10</sup>

(4). Use both carrots and sticks

Historically, higher education accountability has only used sticks to punish poor performers. It should therefore come as no surprise that higher education is reflexively hostile to accountability systems—they can only hurt. But it doesn't have to be that way. Accountability systems could use carrots too. In particular, high performing programs could earn performance bonuses or regulatory relief, including waivers of requirements to obtain accreditation and state authorization.

(5). Use relative performance cutoffs instead of numerical cutoffs

Most accountability systems have used numerical cutoffs. For example, the Cohort Default Rate (CDR) has a cutoff of 30 percent, so a college with a CDR of 29.9 percent for 3 years has unlimited access to Federal aid programs, whereas one with a CDR of 30 percent for 3 years loses all access to all aid programs. But it is difficult to determine a reasonable threshold, and historically, we've been too lenient. A CDR of 29 percent is still much too high to escape accountability.

A better approach would set thresholds of relative performance among programs (and combine this with the use of carrots and sticks). Relative performance cutoffs are then determined based on a program's CDR relative to all other programs. Programs with the lowest CDRs could receive carrots, programs with typical CDRs would receive neither carrots or sticks, and programs with the worst CDRs would receive sticks. Tiers of three (each tier accounting for 33.33 percent), four (each tier accounting for 25 percent) or five (each tier accounting for 20 percent) are simple, easy to understand, and provide opportunities to apply and scale carrots and sticks.

The relative performance approach has several advantages over the numerical approach. To begin with, it avoids the problem of choosing thresholds that are too stringent or too lenient. It also automatically adjusts to common shocks. For example, when the economy enters a recession, CDRs might rise for all programs, even if the quality remains unchanged. A numerical threshold would require congressional action to avoid becoming more stringent than intended, whereas the relative performance approach would adjust to the recessionary environment automatically. Relative performance also encourages continuous competition among programs—if a program's peers improve, the program must improve too to maintain its relative position.

What are some feasible options for an accountability system?

<sup>10</sup> Andrew Gillen, "Lessons from Gainful Employment: Improvements to Replicate and a Mistake to Avoid", Texas Public Policy Foundation, February 2022.

- Earnings floors

Earnings floors would terminate aid eligibility for programs where students don't earn enough. Floors are easy to understand and would eliminate some of the most problematic underperforming programs. But earnings floors ignore debt. Programs that just barely pass the floor but load students with excessive student loan debt could have low or even negative returns while still passing an earnings floor test. Earnings floors are certainly a good start, but they can't do the job alone.

- Repayment rates

Repayment rates are arguably the most natural choice for an accountability mechanism for student loans. The main problem with using repayment rates is that there is very little information about current repayment rates, which would make setting reasonable numerical thresholds difficult. This can be overcome by using relative repayment rates, with programs with repayment rates above the median being rewarded with various carrots, while programs with repayment rates below the median face sticks of increasing severity.

- Gainful employment for all

Another option would be to apply gainful employment like debt to earnings tests across all of higher education. The metrics are familiar, and we'll soon have almost all the data needed to implement this due to the Financial Value Transparency regulations. But it could be argued that GE arbitrarily defines excessive debt. Are the 8 percent and 20 percent cutoffs in the most recent version the right numbers? If we implement GE for all, I recommend scrapping the current numerical cutoffs and implementing relative performance thresholds instead. I would also recommend introducing carrots for high performing programs.

- Risk sharing

Risk sharing or skin in the game systems require colleges to reimburse the government when students fail to repay their loans. The best feature of these systems is that they align the college's incentives with those of the students and government. A college can no longer profit from offering an education that leaves the student and government worse off.

The main problem with risk sharing proposals is that they tend to hit sympathetic colleges hard. For example, community colleges tend to face high risk sharing payments because they are open access and many students drop out before graduating, leading to repayment problems. This can be addressed by introducing safe harbors or compensating funding, but this tends to make the system more complex.

For example, the House recently introduced a risk sharing system where colleges would be required to reimburse the government for a portion of losses when students fail to repay their loans. The reimbursement share essentially creates a safe harbor for community colleges, and the Promise grants provide additional funding to compensate for their remaining risk sharing payments.

Some argue that the risk sharing system proposed by the House is too complicated. This concern has some validity but is largely overstated. The House's risk sharing metrics are no more complicated than the debt to earnings metrics in gainful employment. The main GE formula is debt / earnings. The main risk sharing formula is earnings / price paid. These are comparable in their level of complication.

Moreover, the House version could be amended to make it simpler. The risk sharing payments currently take government losses on a program's loans (consisting of missed payments, waived interest, and forgiven loans) and then apply the reimbursement percentage based on earnings / price paid. But the reimbursement percentage could instead be based on relative performance of the government's losses per student. One simple formula that would accomplish this is: reimbursement percentage = (program's relative performance—50 percent) \* 2, with a cap at 0 percent. So the first 50 percent of programs that have the lowest government losses per student would have a 0 percent reimbursement percentage. The 51 percent program would have a reimbursement percentage of (51 percent—50 percent) \* 2 = 2 percent. The program with the highest government losses per student would have a reimbursement rate of (100 percent—50 percent) \* 2 = 100 percent. This would protect open access community colleges (since they tend to have low debt per student), while requiring risk sharing payments from the worst offenders.

## Innovation

While individual professors and even departments or entire colleges can be quite innovative, the industry as a whole is remarkably stagnant. One of the primary

drivers of this stagnation are government policies that suppress innovation, with accreditation being the key impediment.

Accreditation erects enormous barriers to entry for new colleges, which prevents new innovative colleges from emerging. Over 20 years, the seven largest accreditors approved only 9 new public 4-year colleges, less than one new college every 2 years.<sup>11</sup>

Accreditation also largely requires all colleges to use the traditional recipe of inputs and processes of existing colleges.<sup>12</sup> If there are innovative models to deliver a higher quality and more affordable education, the accreditation system ensures that we won't find and adopt it.

Unfortunately, the potential replacements for accreditation are likely even worse, so our best course of action is an overhaul of the accreditation system. The most important reforms are to increase competition among accreditors and to ensure that accreditation decisions are made based on outputs and outcomes rather than inputs and processes.<sup>13</sup>

### Conclusion

Higher education has certainly seen better days. But with Federal reforms that address issues with affordability, accountability, and innovation, we could turn the corner and unleash higher education to provide a better and more affordable education than we've ever seen before.

Thank you again for the opportunity to provide this testimony and I look forward to answering any questions you may have.

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[SUMMARY STATEMENT OF ANDREW GILLEN]

My testimony argues that there is a strong case for Federal policy changes to address affordability, accountability, and innovation.

### Affordability

Student loans are necessary for many students, but our current loan system is badly designed. There is considerable evidence that colleges raise their prices and reduce institutional aid when Federal financial aid is available. This phenomenon is referred to as the Bennett Hypothesis, and the scholarly literature finds solid evidence that the Bennett Hypothesis is real. This Committee should seek to reduce or eliminate the threat.

There are two policies that would limit the damage from the Bennett Hypothesis. One, limit aid to low-income students, and two, cap the maximum aid provided for each program (e.g., cap PLUS loans). Severing the link between higher tuition and more aid by using the median cost of attendance among all colleges to determine aid eligibility instead of each colleges' own cost of attendance would neuter the Bennett Hypothesis.

### Accountability

We desperately need more accountability in higher education. A well-designed accountability system would involve, (1) focus on programs rather than institutions, (2) utilize labor market outcomes, (3) be applied universally rather than selectively, (4) use both carrots and sticks, and (5) use relative performance cutoffs instead of numerical cutoffs.

Some feasible accountability system metrics include earnings floors, repayment rates, Gainful Employment for all, and risk sharing.

### Innovation

While individual professors and even departments or entire colleges can be quite innovative, the industry as a whole is remarkably stagnant. One of the primary drivers of this stagnation are government policies that suppress innovation, with ac-

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<sup>11</sup> Yazmin Guzman and Stig Leshchly, "An Analysis of the Age of Colleges and New College Accreditation in US Higher Education," Post-Secondary Commission, June 2022.

<sup>12</sup> George C. Leef and Roxana D. Burris, "Can College Accreditation Live Up to Its Promise?," American Council of Trustees and Alumni, 2002.

<sup>13</sup> Andrew Gillen, "Should College Accreditation Be Replaced or Reformed?," Defense of Freedom Institute, February 2025.

creditation being the key impediment. Accreditation erects enormous barriers to entry for new colleges, and largely requires all colleges to use the traditional recipe of inputs and processes of existing colleges, both of which severely limit innovation. Our best course of action is an overhaul of the accreditation system. The most important reforms are to increase competition among accreditors and to ensure that accreditation decisions are made based on outputs and outcomes rather than inputs and processes.

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The CHAIRMAN. Thank you. I will introduce Dr. Lindsay. Dr. Michael Lindsay is the President of Taylor University in Upland, Indiana, one of the oldest evangelical Christian universities in the country.

He is a trained sociologist with expertise in leadership studies and evangelical engagement in public life, known for his focus on faith-informed leadership, institutional excellence, and civic virtue in Christian higher education.

Dr. Lindsay has positioned Taylor as a national leader in preparing students for redemptive influence in society. We appreciate you for joining us today, Dr. Lindsay.

**STATEMENT OF MICHAEL LINDSAY, PRESIDENT, TAYLOR  
UNIVERSITY, UPLAND, IN**

Mr. LINDSAY. Thank you very much, Chairman Cassidy, Ranking Member Sanders, Members of the Committee. Thanks for the opportunity to speak today. I serve as President of Taylor University, a Christian institution in the heart of rural Indiana. I begin with a simple observation. American higher education has lost the trust of the people it is intended to serve.

The American public watched over several decades as recognized institutions have grown rich but rudderless. Too many have become places that grant credentials without conviction, offering dialog without direction, and the American public is not impressed. But it doesn't have to be this way.

There are hundreds of campuses across this country going in a different direction, and Taylor is one of them. At Taylor, you don't see outrage culture on campus or students walking on ideological eggshells. We have students who are thriving, not in the absence of accountability, but actually because of it.

Our students, faculty, and staff commit to a shared set of values which are articulated in something we call our foundational documents. They are not really rule books, but more like road maps designed for moral formation and institutional accountability. We place a copy of these documents in our admissions reception room, so prospective families know exactly what we stand for. It turns out moral clarity can actually be a competitive advantage.

Our incoming student numbers have grown by more than 60 percent over the last 4 years. I think that the first thing we want to say is that our sector needs a renewed sense of moral purpose. Higher education should not be where conviction goes to die. Rather, it should be where character comes to life.

We also need to redouble our efforts around the important work of what we would call student formation. Too many places have spent years chasing research dollars and reputational rankings, but there are real limits to this particular strategy. What is most

needed is just a commonsense approach to focus on student learning, student development, and student engagements.

We need to look at the kind of communities that we are cultivating. What I love about the liberal arts approach to education is that it encourages relationships and connections across disciplinary boundaries, developing intellectual friendships that go beyond just individual departments.

It is part of a larger commitment to the holistic development of students that cares not only about their intellectual formation, but also their professional and vocational, their social, even their spiritual formation. We also need to devote a lot more energy to student learning.

At Taylor, we have something called the Beaty Center for Teaching and Learning, and I love that some of my most senior faculty regularly participate in their programming to try and sharpen their skills in the classroom. This should be the norm, not the exception. And we need to look for tangible ways to give students more chances to lead and then support them in that.

Most college students don't arrive on our campuses knowing how to be excellent communicators or problem solvers, but they can learn that while they are on our campus through experiences and through expert coaching. All this, of course, requires investing in our students.

It is why I am very grateful for the expanded Pell Grant support because I have seen the differences made in the lives of hundreds of our students on campus this year alone. I am proud of the way that Taylor has married generous financial aid with strategic cost savings. Since 2010, our average net tuition cost has actually decreased by 24 percent when adjusted for inflation. And during that same time, we have more than tripled the amount of awards that we give in student scholarships.

As you can see in my written testimony, it went from \$14 million to over \$48 million annually. And many of our peers are doing similarly good work. For every dollar that a student receives in Federal aid, member institutions of the Council for Christian College and Universities contribute \$5 of their own in institutional aid.

It is a model of shared investment that is making a measurable difference in the lives of thousands of students. Third, the mission of higher education cannot stop at the edge of our campus. It actually has to make a difference in the community. That is why Taylor launched what we call the Main Street Mile Initiative.

It is a \$100 million public and private investment strategy to revitalize our hometown of Upland, Indiana. As you can see from the graphic in my testimony, we are developing more than 100 new units of housing, a collegiate inn and destination restaurant, over six miles of new trails, we will distribute more than \$1 million in seed funding for new ventures and help welcome over 150,000 annual visitors to just our little town alone.

We are in the midst of a \$500 million fundraising campaign, and I am proud of the fact that we committed 20 percent of those dol-

lars to benefit not our campus, but actually our wider community. In the process, we are not just transforming Upland.

It is actually transforming us. Making us a campus that genuinely loves its hometown, and that is something every college in America ought to do. These three touchstones, renewed moral purpose, student formation, and tangible community impact are the key to American higher education reclaiming its place as the world's most powerful force for human flourishing.

[The prepared statement of Mr. Lindsay follows.]

#### PREPARED STATEMENT OF MICHAEL LINDSAY

American higher education is facing a profound crisis of public trust. Formerly viewed as a transformative force for good in society, many institutions have drifted from the foundational values that once inspired the public's confidence and investment. This drift has led to declining trust in higher education among students, families, and the American people—an erosion driven not only by bloated costs and inaccessibility, but by moral ambiguity, hostility to dissenting viewpoints, and a fundamental loss of purpose. At its worst, higher education has alienated the very people it was meant to serve, offering credentials without conviction and dialog without direction. But at its best, higher education cultivates both character and competence, preparing students to serve and lead with wisdom that goes beyond mere knowledge.

This formation requires more than academic rigor; it demands moral clarity, institutional transparency, and a holistic commitment to the development of students. Institutions that have remained rooted in their mission and are committed to moral clarity are experiencing significant momentum. At a number of faith-based institutions of higher education, we have seen remarkable growth over the past 5 years, even as national trends have plummeted. Families are seeking institutions that remain true to their purpose and live out their values transparently. We have seen this firsthand at Taylor University, where our foundational beliefs are not merely a footnote—they are the driving force behind every decision we make.

This clarity of identity leads to more than enrollment growth. It fosters a student-focused environment, where learning takes place beyond just the classroom, and academic excellence is inseparable from moral formation. The result is generations of students who excel in the classroom and graduate equipped for lives of service, leadership, and purpose.

Affordability remains a pressing concern for families across the country, but there are models that address this well. While many institutions have struggled amidst rising costs and declining enrollment, a growing number of faith-based institutions have grown without sacrificing quality. Strategic fiscal responsibility, paired with philanthropic generosity and mission-driven stewardship, allow mission-based educational models to remain both excellent and affordable.

Beyond affordability, institutions like Taylor are playing an increasingly important role in the renewal of their communities. From downtown revitalization efforts to business incubators and expanded community health services, faith-based campuses are catalysts for community and regional transformation. These projects are grounded not merely in civic obligation, but in the deep conviction that the mission of higher education institutions must include the flourishing of the communities they call home.

American higher education still holds enormous promise. But it will only reclaim the public's trust if it pairs academic excellence with moral formation and holistic student learning with community impact. Institutions that do this well are not just preparing students for the workforce. They are shaping the future of our Country.

#### **The Problem: Moral Rot in Too Many Universities**

It is no secret that higher education is experiencing a crisis of trust in America today. Confidence levels in our institutions of higher education have fallen precipitously over the last decade, and recent events have rightfully hastened this decline.<sup>1</sup> American higher education is at a hinge moment, and leaders must decide

<sup>1</sup> Jones, J. M. (2024, July 8). *U.S. Confidence in Higher Education Now Closely Divided*. Gallup. <https://news.gallup.com/poll/646880/confidence-higher-education-closely-divided.aspx>.

which direction their institutions will take—continued relativism and ethical equivocation around the most pressing moral issues of the day, or a path of moral clarity.

For many years, an unspoken social contract existed between our Nation's citizens and institutions of higher learning.<sup>2</sup> It was generally understood that higher education was a force for good in the life of young people, preparing them not only to be economically productive, but more importantly, to be imbued with moral character that would equip them to lead their communities, their professions, and the Nation. For decades, this understanding was the foundation of a thriving, vibrant ecosystem of American education, driving our Country to new heights and generating critical new knowledge and leaders who could provide a sense of purpose and mission to their people. Given the evidence before them, families and taxpayers saw higher education as a worthy cause, one that would pay dividends for their children.

Today we are in a different place. Many Americans no longer see higher education as a force for good in the lives of their sons and daughters, or as something that will set them on a path toward flourishing. From repeated “canceling” and shouting down of campus speakers with opposing viewpoints to college presidents’ unwillingness to acknowledge genocide as contrary to their institutional codes of conduct,<sup>3</sup> it’s understandable why so many Americans hold higher education in low regard.

Forces that had for years been gnawing away from the inside at American higher education burst into the open following October 7, 2023. When Hamas committed some of the most egregious acts of violence seen this century, certain institutional leaders could not bring themselves to describe this atrocity as the terrorism it clearly represented, much less condemn or meaningfully counteract the antisemitic actions taking place on their campuses.

When moral relativism becomes the norm in higher education, confusion and chaos follow. Truth has been exchanged for a set of personal preferences rather than a set of moral convictions that guide our lives and direct our actions. Parents have become frustrated at the political and cultural agendas being weaponized against their children in the classroom, so it is not surprising that people have come to think that many institutions cannot provide students with the necessary instruction to pursue a life of purpose or to make it possible for others to do the same. Institutions that have divorced the cultivation of knowledge from the cultivation of wisdom have violated the unspoken social contract between the academy and the American people.

Thankfully, this isn’t the case everywhere. To see a wonderful counterexample, I would invite you to visit my home campus in Upland, Indiana. At Taylor University, you will not see glum faces, experience a culture of outrage, or endure ongoing student protests. Rather, you will find warm and friendly people building an active, vibrant campus culture with a joy and energy that flows from all corners of campus. Taylor is a member of the Council for Christian Colleges and Universities (CCCCU), a group of over 180 institutions that support a coherent approach to education in which the development of the mind, body, spirit, and emotions are woven together in the quest not just for knowledge, but for wisdom. We believe that education that instructs merely the mind without deepening the soul builds intellectual strength without the moral courage to use it for the common good.

Taylor students experience something notably different throughout their 4 years with us. We aspire to be a University that develops servant-leaders, preparing young people to carry, in the words of our mission statement, “Christ’s redemptive love, grace, and truth to a world in need.” This is the cornerstone of all we do at Taylor, and it is maintained by a set of community covenants that every student, trustee, and member of our faculty and staff affirm and live by. We call these our five Foundational Documents, and they are much more than an honor code. They represent a set of shared commitments to one another as an extended family. What’s more, at Taylor, we do not hide these convictions from the world; rather, we see them as key to our institutional identity. Accordingly, when families visit our campus admissions office, they find in the reception room a copy of our Foundational Documents on every table for their review. These statements aren’t as important as the Bible, and they are not perfect or inclusive of everything we aspire to do at Taylor, but they provide shared understandings that shape the contours of our moral vision as a community. They explain who we are, what we aspire

<sup>2</sup> Allen, D. (2025). *American and its Universities Need a New Social Contract*. The Atlantic. <https://www.theatlantic.com/ideas/archive/2025/04/stem-academia-universities-citizenship-civics/682384/>.

<sup>3</sup> Zahneis, M. (2023). *Penn’s President Resigns After Remarks at congressional Hearing Prompted a Backlash*. The Chronicle of Higher Education. <https://www.chronicle.com/article/penns-president-resigns-after-remarks-at-congressional-hearing-prompted-a-backlash>.

to become, and how we pursue that vision. I wish every institution of higher learning would be similarly explicit about their core beliefs, convictions, and tacit expectations. Colleges and universities need to be transparent about their identity so that families can more effectively assess whether the institution is the right fit for their student.

We clarified Taylor's Foundational Documents several years ago, and now our faculty and staff annually reaffirm their commitment to these shared theological understandings, which also shape our everyday protocols and principles. The response since has been nothing short of extraordinary. Our enrollment and fundraising have surged, and our campus has become a place of thriving. Employee engagement is at its highest levels in years, and external recognitions have validated our internal assessments that things are heading in the right direction. This past year, the Princeton Review ranked the Taylor campus No. 3 in the country for happiest students, number 11 for best run universities, and number twenty-five for most-loved colleges. The Princeton Review ranked the Taylor campus No. 3 in the country for happiest students, number 11 for best run universities, and number twenty-five for most-loved colleges the Princeton Review ranked the Taylor campus No. 3 in the country for happiest students, number 11 for best run universities, and number twenty-five for most-loved colleges.<sup>4</sup>

The shared moral commitments on campus have made it easier for us to build the kind of culture that draws people who share our beliefs. Visitors routinely comment on the positive energy and genuine care for others that they see flowing through the campus every day. From the moment students arrive on campus during Welcome Weekend, they begin building relationships that will last a lifetime, whether through a small-group fellowship, a residence hall gathering, a mentoring relationship with a faculty member, or participation on an intramural team. Because we are located in the Indiana cornfields, our students have to find community and make memories with one another on campus. As a result, our students are exceptionally engaged, with the eighth highest intramural sports participation rate in the country and a countless number of leadership opportunities.

This tight campus community is remarkably countercultural these days. As Robert Putnam famously described twenty-five years ago in *Bowling Alone: The Collapse and Revival of American Community*, Americans have long been withdrawing from social and civic engagement with one another, with disastrous effects for our communities and democracy.<sup>5</sup> The rise of social media only accelerated many of his findings, which are supercharged across most college campuses today. Without a shared moral framework or opportunities to form closer ties, students struggle to engage meaningfully with one another, particularly when faced with contentious or challenging issues. In the absence of this ethical cohesion and in the clutches of moral relativism that has become so pervasive in wider American culture, students see one another and their beliefs as enemies to be conquered, not as opportunities for constructive dialog. At Taylor and other places like it, we find things to be different. Thanks to a common moral grounding, students vigorously debate important ideas, but they navigate these issues within a shared framework. Moreover, they do so from a higher degree of self-awareness, knowing that all of us are in need of God's redemption, so none of us is more righteous than those with whom we disagree. As theologian Miroslav Volf wrote in *Exclusion & Embrace: A Theological Exploration of Identity, Otherness, and Reconciliation*,<sup>6</sup> just as Christians have received salvation through reconciliation to God, so also must we extend a reconciling spirit toward others, embracing our enemies in an analogous love as that which God has offered to us. This is a radical approach to campus life, one in which we are called not merely to tolerance or inclusion, but to love and forgiveness. We fall short of that ideal every day at Taylor, but it's a precept that constitutes our very identity as an institution.

### **The Need: Growth and Innovation to Combat Decay**

As students and families long for an educational experience that provides more than mere intellectual formation in the midst of this broader crisis of trust, a number of faith-based institutions are experiencing a remarkable and countercyclical period of growth. This diverges from the general decline in the U.S. college-bound pop-

<sup>4</sup> The Princeton Review. (2025). *Taylor University (TU)*. <https://www.princetonreview.com/college/taylor-university-1022635>.

<sup>5</sup> Putnam, R. D. (2000). *Bowling Alone: The Collapse and Revival of American Community*. Simon & Schuster.

<sup>6</sup> Volf, M. (1996). *Exclusion and Embrace: A Theological Exploration of Identity, Otherness, and Reconciliation*. Abingdon Press.

ulation that is associated with the looming ‘demographic cliff.’<sup>7</sup> Yet, there are notable exceptions whereby institutions are increasing market share through missional definition and clear communication.

Dozens of faith-based institutions experienced a significant increase in enrollment this past year, including Taylor University. Indeed, over the past 4 years, Taylor has seen more than a 60 percent increase in the size of our incoming freshmen classes, without changing our admissions standards. For the first time in twenty-five years, we have implemented a wait list for the incoming class due to the sheer volume of demand we are experiencing.

During this same timeframe, our freshman retention rate has averaged over 90 percent. And this has not come at the cost of quality, as Taylor’s average high school GPA among incoming freshmen over the past 5 years is 3.88. When families explain why they chose Taylor, they talk about the University’s moral clarity and the whole-person educational experience we offer. It turns out that American families want to know what an institution stands for—its values and commitments. As we have been more explicit about our institutional identity, more families have chosen to send their sons and daughters to Taylor.

Other institutions in our peer group, like Grace College and Cedarville University, have seen similar growth.<sup>8</sup> These patterns underscore a broader trend: enrollment decline among private secular colleges has been six times greater than decline at religiously affiliated colleges. Moreover, many Christian institutions have grown by double-digits. For 3 years in a row, Taylor has welcomed our largest incoming classes each fall. It appears that in an era where trust in higher education is eroding, families are increasingly turning to institutions that integrate academic excellence with moral formation, community, and purpose.

Those universities that have innovated academic offerings and developed co-curricular programs that appeal to more students and align with institutional identities have grown. We have seen this from coast to coast, from George Fox University in Oregon to Southeastern University in Florida. Colleges and universities affiliated with the Assemblies of God have seen enrollment grow by one-third over the last decade. Students at these kinds of institutions are thriving in multiple dimensions because of their time on campus, and recent research confirms how powerful these kinds of inputs are toward long-term well-being.

Harvard University epidemiologist Tyler VanderWeele and his collaborator, Byron Johnson of Baylor University, just released the first wave of findings from their path-breaking Global Flourishing Study, which measures how people are thriving in 22 nations around the world.<sup>9</sup> Their research, which has been featured everywhere—from *The Atlantic*<sup>10</sup> to *The New York Times*<sup>11</sup>—affirms a very simple reality that has been intuitive to the world of Christian higher education for centuries: when individuals live in an authentic religious community with one another, they tend to flourish. According to the research that involved 200,000 participants, those who practice their faith in community report higher-than-average scores in all areas of human flourishing.<sup>12</sup> This includes measures of personal happiness, sense of meaning, deep relationships, physical and mental health, character and virtue, as well as financial and material stability. I imagine all of us in higher education aspire to build campus communities where our students can flourish for the rest of their lives. Yet so few campuses seem to be doing this well. Is there a possible way forward?

<sup>7</sup> Lane, P., Falkenstern, C., & Bransberger, P. (2024). *Knocking at the College Door: Projections of High School Graduates*. Western Interstate Commission for Higher Education. <https://www.wiche.edu/knocking>.

<sup>8</sup> McClellan, H. V. (2025, January 3). *Christian Colleges Continue to See Enrollment Growth*. *Christianity Today*. <https://www.christianitytoday.com/2025/01/christian-colleges-continue-enrollment-growth-record/>.

<sup>9</sup> Global Flourishing Study. (2025). *Unlocking the Insights Behind Flourishing*. <https://globalflourishingstudy.com/featured-insights/>.

<sup>10</sup> Brooks, B. C. (2025). *Why Are Young People Everywhere So Unhappy?* *The Atlantic*. <https://www.theatlantic.com/ideas/archive/2025/05/young-people-global-unhappiness/682632/>.

<sup>11</sup> Caron, C. (2025). *A Global Flourishing Study Finds That Young Adults, Well, Aren’t*. *The New York Times*. <https://www.nytimes.com/2025/04/30/well/mind/happiness-flourishing-young-adult-study.html>.

<sup>12</sup> Marshall, P. (2025). *Largest Longitudinal Study of Human Flourishing Ever Shows Religion’s Importance*. *Providence*. <https://providencemag.com/2025/05/largest-longitudinal-study-of-human-flourishing-ever-shows-religions-importance/>.

### The Opportunity: Becoming More Student-Focused

For decades, American higher education has been lured by the siren sounds of Federal research dollars as many institutions sought to emulate places like Harvard and Stanford out of a desire to enjoy similar prestige and prominence. The faculty-oriented culture of institutions like these is hard to replicate without significant resources, and the American public started to resent the ivory tower mentality that continues to permeate many university cultures. Yet, we don't have to abandon our whole orientation to move in the right direction. Might the solution entail an intentional shift toward a more student-focused approach on our campuses? This is not about treating students as consumers to be served or regarding higher learning as a mere transaction to be completed. Rather, a student-focused university culture is one in which the faculty and administration regularly ask themselves, "What is best for our students' long-term flourishing?" when allocating resources, adding programs, or pursuing opportunities.

Rooted in the rich tradition of the liberal arts and in a classical vision of forming the whole person, Taylor's approach prioritizes the development of character and community for students. Historian Bruce Kimball contrasts the modern research university's approach of what he calls "the liberal-free ideal" with a liberal arts tradition whereby education is not merely about knowledge acquisition or novel discovery, but rather is focused on preparing students for lives marked by service, leadership, and moral courage.<sup>13</sup> At Taylor, we leave the liberal-free ideal for other kinds of places and embrace a liberal arts approach to learning and to life. We believe this better serves our students and prepares them for a lifetime of service and leadership.

A decade ago, I was hosted in Beijing by a senior official with China's Ministry of Education. I was surprised to learn that, despite his senior role in Chinese higher education, he had chosen to send his daughters to American liberal arts colleges. He referred to the liberal arts tradition as the "genius" of American higher education, one that privileges breadth over depth, especially at the undergraduate level. He noted that research breakthroughs and creative solutions emerge not from the "core" of academic disciplines, but rather on the periphery of given fields. A liberal arts education, he noted, exposes students to learning across disciplinary boundaries; that formative kind of education prepares students to think across domains of knowledge, integrating insights from multiple fields of inquiry.

He noted that many Chinese institutions of higher learning prioritize depth in particular fields following an educational model found in places like Germany and France. He observed that even in the "hard" sciences, where deep expertise is often preferred to broad understanding, the wider academy outside of the U.S. had not produced as many breakthroughs as had come through American higher education. To prove his point, he compared the number of Chinese and American Nobel laureates. Indeed, in the 124-year history of the Nobel Prizes, there have been only 8 Nobel laureates from China across all categories, and only 3 in the sciences. By contrast, the United States has produced over 420 Nobel laureates, with nearly 300 awarded in physics, chemistry, and medicine.<sup>14</sup>

This disparity highlights the brilliance of our approach in America—namely, rigid specialization that is so common in "liberal-free" ideal frameworks (even for highly technical or applied fields) limits the kind of intellectual cross-pollination and personal formation that drives true innovation and creative breakthrough. By contrast, a student-focused, whole-person approach fosters curiosity, interdisciplinary thinking, and moral imagination—all conditions which empower graduates to explore, create, and lead in ways that make lasting contributions to their industries and communities.

Kara Gordon-Warren, a senior executive at a major foodservice distributor and a Taylor graduate, exemplifies this model, as a business leader whose vocational success is matched by a commitment to community impact, one that was nurtured during her years on campus. Kara's example reflects the enduring value of a liberal arts education, one that is rooted in character and service. She attributes her business acumen and professional versatility throughout her career to the educational foundation that Taylor provided, enabling her to adapt to diverse roles and leadership challenges with ease. Indeed, in my own scholarly research, I found that over seven in ten top American leaders earned a liberal arts undergraduate degree; the

<sup>13</sup> Kimball, B. A. (1995). *Orators & Philosophers: A History of the Idea of Liberal Education* (Expanded ed.). College Entrance Examination Board.

<sup>14</sup> World Population Review. (2025). *Nobel Prizes by Country 2025*. Retrieved May 17, 2025, from <https://worldpopulationreview.com/country-rankings/nobel-prizes-by-country>.

liberal arts approach to learning prepares young people to think across fields, to collaborate with others, and to pursue a higher purpose in their learning.<sup>15</sup>

At Taylor University, student development is not ancillary to intellectual growth. It is the University's *raison d'être*, a central calling we share to form servant-leaders through intentional, whole-person education. At thriving institutions, every facet of campus life is designed to cultivate personal maturity, vocational discernment, and ethical character. At the United States Military Academy at West Point, where leadership formation is embedded in every dimension of student life—from physical training to cadet leadership opportunities to service-based clubs—student development happens not just in the classroom, but in residential, relational, and formative environments beyond the classroom.

America has benefited greatly from the novel breakthroughs in science and medicine driven by research at our top universities. At the same time, scholarly achievements must be tethered to moral reflection. As Albert Einstein declared, “The most important endeavor is the striving for morality in our actions.”<sup>16</sup> Accordingly, universities today need to recapture a commitment to ethical and moral reflection in teaching and research. In so doing, the entire sector can move toward a more student-centered approach.

Faculty at student-centered institutions regularly hold class sessions in their homes over coffee. Staff members counsel students on big decisions; some even officiate at their wedding ceremonies. Institutions like Taylor provide a place for students to find mentors, best friends, and even spouses, developing relationships that last a lifetime. This is a key way in which colleges and universities advance the public good—by creating positive communities and collaborative networks that benefit their graduates for decades. This can happen in a variety of educational settings, but it often occurs in campus contexts where students and faculty know one another by name, where residence life supports the holistic development of students and where experiential learning opportunities (like research projects with a faculty member) happen regularly. At too many places these days, student life is focused on risk mitigation and regulatory compliance. But student life can be about so much more.

A student-focused approach makes the difference. And the Federal financial aid programs are a key to that student focus. At Taylor, we rely on the Federal Pell Grants program, as well as Federal Work-Study and SEOG, to help needy families afford the cost of a degree. While Taylor contributes substantial institutional resources to student financial aid packages, these programs are a cornerstone of access to higher education for many of our students. In turn, this access allows us to play a key role in the development of the next generation of our Nation's leaders.

We must start by creating meaningful opportunities for students to lead. In the most recent national HERI College Senior Survey, 65 percent of Taylor students reported participating in formal leadership training on campus, compared to just 41 percent at peer institutions. Institutions need to create more leadership opportunities on campus because this is an investment that pays dividends for a lifetime. According to our most recent internal alumni survey results, 83 percent of Taylor alumni agreed that the University contributed to their lifelong engagement in service to society. Six in ten reported volunteering at least monthly with churches, nonprofits, or community agencies, far exceeding national volunteerism benchmarks.<sup>17</sup>

This anecdotal evidence supports the broader findings from the landmark work by Alexander Astin and colleagues at UCLA, who have tracked over 22,000 students and found that participation in service-learning significantly increases long-term commitment to civic engagement and volunteerism.<sup>18</sup> They conclude that service experiences in college not only foster leadership and social responsibility but also predict sustained involvement in service-oriented careers and community life long after graduation. John Molineux, a 2002 Taylor graduate and founder of Love Justice International, exemplifies a life marked by service over self, leading an organization that has intercepted more than 84,000 people across dozens of countries to prevent them from being trafficked. Indeed, his commitment reflects Albert Schweitzer's con-

<sup>15</sup> Lindsay, D. M. (2014). *View from the Top: An Inside Look at How People in Power See and Shape the World*. Wiley.

<sup>16</sup> Einstein, A. (1981). *Albert Einstein: The Human Side* (H. Dukas & B. Hoffmann, Eds.). Princeton University Press.

<sup>17</sup> Ray, J. (2025). *Global Generosity: World Felt Less Charitable in 2024*. <https://news.gallup.com/poll/657200/global-generosity-world-felt-less-charitable=2024.aspx>.

<sup>18</sup> Astin, A. W., Vogelgesang, L. J., Ikeda, E. K., & Yee, J. A. (2000). *How Service Learning Affects Students*. Higher Education Research Institute, UCLA. <https://heri.ucla.edu/PDFs/HSLAS/HSLAS.PDF>.

viction that “the only ones among you who will be really happy are those who will have sought and found how to serve.”<sup>19</sup>

Students like John are grown in precisely this type of academic ecosystem where students can pursue big questions and worthy dreams. Indeed, these kinds of students can be found on every college campus. But are we providing an environment where these are, in fact, being pursued? Nearly nine in ten (87 percent) of CCCU students report that they are challenged to think deeply about complex issues from a faith perspective on their campuses. A similar measure (85 percent) report that they have developed the ability to think critically and analytically.<sup>20</sup> The ability to think deeply and critically leads to success in a variety of career outcomes, and our graduates are no exception. Taylor’s most recent data indicates a 98% graduate success rate (compared to an 86% average from the National Association of Colleges and Employers (NACE)), a 92% graduate excellence rate (compared to a 59% NACE average), a 96% acceptance rate into medical schools<sup>21</sup> and law schools,<sup>22</sup> all of which places us among the highest in the Midwest.<sup>23</sup> Whether entering medicine, business, education, or the arts, Taylor students leave not only academically prepared but spiritually anchored and vocationally equipped to lead with excellence and humility.

Year after year, we graduate high-performing, servant-minded students who go on to make a meaningful difference. Dr. Colleen Kraft stands as a compelling exemplar of the value and reach of a Taylor education. A 1998 Taylor graduate, Dr. Kraft studied Biology Pre-Med and was a Leadership Scholar on campus. Following Taylor, Dr. Kraft earned her medical degree and has worked over 20 years at Emory University Hospital. An infectious disease physician and researcher, Dr. Kraft played a pivotal role in helping develop the protocols for handling the first Ebola patient in the United States, as well as helping develop national protocols for the COVID-19 pandemic. She recently served as the president of the American Society for Microbiology, leading one of the largest life science societies in the world. She credits the formative, purpose-driven education she received at Taylor for preparing her to serve professionally for the benefit of society. We all need many more graduates like her.

In response to growing consumer demands for customization and personalization in higher education, we have sought to embrace academic innovation, developing programs aligned with market needs, emerging industry trends, and key state and national priorities. Just in the last year, Taylor has established or developed a myriad of academic programs and initiatives. Our region, like many other rural areas, suffers from a dire shortage of healthcare professionals, and we have worked toward addressing this gap. As a result, we recently launched a School of Nursing and are in the process of establishing a Physician Assistant Studies graduate program. Like so many other independent colleges, we are driven to meet market demand through academic innovation and reinvention.

Additionally, a few years ago, we developed a program called the Invitation Clinic whereby Taylor undergraduates work with community members to prevent diabetes and chronic illness through health and wellness coaching. In just 5 years, the clinic has served over 300 community members, logged more than 6,400 patient contact hours, and achieved astounding and lasting health outcomes—an average of 17-pound weight loss per participant, significant improvements in A1c levels among prediabetic individuals, and meaningful increases in daily activity.

Operating out of our on-campus fitness facilities, this program allows student trainers to design and implement individualized exercise plans for clients. Outcomes from these programs meet or exceed CDC diabetes prevention benchmarks and demonstrate the power of student-led intervention. Hundreds of our students have received hands-on clinical experience as undergraduates, and we have done all of this with less than \$400,000 in external funding. The Invitation Clinic is not only transforming lives but also positioning Taylor as a leader in rural health innovation. This

<sup>19</sup> Schweitzer, A. (1935). *The Meaning of Ideals in Life*. The Silcoatian, New Series No. 25, 781–786.

<sup>20</sup> Council for Christian Colleges & Universities. (2024). *The Case for Christian Higher Education*. <https://www.cccu.org/wp-content/uploads/2024/07/CCCU-Case-for-CHE-Digital-FINAL.pdf>.

<sup>21</sup> Taylor University (2024). *Pre-Med Curriculum*. <https://www.taylor.edu/academics/programs/special-programs/pre-med>.

<sup>22</sup> Taylor University. (2025). *Politics & Law Major*. <https://www.taylor.edu/academics/degrees/politics-law>.

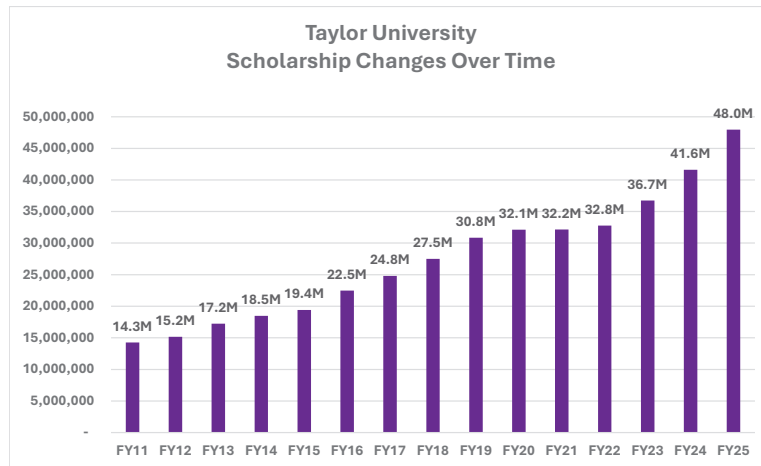
<sup>23</sup> Taylor University. (2024). *Calling and Career Office: Annual Report*. <https://www.taylor.edu/-docs/about/offices/cco-annual-report.pdf>.

is one of many ways in which our student-focused culture at Taylor is creating opportunity and growth for our graduates and our community.

### The Calling: Expanding Access and Affordability

A student-focused education of the type offered by Taylor is transformational, but it also must remain within financial reach. Too many of America's colleges and universities have become unaffordable for large segments of the country. But it does not have to be this way. Americans are a generous people, and our Nation's leaders established a number of smart policies at the Federal and state levels that have galvanized unprecedented generosity, to the benefit of many deserving students. And indeed, the wealth generated by the graduates of many of our Nation's top universities makes possible the incredible generosity we see in America. Coupled with individual philanthropy, the compact between institutions of higher education and the Federal Government has helped keep a college degree within reach for millions of American students for decades. This partnership is critical for student and institutional success.

Thanks to our generous supporters, Taylor's average net cost for undergraduates (adjusted for inflation) has dropped 24 percent since 2010, and our average undergraduate net tuition has seen a similar trend. Our total annual scholarships awarded to students have more than tripled over the same time—from \$14 million in 2010 to \$48 million today.



To make this possible, we have needed extraordinary philanthropy, and as we have made the case about why supporting Taylor students is a worthwhile investment, our donors have responded in remarkable ways. Before 2020, Taylor had never raised more than \$25 million in a single year, but in the last 2 years alone, we have raised nearly \$250 million. This remarkable generosity is part of our *Life to the Full* campaign, the largest fundraising effort for a school like Taylor. We endeavor to raise \$500 million through this effort, with the largest amounts going to benefit our students (through additional scholarship moneys) and our friends and neighbors (through the Main Street Mile Initiative, which is described below). While these remarkable results come from many major gifts, 87 percent of the gifts have been under \$1,000, and so far, we have received more than 16,000 gifts in this worthy undertaking. Similar results can be seen at other thriving faith-based schools like Baylor and Villanova where unprecedented generosity has directly impacted access and affordability. Institutional endowments are a critical component to student success for independent colleges and universities, like Taylor, which do not rely on direct state appropriations.

This also contributes to wider dimensions of institutional thriving, including strong financial footing that allows schools to weather demographic challenges and industry headwinds. Last year, for the first time in Taylor's history, we received a perfect 10.0 score on the Composite Financial Index. Taylor has the highest possible rating of 3.0 on the Federal Responsibility Composite Score, as noted by the Department of Education. Just a few days ago, S&P upgraded Taylor's credit rating to "A

with Stable Outlook.” S&P especially noted Taylor’s success in fundraising, strong enrollment numbers, and healthy annual operating surpluses. As a Christian university, we attribute these good results to divine blessing, first and foremost, but they also reflect strategic decisions made by the University to live into our unique heritage and identity as a student-focused institution. This has required strategic investment and wise stewardship when resources were more modest (as was the case in our recent past) and fiscal responsibility as we have been able to leverage additional sources of financial, social, and human capital for our students. Many of our sister institutions within the CCCU have done much the same. For every dollar a CCCU student receives in Federal grant aid, our institutions contribute five dollars in institutional aid, demonstrating a deep commitment to both affordability and accountability.<sup>24</sup>

At a time when too many universities have become financially bloated, overleveraged, and (in some cases) overstaffed, my colleagues and I have sought to be good stewards of public and donor dollars. We have invested resources for maximum impact, prioritizing the needs of our students over palatial buildings or unnecessary staff. These investments have paid significant dividends not only in the lives of our students but also in the communities in which our graduates serve.

Anwar Smith grew up in a rough part of Chicago and came to Taylor to study Christian Ministries. As captain of Taylor’s football team, Anwar developed strong leadership skills and a sense of personal calling that his life would entail a return to his home neighborhood, serving kids who would not get the chance to study at a place like Taylor. He could never have attended Taylor were it not for generous support provided by a Federal Pell grant (that last year benefited 323 Taylor students) or Federal student loans (which benefited hundreds more). Investing in Anwar has made a big difference in his life and in the work he is doing through community transformation as the Executive Director of GRIP, an outreach organization that mentors and equips hundreds of urban youth every year.

Like many of our graduates, Anwar decided to forego a lucrative salary in the private sector to mentor at-risk children. Like many of his classmates, he pursued a vocation that prioritizes human flourishing over personal comfort and wealth, but his efforts are making a huge difference. Indeed, organizations like his provide much-needed social service support at a fraction of what it would cost if it were channeled only through government-run programs. This is why educational policy must not penalize colleges whose graduates choose service over self when evaluating the outcomes of the very education that compelled them to undertake such noble callings. Particularly within Christian higher education, where 38 percent of students are first-generation college students and where one in three students are Pell Grant recipients, our institutions are not just expanding access, we are cultivating purpose-driven leaders who choose lives of service over material success. After all, the author Frederick Buechner reminds us that the individual’s highest calling is the place “where your deep gladness and the world’s deep hunger meet.”<sup>25</sup>

We realize, however, that Federal moneys and institutional scholarships are not the only way to increase college affordability. Like so many other institutions, Taylor has institutional skin-in-the-game. Following a pilot program this past year, Taylor is launching the Good Work initiative. This program will transform on-campus employment opportunities into professional and vocational development catalysts for hundreds of students each year. The premise is simple: pay students more than minimum wage for on-campus jobs and combine it with strategic programming and intentional professional development. Through this, students will have more dollars to defray their educational expenses (thereby taking on less educational debt), and they will develop professional skills that will make them more equipped for the workplace following graduation. Generous donors are helping us launch the program, but we expect that, as the program grows, a number of students will take on responsibilities that might otherwise require additional staff hires. The institutional savings will fund the higher hourly wages for our students and help them better afford Taylor and secure better jobs when they graduate.

We caught a vision for this after visiting College of the Ozarks in Missouri a few years back and learning about other work-based colleges. There, student work assignments on campus help defray educational expenses and provide much-needed professional development for students while helping institutions accomplish everyday activities as part of running the institution. At Taylor, we have already seen

<sup>24</sup> Council for Christian Colleges & Universities. (2017). *Building the Common Good: The National Impact of Council for Christian Colleges & Universities (CCCU) Institutions*. <https://www.cccu.org/wp-content/uploads/2018/01/CCCU-National-Impact-Final-Report-12.12.17.pdf>.

<sup>25</sup> Buechner, F. (1973). *Wishful Thinking: A Theological ABC*. Harper & Row.

the success of this approach with our top student leadership cohort, the Presidential Fellows program, and we expect it will expand as we help our students develop more skills in communication, customer service, negotiation, problem-solving, and time management. We hope to incubate this idea at Taylor for a few years, but if it is successful, we hope to offer a national model for reducing student debt burdens while equipping graduates with the skills necessary for personal and professional thriving.

### **The Goal: Communities that Thrive**

At many schools like Taylor, we have built a thriving college not as an end in itself, but because our faith compels us to give back to our communities and a world in need. We don't hide behind ivy-covered walls; we roll up our sleeves and serve alongside our neighbors.

Taylor is one of 364 institutions recognized by the Carnegie Foundation and American Council on Education with the Community Engagement classification,<sup>26</sup> evidenced by the good work of programs such as the Invitation Clinic and students who write grant proposals for local nonprofits as part of their coursework, who submitted nearly \$450,000 worth of such proposals this academic year alone. This is a good group of worthy institutions. With this context, we launched last year the Main Street Mile Initiative, a community and economic development program that entails over \$100 million in public and private investment over 5 years. This amazing program was catalyzed by a \$30 million grant through the Lilly Endowment's College and Community Collaboration initiative, a pioneering program that awarded over \$300 million for university-based efforts around community and economic development.

The Main Street Mile Initiative will result in some truly incredible outcomes for our community over the next several years. We will add over 100 new units of housing to our community and more than 10,000 square feet of business and commercial space in our downtown, helping to launch 16 new enterprises and create dozens of jobs in our small community, aided by the more than \$1 million in seed funding we plan to distribute for entrepreneurial ventures. A new collegiate inn and destination restaurant will capture hospitality spending from the more than 152,000 visitors expected in Upland each year, strengthening the local economy. We will add more than 5,000 square feet of new sidewalks and five miles of trails to our community, as well as double the size of our local public library, which, despite ranking in the bottom 10 in funding per capita for Indiana's public libraries, still manages to rank in the top 25 for highest circulation per capita.<sup>27</sup>

Taken together, these projects will push Taylor's economic impact in our economic growth zone to exceed nine figures by 2028. We are undertaking this noble cause after observing the good work of economic development spurred by major universities like Princeton and Purdue, as well as equally important ventures at smaller institutions like Colby, Colgate, and Sewanee. Universities across America have come to realize that we are not removed from our local communities but remain rooted in them. Indeed, higher education does not have to mean higher walls, and at Taylor, we are working to break them down every day.

<sup>26</sup> Carnegie Classifications of Institutions of Higher Education (2025). *The Elective Classification for Community Engagement*. <https://carnegieclassifications.acenet.edu/elective-classifications/community-engagement/>.

<sup>27</sup> Indiana State Libraries (2023). *2023 Statistics*. <https://www.in.gov/library/services-for-libraries/plstats/2023-statistics/>.

## MAIN STREET MILE INITIATIVE OUTCOMES



**OVER \$100 MILLION**  
in total public and private investment

Taylor's economic impact in our economic growth zone will exceed **NINE FIGURES** by December 2028

**15% GROWTH**  
of nonstudent population in Upland

**MORE THAN 5,000 SQ FT**  
of new sidewalk and more than five miles of new trails

**WELCOME 152,000+**  
VISITORS AND GUESTS annually to our community

**ADD OVER 10,000 SQ FT**  
of available business and retail space (none currently available)

**\$1.97 MILLION**  
additional annual increase of tax revenue in our county

**LAUNCH 16** new enterprises in Upland

DISTRIBUTE MORE THAN **\$1 MILLION**  
of seed funding for new ventures

**OVER 100** units of new housing in Upland

**ADD 656** seats through a new public event space

**2,000 SQ FT** expansion of local public library (effectively doubling current space)

**ATTRACTING AND RETAINING**  
a talented workforce

**CATALYZING ENTREPRENEURIAL ENERGY**  
in our community

**DRAMATICALLY IMPROVING**  
opportunities for current and future residents

**REVITALIZING OUR COMMUNITY'S STANDING**  
within the broader region

**ENHANCING COLLABORATION**  
among community stakeholders

### CONCLUSION

Restoring public trust in higher education will not come through louder rhetoric or shinier facilities, but through the enduring strength of institutions that stand for something clear and compelling. When a university refuses to compromise on truth and teaches students to pursue wisdom rather than relativism, it becomes a place not of confusion, but of formation. That kind of moral rootedness creates the conditions for growth—drawing students, faculty, families, and donors who are hungry for something deeper than prestige. But formation cannot be outsourced; it must be carried out through deeply relational, student-centered academic environments that prioritize service, character formation, and leadership development as much as academic achievement. And for such an education to matter, it must be both accessible and affordable, requiring bold generosity, smart policy, and institutional discipline to ensure that purpose-driven learning is not reserved for the privileged few.

Ultimately, the value of this kind of education is revealed not through faculty research or capital projects, but in the lives of transformed students and the flourishing communities they go on to serve. Despite some of the troubling trends we have seen in recent years, many of us have been transformed by our own college experience and believe American higher education remains the global gold standard. Scripture reminds us that the one who has been blessed with much is also responsible for much. We must renew our focus on moral purpose, student formation, and tangible societal impact. With courageous vision and principled investment, American higher education can reclaim its place as more than merely a knowledge producer, but as a nation-shaper, a community-builder, and the world's most powerful force for human flourishing.

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The CHAIRMAN. Thank you, sir. And now I will turn to Senator Tuberville to introduce Dr. Brown.

Senator TUBERVILLE. Thank you, Mr. Chairman. It is my pleasure to introduce our second witness, Dr. Mark A. Brown. Matter of fact, he is about 20 miles from where I live as we speak in Auburn, Alabama. Dr. Brown is the President of Tuskegee University, home of the Tuskegee Airmen.

We are very proud of it. It is a historically Black College in Alabama. He is the first alumnus in Tuskegee's 143 year history to lead the university. A retired Air Force Major General, Dr. Brown brings unmatched experience in education leadership, Federal student aid policy, and HBCU advancement. We are thankful to have you here today to hear your perspective, Dr. Brown.

#### STATEMENT OF MARK A. BROWN, PRESIDENT, TUSKEGEE UNIVERSITY, TUSKEGEE, AL

Mr. BROWN. Thank you, Senator Tuberville. Good morning, Chairman Cassidy, Ranking Member, and other distinguished Members of the Committee. I am Mark Brown, as was stated.

I am the 10th President of Tuskegee. I testify before you as one representative of our Nation's 101 HBCUs, and as the first alumnus to lead Tuskegee in our 143-year history. Between 1986 and 1990, I personally utilized most forms of Federal assistance that we will discuss today. While I am now serving as a college President and retired Air Force Major General, as was stated, I began as an HBCU student who directly benefited from these vital financial aid services.

But first, I would like to introduce you to two recent Tuskegee University Ambassadors, and I would ask them to stand. Behind me is Ms. Ariel O'Neill from Los Angeles, California. She is a military dependent. Her major is political science, and she is now studying for the LSAT.

[Applause.]

Mr. BROWN. Next to her is Mr. Tyler Smith. He is from Atlanta, Georgia, by way of Milledgeville. His major is biology, and his aspiration is to attend medical school. He wants to work in family practice in rural areas. Thank you, Tyler, for being here, and Ariel.

[Applause.]

Mr. BROWN. HBCUs represents just 2.3 percent of degree granting universities in the United States, yet their impact far exceeds their numbers. 40 percent of all Black engineers are HBCU graduates. 40 percent of all Black Congress Members are HBCU alumni. 50 percent of all Black lawyers graduated from HBCUs. 80 percent of Black judges hold HBCU degrees. 90 percent of undergraduate HBCU students receive some form of financial aid.

Reductions in Federal needs based funding would negatively impact 9 out of 10 HBCU students. Today, Pell Grants provide up to \$7,395 annually to eligible students. Yet this covers only 31 percent of cost at an average 4 year public college, compared to 79 percent in 1975. At Tuskegee University, we recently celebrated our Spring 2025 Commencement, conferring degrees on nearly 800 graduates across undergraduate and graduate programs.

For that same academic year, we processed over \$22 million in Federal loans, including \$5 million in Graduate Plus loans, \$10 million in Parent Plus loans, and nearly \$5.3 million in subsidized loans. These programs are not luxuries, but necessities for our students. Eliminating or reducing Graduate Plus loans without an alternative would severely limit access to graduate education, particularly for high need, high potential students in critical fields.

This funding made it possible for students in fields like veterinary medicine, engineering, computer science, to afford not just tuition, but basic living expenses. This is not about dependency. It is about opportunity and investing in futures that will benefit society and our Nation.

For example, we graduated over 60 new doctors of veterinary medicines just the last couple of weeks, with 100 percent securing employment almost immediately. With the projected national shortage of 24,000 veterinarians by 2030, Tuskegee's contributions help address critical workforce and national needs. There are economic impacts.

According to a 2024 United Negro College Fund HBCU Economic Impact Report, Tuskegee University generates \$237.1 million in total economic impact for Alabama. Our institution supports over 2,064 jobs, and for every job created on campus, another 1.5 jobs are created in surrounding communities.

For us, that is the Highway 85 corridor, about 55 miles between Opelika, Auburn, Tuskegee, and Montgomery. Every dollar spent by Tuskegee generates an additional \$0.43 cents in economic activity throughout our region. Our 2021 graduates alone are projected to earn \$2 billion in lifetime earnings, far more than they could have earned without their degrees. In the case of Tuskegee, we are ranked No. 1 in Alabama for social and economic mobility.

Our 81 percent retention rate demonstrates our commitment to students' success, and our outcomes, again looking at the 2025

graduating class, speak for themselves. 44 percent of those graduates secured full-time employment. 2 percent pursued graduate school. 7 percent entered professional school.

Others continue into military service, post-graduate work, or volunteer programs like the Peace Corps and Teach for America. 74 percent of our alumni earn between \$50,000 and over \$100,000 annually. HBCU graduates earn 57 percent more in their lifetime than they would without their degrees. That is over \$1 million in additional lifetime earnings per graduate.

Gainful employment, I will define that the way we define it at Tuskegee. We require an internship, relevant industry certification, and rigorous degree requirements for all students. This approach bridges the gap between classroom learning and workplace demands, positioning our graduates for economic mobility. This model honors our founder, Booker T. Washington's vision of educating the hand, the head, and the heart, making employment outcomes central to the educational journey.

Evidence based programs with transparent historical outcomes should be aligned with Federal assistance. Universities should be incentivized to emphasize fields of study that result in positive employment outcomes upon graduation. While we achieve these outcomes, keep in mind we accept 30 percent of our applicants, compared to other schools who only accept 2 percent of their applicants. It is a risk-sharing model that fails to recognize the uneven distribution.

In conclusion, Mr. Chairman, I ask that you consider with your tough budget decisions an evidence based approach. Continue reforming the Pell Grant and Federal work study programs to reduce reliance on Federal student loans.

Incentivize evidence based gainful employment metrics rather than imposing risk sharing models that fail to recognize students that begin their educational journey in poverty. Incentivize industry partnerships with HBCUs to bridge the gap between classroom learning and workplace demands. I look forward to your questions.

[The prepared statement of Mr. Brown follows.]

PREPARED STATEMENT OF MARK BROWN

### **Introduction**

Good morning, Chairman Cassidy, Ranking Member Sanders, and Distinguished Members of the Committee.

I am Mark Brown, the 10th President and Chief Executive Officer of Tuskegee University. I testify before you on the State of Higher Education as a representative of the 101 legislatively established Historically Black Colleges and Universities, as well as a proud alumnus of Tuskegee University's Class of 1986. I come before you as the first alumnus to lead Tuskegee University in its 143-year history.

I want to emphasize that between 1986–1990, I personally utilized most forms of Federal assistance that we will discuss today. While I now serve as a College President, Retired Air Force Major General, and experienced executive, I began my journey as an HBCU student and direct beneficiary of these vital financial aid services. I have two Tuskegee Student Ambassadors with me today. I would like to ask them both to stand.

- Mrs. Aryial O'Neal is from Los Angeles, California. Her major is Political Science, and she is now studying for the LSAT exam.
- Mr. Tyler Smith is from Atlanta, Georgia. His major is Biology, and his aspiration is to attend medical school.

Thank you both.

The purpose of my testimony is to highlight the Nation's Value Proposition in Education at HBCUs, with Tuskegee University as my primary example. I will address what I believe are universal HBCU concerns regarding proposed risk-sharing approaches, the value of gainful employment measurements, and the return on investment when job placement-focused education combines with Federal investments such as PELL Grants, Graduate PLUS and Parent PLUS loans, research grants, and land grants.

### **Historical Context and Current Landscape**

Historically Black Colleges and Universities were established in the 19th century to provide higher education opportunities to Black Americans who were barred from attending existing institutions of higher learning. Today, the 101 HBCUs represent just 2.3 percent of degree-granting universities in the United States, yet their impact far exceeds their numbers:

- HBCUs confer 17 percent of all bachelor's degrees and 24 percent of all STEM-related bachelor's degrees earned by Black students.
- 40 percent of all Black engineers are HBCU graduates.
- 40 percent of all Black U.S. Congress Members are HBCU alumni.
- 50 percent of all Black lawyers graduated from HBCUs.
- 80 percent of all Black judges hold HBCU degrees.
- HBCUs supply more Black applicants to medical schools than non-HBCU institutions.

Tuskegee University was founded on July 1, 1881, by our first Principal, Dr. Booker T. Washington. His educational philosophy centered on training the "Hand, Head, and Heart"—emphasizing practical education that integrated job training with classroom instructions. Students worked in their respective fields for part of the year and studied in classrooms during other periods. Many of our campus buildings were constructed by those early students, using bricks they made themselves—structures that are still in use today.

This model continues at Tuskegee, aligned with what we call "Gainful Employment" measures, reinforced through required internships and industry-appropriate certifications for graduation.

HBCUs collectively serve approximately 219,327 students across 19 states. Notably, 90 percent of all undergraduate HBCU students receive some form of financial aid in 2019–2020:

- 83 percent received grants.
- 65 percent took out student loans.
- 4 percent received work-study awards.
- 2 percent received Federal veterans' education benefits.
- 18 percent had parents who took out Federal Direct PLUS Loans

Any reduction in Federal funding, especially Title IV need-based programs, would therefore negatively impact 9 out of every 10 HBCU students.

### **Federal Student Loans**

The Federal Student Loan portfolio remains at \$1.6 trillion with 42 million recipients—the same figures from when I served as Chief Operating Officer of the Office of Federal Student Aid in the Department of Education. However, the number of borrowers increases by approximately 1 million per year, with accumulated interest accounting for a significant percentage of annual growth.

We cannot reform the student loan portfolio without addressing its origins. These programs trace back to President Lyndon B. Johnson's Great Society Initiative, which aimed to provide greater access to higher education for students with financial need. The primary tool in this effort is the PELL Grant, supported by Federal Work Study. When these programs fail to close the gap on college costs, students turn to Federal Student Loans.

The loan portfolio has grown partly because PELL Grants and Federal Work Study haven't kept pace with rising college costs. The PELL Grant remained relatively flat from the 1980's through 2010's, only receiving significant increases in the last 8 years.

Today, PELL Grants provide up to \$7,395 annually to more than seven million low-and moderate-income students. For context, a single parent with two children earning up to \$51,818 adjusted gross income (225 percent of the Federal poverty guideline) can qualify for the maximum award.

However, this maximum amount covers only 31 percent of tuition, fees, room and meals at the average public 4-year college, compared to 79 percent in 1975. Cuts to the program would put college out of reach for many more low-income students, while increased would represent a true Federal investment in education, reduce dependence on loans, and help address workforce skill deficits.

As you may be aware, the nonpartisan Congressional Budget Office stated in a report just last week that more than half of all Pell Grant recipients would be awarded less money to pay for college if the House of Representatives proposal in changing eligibility requirements were to succeed. According to their findings, this would impact more than half of Pell recipients negatively by receiving smaller grants. It is my hope that the Senate will reconsider this recommended policy change. Given the established benefits and need of the PELL Grant program.

This dynamic is evident at most HBCUs. At Tuskegee University, we recently celebrated our Spring 2025 Commencement, conferring degrees on nearly 800 graduates across undergraduate and graduate programs. In the current academic year alone, Tuskegee processed over \$22 million in Federal loans:

- Over \$5 million in Graduate PLUS Loans
- More than \$10 million in Parent PLUS Loans
- Nearly \$5.3 million in subsidized loans

These Federal loans, PELL grants, and institutional support made it possible for students in essential fields—Veterinary Medicine, Material Sciences, Computer Science, Social Work, and more—to afford not just tuition but housing, food and transportation. Eliminating Graduate PLUS Loans would severely limit access to graduate education, particularly for high-need, high-potential students.

This is not about dependency—it's about opportunity and investing in futures that will benefit society many times over.

For example, we graduated 60 new Doctor of Veterinary Medicine this May. By commencement day, 100 percent had secured employment, with most beginning work within 48 hours of graduation. The majority utilized some form of Federal aid, including loans.

National estimates project a shortage of as many as 24,000 companion animal veterinarians by 2030, even accounting for new graduates over the next decade. Tuskegee University, with the help of need-based Federal aid will help address this deficit. Similar scenarios exist for our graduates in Aerospace, Chemical, Mechanical, and Electrical Engineering, Architecture and other fields where the Nation faces critical shortages.

### **Gainful Employment**

Universities should be incentivized to emphasize fields of study resulting in positive employment outcomes upon graduation. Evidence-based programs with transparent historical outcomes should be aligned with Federal assistance.

At Tuskegee, we now require an internship, relevant industry certification, and rigorous degree requirements for all students. This approach bridges the gap between classroom learning and workplace demands, positioning our graduates for the social and economic mobility that college education should provide.

Tuskegee University is a national leader in social mobility—ranked No. 1 in Alabama. A recent UNCF report confirms that HBCUs like Tuskegee have an access rate twice the national average, with 88 percent of HBCUs achieving mobility rates in the 90th percentile nationwide. This means we are exceptionally successful at moving students from the bottom 40 percent of income distribution to the top 60 percent, creating genuine economic transformation. We open doors for first generation college students who often face economic challenges yet rise to meet these challenges with excellence.

Our 81 percent retention rate demonstrates our commitment to student success. While we continue to improve our 6-year graduation rate, what truly distinguishes our students in their post-graduation trajectory. Looking at recent graduates, including the Class of 2025:

- 44 percent secure full-time employment
- 29 percent pursue graduate school.

- 7 percent enter professional school.
- Others continue into military service, postgraduate work, or volunteer programs like the Peace Corps and Teach for America.

Our graduates aren't just working, they're thriving economically. In fact, 74 percent of our alumni earn between \$50,000 and over \$100,000 annually. That's the real return on investment. For the 64 percent of our students receiving financial aid, with a median graduate debt of \$27,000 (below the national average of \$32,000), Federal support isn't just helpful—it's vital.

This success isn't accidental. It results from hard work, job placement policies, institutional support, and access to key resources—especially Graduate PLUS Loans.

### **Risk Sharing Models**

The social and economic mobility outcomes I've described are achieved while accepting 30 percent of college applicants. Educating and training a broader segment of society, including first-generation college students, is central to the HBCU mission. This mission, which I believe serves as a national necessity, inherently involves risk. Some students may require more time to graduate, additional intervention and certainly financial assistance.

A risk-sharing model that fails to recognize the uneven distribution of risk among universities could reduce educational access for those who need it most—precisely those often served by HBCUs.

As noted earlier, Tuskegee accepts approximately 30 percent of applicants, compared to about 2 percent at predominately white institutions of similar prestige. Yet our retention and graduation outcomes remain consistently high. We do more with less for students who are too often overlooked by the broader higher education system.

Under the proposed *College Cost Reduction Act* (CCRA), institutions like Tuskegee could be held financially liable for student loan defaults. However, our students already face systematic barriers, and while our 3-year loan default rate remains manageable those figures are likely skewed nationwide due to COVID-related policies and deferment options.

If CCRA policies pass without adequate safeguards, Tuskegee and other HBCUs could face:

- Severe financial strain
- Damage to hard-earned reputations
- Potential loss of eligibility for Federal aid programs

This would devastate not just our institutions but the thousands of students who depend on us to transform their lives through education.

It is not in our national interest to penalize institutions by doing the challenging work of economic uplift, community development, and workforce readiness. Instead, we should strengthen programs that incentivize gainful employment.

### **Tuskegee Approach: Hand, Heart, and Mind**

HBCUs serve as powerful economic engines for their states and the Nation. According to the 2024 UNCF HBCU Economic Impact Report, Tuskegee University generates \$237.1 million in total economic impact for the local and regional economies of Alabama. Every dollar spent by Tuskegee University and our students generates an additional 43 cents in economic activity on our region, creating a powerful multiplier effect that benefits businesses and communities throughout central Alabama. This impact is particularly significant along the 55-mile economic corridor stretching from Montgomery to Auburn, where Tuskegee serves as a vital connecting hub. Our institution supports over 2,064 jobs both on and off campus, and the report shows that an additional 1.5 jobs are created in the surrounding communities, demonstrating our role as a critical employment engine for the region. Our 2021 graduates alone are projected to earn \$2 billion in total lifetime earnings—far more than they would without degrees. At Tuskegee, we provide substantial economic benefits to Macon County and Alabama through our continued emphasis on educating the hand, heart and mind.

We operationalize this philosophy by prioritizing internships, certifications and experiences that make employment outcomes central to the educational journey. For example, every member of our 2024–2025 Freshman Class received IBM certification regardless of academic major, enhancing their employability across sectors.

We have also increased the number of tutors and counselors in our Financial Aid centers to reach our Strategic Plan goal of reducing average student loan debt by 50 percent over the next 3–5 years.

Finally, we leverage our 1890 Land Grant status to benefit both Alabama and the Nation. Our College of Agriculture, Environment, and Nutrition Sciences (CAENS) is one of our most popular colleges. CAENS provides cutting edge solutions to 21st Century challenges in Alabama, training local farmers in solar energy use for year-round farming and USDA-approved techniques for bringing cattle to market. True to Tuskegee tradition, these students also produce the leafy green vegetables used in our campus cafeteria.

On the research front, Tuskegee partners with the University of Alabama Birmingham through a \$12 million NIH grant (\$3 million allocated to Tuskegee) under the Faculty Institutional Recruitment for Sustainable Transformation (FIRST) initiative. This program has recruited 12 promising biomedical researchers (9 at UAB, 3 at TU) specializing in cancer, diabetes, obesity, cardiovascular disease, and neuroscience—fields directly impacting Alabama’s most vulnerable populations, particularly in the rural Black Belt. At Tuskegee, our FIRST Scientists focus on prostate, breast, ovarian, and uterine cancers, addressing the high morbidity rates in our region.

Interrupting this grant would not only disrupt crucial scientific progress but undermine transformative efforts to improve health outcomes and economic opportunity in Alabama. What our university does, and access to education generally, matters profoundly to the well-being of our state and nation.

### Policy Recommendation

Mr. Chairman, as the Committee approaches difficult budget decisions, I urge you to use an evidenced based approach and, if so, view higher education—particularly the vital mission of HBCUs as an opportunity to meet our national economic needs and to continue to stimulate the economy. I specifically ask the committee to:

- (1). Continue reforming and modernizing the PELL Grant and Federal Work Study programs to reduce reliance on Federal Student Loans.
- (2). Incentivize the use of evidence-based Gainful Employment metrics rather than imposing Risk-Sharing models that do not recognize the challenges of educating underserved populations.
- (3). Incentivize industry partnerships with HBCUs to bridge the gap between classroom learning and workplace demands.

### Conclusion

Mr. Chairman, in September 1895, our first President Booker T. Washington delivered what became known as the “Great Compromise Speech” at the Atlanta International Exposition. Addressing an audience concerned with rebuilding the South’s economy through international trade, he posed a profound question about the recently freed men and women who had not been educated.

President Washington noted that one-third of the South’s population was of African descent—today, that represents 1.6 million people of color in the Black Rural South. He argued that no nation can succeed while ignoring the talent of 33 percent of its population. In his words, nearly 16 million hands would either “aid you in pulling the load upward or left uneducated that same 16 million would pull the load downward.” The world could have it one way or the other—either “one-third of the ignorance and crime of the South, or one-third its intelligence and progress.”

Today, 129 years after that speech, Washington’s vision has proven prophetic. Tuskegee has educated African Americans as he envisioned, with profound results:

- Tuskegee has the highest graduation rate of any school in Alabama.
- Tuskegee is the No. 1 producer of Black aerospace science engineers.
- Tuskegee ranks among the leading producers of Black engineering graduates in chemical, electrical and mechanical engineering.
- Tuskegee produces more Black general officers in the military than any other institution (including service academies)
- Tuskegee is still the largest producers of Black students with bachelor’s degrees in Math, Science and Engineering in Alabama

In short, the world needed Tuskegee and other HBCUs in 1895, and it needs them today to continue serving as economic engines for their communities and the Nation.

In Alabama specifically, Tuskegee stands as a premier HBCU and ranks among the top economic contributors in the critical I-85 corridor connecting Montgomery, Tuskegee, and Auburn—a region vital to our state's continued development and prosperity.

Thank you, Chairman, Ranking Member, and Honorable Committee Members, for your time and this hearing.

The CHAIRMAN. Thank you, Dr. Brown. I defer now to Senator Sanders to introduce the next two witnesses.

Senator SANDERS. Thank you, Chairman. Our next witness is Dr. Russell Lowery-Hart, the Chancellor for Austin Community College District.

Under his leadership, Austin Community College District started a free tuition program, which has led to a 40 percent increase in enrollment. He previously served as Vice President of Academic Affairs for Amarillo College. Doctor—thank you very much for being with us, Dr. Hart.

**STATEMENT OF RUSSELL LOWERY-HART, CHANCELLOR,  
AUSTIN COMMUNITY COLLEGE DISTRICT, AUSTIN, TX**

Mr. LOWERY-HART. Chairman Cassidy, Ranking Member Sanders, and Members of the Committee, thank you for hosting us. I want to thank you, Senator Sanders, for inviting me to advocate for community colleges, our free tuition program, and to underscore the importance of Federal support for our students that are uniquely missing from policy conversations that I hope to illuminate.

As Chancellor of Austin Community College, we cover a 7,000 square mile radius. We are larger than the State of Connecticut. We serve rural and urban institutions. We serve 70,000 students annually as a comprehensive community college. And yet in the last 12 years, we have not raised tuition once. And Austin Community College and community colleges like us are the reason why I left universities over a decade ago.

We are the entity in the sector of higher education where innovation goes to breathe, and where I think higher education is actually being re-imagined. We are the region's primary workforce education institution. We are proud to partner with our local employers such as Samsung, Tesla, major healthcare partners to launch careers where students can earn a family sustaining wage.

Our moral clarity is a commitment to loving our students to success because this work is personal and the decisions that you do make aren't just political. They change trajectory of lives, of neighborhoods and communities. Our average student is named Ashley. We did a naming analysis and Ashley was the most common name in every demographic measurable.

But there is nothing common about Ashley. She is smart. She is capable. She is ambitious. But she is not the college student that we often think about when we are making policy decisions. She is a 27-year-old mother. She is working two part-time jobs. She is responsible for a kid and probably a family member. She is first generation. She faces significant financial pressures.

She is going to school part-time, which means she takes longer to get a degree. She is continually in a state of stress because she

is one flat tire or one sick child care worker away from having to drop out of school, which then consigns her to a life of poverty when we could offer a few supports at key moments that could open up a life of wealth building for her and the generations that follow her.

But her success is built on really important programs such as the free tuition program, Pell, and Childcare Access Means Parents in School, the CCCAMPIS program. All of these kinds of Federal supports help Ashley and ensure that she is able to overcome the significant life barriers that get in her way. Ashley, like 60 percent of our students, couldn't access \$500 in the case of emergency. 48 percent of our Ashley's are food insecure. 55 percent of our Ashley's are housing insecure.

According to ALICE data, Ashley, living in central Texas, has to earn at least \$60,000 a year just to keep her head above water. That means Ashley has to make nearly \$5,000 a month just to get by with rent, childcare, utilities, transportation, basic needs.

These aren't insignificant barriers, which is why the financial support is so important and why the potential changes to Pell, especially part-time Pell, could be devastating to her and the generations that follow her. Senator Hawley recently wrote in the New York Times, "our economy is increasingly unfriendly to working people and their families."

This is especially true to working people trying to go to school to get a better job. People like Ashley, which is why the *College for All Act* could be transformative. But in central Texas, we are taking Ashley's challenges head on. She does face challenges in affordability, and community colleges are the sector that has taken on affordability with courage.

Yet, in central Texas, in the last decade, 60 percent of our students a decade ago went to post-secondary education. Now, only 42 percent of students are leaving high school and enrolling. And working with Trellis Strategies, the No. 1 reason they told us they weren't enrolling is because of the cost to attend college and that they had to get a full-time job.

It is one of the most important decisions that our trustees made was to initiate their free tuition program. I am proud that my board chair, Mr. Sean Hassan, was a leader in this effort. It has dramatically brought students that didn't think higher education was possible back to education. They are staying in school. They are in workforce programs primarily that will lead to a family sustaining wage.

It is why we are supportive of the proposal that would move 10 millions of people from low-skill, low-wage work into industries that offer real career pathways at a time that our Country is challenged in places of innovation and global economy shifts. And community colleges, if funded appropriately, can be the answer to the global challenges that we seem to be struggling to meet.

[The prepared statement of Mr. Lowery-Hart follows.]

## PREPARED STATEMENT OF RUSSELL LOWERY-HART

Chairman Cassidy, Ranking Member Sanders, and Members of the Committee.

I am honored to serve my students, colleagues and community as the Chancellor of Austin Community College District (ACC) in Central Texas. The ACC District covers a service area of 7,000 square miles, which is larger than the state of Connecticut. We cover both rural and urban areas, serving about 70,000 students annually in the areas of academic transfer, workforce education, dual credit, continuing education, and adult basic education. We are the primary workforce-education institution in our growing region and are proud to be a foundational partner with local employers who hire our graduates. Together, we ensure the economic prosperity of our community by putting our students on a path to fulfilling careers where they can earn family sustaining wages. Thanks to Ranking Member Sanders for inviting me here today to uplift the important work of community colleges, to discuss our free tuition program, and to elevate the importance of Federal support for our students and their future employers.

### **Community Colleges are our Greatest Economic Agents**

ACC and community colleges like us are not the same old model of higher education. We have evolved to become the primary source of talent fueling our local economies. With career academies offering certifications that move students directly into the workforce with marketable skills in high-demand/high-wage careers, we help students reduce the time from enrollment to that first significant paycheck. Community colleges, like ACC, glue employers and communities together so that every neighbor, and neighborhood, wins.

Our employers need our students to be successful, and our students need you to help ensure this success remains within their grasp. I am here today to request your wisdom, temperance, and deliberation as you consider the future of critical tools—such as Pell, the Childcare Means Parents in School (CCAMPIS) program, student loans, and wrap-around support—that unlock opportunity for our students and employers. These programs transform students from people who rely on wrap-around services for survival into people who can build wealth, pay taxes, and achieve the American Dream.

Higher Education is the best vehicle for upward social mobility in America and community colleges are central to that economic transformation. We are affordable, locally focused, and designed to meet the needs of our local economies. One of the most important decisions our elected Trustees made to ensure social mobility, was to initiate a free-tuition program—piloted with all Central Texas high school graduates. With this program launch, Enrollment of high school graduates at ACC jumped nearly 40 percent in fall 2024 compared to the previous year. The number of students enrolled in the free tuition program alone hit 4,982 in the fall, with retention looking strong—81 percent of those students continued into spring 2025.

There are proposals before Congress, including cuts and limitations to the Pell program, that would close off affordable pathways to education for the people who need us most—men and women, working two part-time jobs, still living in poverty, who would not be able to access our college were it not for this program.

### **Community College Students are our Greatest Economic Hope**

Let me tell you about our average ACC student. And when I tell you her story—you will understand that there is nothing “average” about her or her journey. In fact, she is extraordinary in what she has overcome to be successful at our institution. She is representative of most of the community college students across our great country.

We call her Ashley and she is a smart, hard-working, determined 27-year-old woman who works **more** than one part-time low-wage job, and has responsibility for at least one other person in her household—either caring for a child or someone else in her home. She is a first-generation college student, living with significant financial pressures. She cannot afford to take classes full time, so it will take her longer to complete her degree. She is continually in a state of stress because one flat tire or childcare falling through can mean the difference between succeeding or remaining consigned to a life of poverty and reliance on government programs.

Ashley isn't Red or Blue. She is not political, (although she votes). Our economic future is connected to her success, and the decisions you make about her are personal—to her and to us. This work, and these topics, are about economic expansion,

meeting workforce needs, and offering a path to the American Dream for our students. There are significant obstacles in Ashley's way toward that dream.

Our collective futures are tied to changing Ashley's. Let me explain what her life is really like—because it's different from the political frames that often ignore or misunderstand her.

Ashley lives in Austin. Almost 60 percent of our students couldn't access \$500 in an emergency; 48 percent are food insecure, 55 percent are housing insecure (often with dependent children.) According to ALICE Data, Ashley—even as a SINGLE-person—would need to earn at least \$60,000 a year just to keep her head above water. And this is not living high on the hog, it's just surviving.

On average it costs Ashley nearly \$5,000 a month just to get by, with rent, childcare, utilities, transportation costs, and the basic necessities of food capturing all of her income. And in this scenario, she has no margin for error. She lives her life in the hope that her child doesn't get sick, and that everything works perfectly in navigating her two jobs while she tries to take an online class and an in-person class at the same time.

Ashley isn't struggling because she is terrible with money. She is struggling because she doesn't yet have the skills needed to be hired for jobs that would pay her the \$100,000 needed to thrive and build wealth in our community.

Despite documented barriers of child care, health care, housing, transportation and food insecurity, Ashley continues her education. She wants a better life for herself and for her family. She also wants critical workforce skills that will lead to a rewarding career. But without Pell, or without CCAMPIS, Ashley likely would never even come through our front door.

**That is the tragedy of Ashley**—a tragedy that will play out across the country in millions of homes and apartments should Congress limit or cut these vital lifelines to economic growth. But I don't just want this for her because she is a student at my institution. I also want this for my community because it's good for business.

Everyone talks about the Texas Miracle and the unprecedented economic expansions we have seen in Austin. What you don't hear is that we have had to import talent from around the country and around the world to fill those jobs while local people like Ashley have been left behind. And what's made this situation worse is that Austin is also an expensive place to live, with working poor residents increasingly being squeezed to the margins, and pushed out—out of the community, the classroom, and then the workplace. And it's happening to more than just those ensnared by generational poverty.

We see this happening all over.

In fact, Senator Hawley, in addressing potential cuts to Medicaid, recently, and powerfully, wrote in a New York Times guest essay: "Our economy is increasingly unfriendly to working people and their families." This statement is also true of working people who are going to school for the purpose of getting a better job and climbing out of poverty. People like Ashley.

As a leader, I am interested in Ashley's well-being. I want my institution to surround her with love and help her lift herself up out of poverty. Our community's economic health and vitality demands smart, scrappy and hard-working people like Ashley—people who will go on to gain critical skills in nursing, welding, advanced manufacturing, cybersecurity, or any one of the dozens of in-demand middle-skill careers—to fill the jobs that are being created in Central Texas and around the country.

### **Federal Programs and Supports Ensure a Skilled Workforce**

This is exactly why limiting Pell would harm our community—especially for part-time students. Requiring a minimum number of credits to be Pell eligible leaves out blue-collar advanced manufacturing, cyber security, software development, health care, mobility and infrastructure in demand programs that pay people \$75,00—\$150,000 annually. Those are jobs that our economy needs filled. By requiring a minimum number of courses for Pell, you might even be requiring students to sign up for more classes than they need, wasting taxpayers' money, students' time, and extending time to employability.

Pell is critical to ensuring students stay in school and shorten their time to skill attainment and employment. Yet, expanding Pell for unaccredited or for-profit programs almost always harms students. Predatory programs prey on our most vulnerable neighbors, leaving students with no employable skill or credential of value and a mountain of debt with no job through which they can pay it back.

Changing Full-Time Pell from 12 to 15 hours could keep some students out of the in-demand workforce. Last year, over 5,000 Pell-awarded ACC students were enrolled in 12–14 credits and would lose opportunities and support. For some workforce programs in trades and healthcare, 15 hours a semester may not even be possible. While we would not want to raise eligibility to 15 hours, institutions could make policy and procedural changes to lessen the impact on students.

For community colleges, part-time students are the overwhelming norm because of the life issues I've referenced. However, the Part-Time Pell proposed shifts from 6 hours to 7.5 hours would dramatically harm students and employers. Most academic and workforce programs usually take about 20 classes to complete an associate's degree. Level One and Level Two certifications leading to a family sustaining wage may require 5–10 classes. Each class counts as 3 hours toward a 60-hour degree. Part-time students, on average, will take 6 hours in each a fall, spring and summer term.

Almost 80 percent of our ACC students are part-time. Our students can make two classes a term (six hours of course work) work in their busy lives, especially for those workforce training programs necessary to meet employer demand. Because our classes are 3 hours, typically, the 7.5-hour requirement for Part-Time Pell could reduce enrollments in our most important workforce programs dramatically. Classes are not organized by single hours. This proposal would force students to take 9 hours—three classes—each term to receive support. Raising a family, working two part-time jobs, while going to school is incredibly difficult—and the many who could not afford to take a minimum of three classes would fall through the cracks.

For the majority of our community college students, two classes a semester is their only option. Nearly 4,000 ACC students leveraged Pell by taking only 6–7 hours and would not be Pell eligible under the 7.5-hour requirement for part time. This is especially concerning for students who may be in their final 6 hours and would be forced to take an additional class they may not need. For ACC, this is an additional 1,500 Pell recipients taking fewer than 6 hours who would probably walk away from the very pathways solving critical workforce needs. Without the Pell support, these students, and their future employers, could find themselves close to the finish line with no way to cross it.

If Congress cuts CCAMPIS, students lose money to pay for childcare. If they can't pay for childcare they will have to drop out of school or they will take much longer to complete school. Supporting students with this critical childcare benefit is a great investment because if students receive the funds, they finish faster, get to work faster, pay taxes, and will no longer be dependent on government supports. Eliminating CCAMPIS for child care would ensure that at least 25 percent of our students needing this support would simply drop out of school—hurting employers by limiting the pool of talent from which they draw.

In fact, the CCAMPIS program allows ACC to lattice funding with other community partners to extend the impact and ensure greater access and produces a staggering 93 percent retention rate for those students receiving the support. This real-life scenario is not exclusive to Austin. The financial numbers may vary across our communities, but the experience of the financial squeeze students face is mirrored across the Nation.

While Student Loan programs certainly need a deep evaluation, the lack of details on the risk-sharing approach to loans creates a great deal of concern and uncertainty. Currently, institutions have no authority or impact on the level of loans a student accepts. We can advise students, but we cannot limit the amount of loans for which they are eligible.

We counsel our students and work with them to ensure they understand the costs and pitfalls of overborrowing. But, we cannot control all the decisions they make or all the challenges they may face that could lead to a default. I fear an unintended consequence of this risk-sharing proposal will result in schools cutting back on loans, resulting in fewer students enrolling at a time when demographic shifts demand that we attract more talent into the training pipeline. Certainly, the loan system needs attention. There are ways to include schools in the risk-sharing legislative process as partners in crafting policy that ensures students are not overborrowing, and institutions are still able to produce the skilled workforce needed in our communities.

### **Free Tuition Ensured Economic Mobility and Employer Profitability**

At ACC, we have taken our community's affordability issues head on. A recent study we commissioned showed that 57 percent of students who stalled in their ap-

plications before enrolling at the college cited costs or affordability as a reason. To combat this, we launched a free tuition pilot program for graduating high school seniors starting with the class of 2024.

This program was made possible because the State of Texas and its legislature passed a change to the community college funding formula in 2023 that budgets us based on success metrics such as completions, successful transfers, and degree attainment in critical workforce fields. These accountability measures have focused our work and are resulting in increased student success. With the increased funding due to better outcomes, ACC leveraged those dollars to ensure college remains affordable and launched its Free Tuition program pilot.

This is a first-dollar-in program to allow students to use other forms of aid to cover living and emergency expenses such as rent and food so they can go to school, gain a credential, degree, and a hireable skill. This free-tuition cohort represented 40 percent of our new enrollments in the fall, returned ACC's enrollment to pre-pandemic levels, and these students are persisting and succeeding on their educational journeys. It's a good investment from our community that will have a significant return on investment for our economy and for the companies that are driving it. Employers support it because college affordability ensures they will have graduates with skills to hire.

In a political environment where "sides" are pushed to the edges, there is room for collaboration and partnership between the Federal Government and institutions. At community colleges, our aim is to graduate students with as little debt as possible and our best-case scenario is graduating them with no debt whatsoever. It's one of the reasons behind the free tuition pilot program, our commitment to offer dual credit for free, and our deep partnership with our local employers.

This is how education should work. The college, leveraging critical Federal programs like Pell, CCAMPIS and Loans, collaborating with our local industries, serving our communities, all to surround our students—like Ashley—with the support they need to get over the finish line and get on the way to a fruitful career.

### **Supporting Students and Employers Elevates Communities**

The questions before us are clear: Do we want Ashley to spend a lifetime in poverty accessing public programs just to get by? Or, do we want to surround her with the right support, at the right time, for a short three or 4 years, and at the end of her journey have a lifelong taxpayer who has built stability and generational wealth for her and her family?

ACC is leading the Nation on making higher education more affordable. We are proud of our work. Our nation should be moving in the same direction and offering Free College from the Federal level, as Senator Sanders has proposed. Long-term, this would move millions of people from low-skill, low-wage work into the industries that offer real career paths, family sustaining wages, and are at the forefront of American innovation.

Instead, the proposals we are seeing considered in reconciliation to further restrict support for students who need it most are going to fundamentally harm the employers needing to hire skilled workers, harm the students I serve, and interfere with the programs our students, and their future employers, rely on.

It doesn't have to be this way. I urge careful consideration and support in efforts to preserve Pell, CCAMPIS, and other effective programs designed to support employers and the students they need to hire.

By maintaining and extending these supports, we can transform our poorest friends and neighbors into the taxpaying nurses, electricians, IT professionals, plumbers, and skilled workers who make up America's backbone.

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Senator SANDERS. Thank you very much, Dr. Lowery-Hart. Our final witness is Mr. Mike Pierce, the Executive Director and Co-Founder of the Student Borrower Protection Center.

He previously worked to defend student-owned borrowers as a higher education expert at the Consumer Financial Protection Bureau. Mr. Pierce, thanks for being with us.

**STATEMENT OF MIKE PIERCE, EXECUTIVE DIRECTOR,  
STUDENT BORROWER PROTECTION CENTER, ATLANTA, GA**

Mr. PIERCE. Good morning, Chairman Cassidy, Ranking Member Sanders, Members of the Committee. My name is Mike Pierce. I am the Executive Director of the Student Borrower Protection Center.

I also spent 7 years as a Federal financial regulator, charged with overseeing the student loan market at the Consumer Financial Protection Bureau, serving under both Presidents—serving under both Presidents Obama and Trump. For too long, the promise of a higher education has been pushed out of reach.

Rising costs fueled by unstable state budgets, the diminishing purchasing power of the Pell Grant, the rise in predatory for-profit colleges have left too many drowning in more than \$1.7 trillion in student loan debt. Over the past half century, we have increasingly privatized our public higher education system, forcing students and families to bear the growing financial burden of what should be a public good.

I am here today to warn this Committee about the unprecedented economic shock facing tens of millions of working families across the country driven by a set of reckless and cruel policy choices made by President Trump. More than 21 million Americans, roughly one in 12 U.S. adults, will experience immediate financial harm as this Administration pulls back on student borrower protections.

These include nearly 8 million people who sought a lower loan payment but remain in limbo. More than 6 million people in default who now face wage garnishment and the seizure of their social security benefits. Nearly 7.5 million distressed borrowers who are now careening toward a preventable default cliff.

These are families that are already contending with a rising cost of living in a moment of extreme economic uncertainty whose only mistake was going to school. Preventing the mass defaults of millions of distressed borrowers should be the top priority for this Administration and this Committee.

Nearly 6 million people are already 90 days past due, enduring catastrophic damage to their credit. This will cause even borrowers with pristine credit to be locked out of the conventional mortgage market and to see the cost of a car loan double. Crucially for this Committee, borrowers in default lose access to Pell Grants and other financial aid, creating an often insurmountable barrier to college completion.

Instead of working to diligently get these borrowers back on track, the Trump administration is blocking access to borrowers' rights to affordable repayment options. Today, borrowers are waiting on nearly 2 million unprocessed applications for lower student loan payments. We have been here before.

In the wake of the 2008 financial crisis, big banks and loan servicers similarly conspired to block families' access to affordable mortgage payments based on the mistaken belief that moral hazard would induce waves of "strategic defaults" by families across the country. As a result, Government efforts to help families avoid

foreclosure failed. As many as 10 million families lost their homes, the spillover effects of this financial catastrophe prolonged the Great Recession, and it hurt us all.

The Trump administration's actions may cause similar catastrophic harm to the U.S. economy and scar the family finances of a generation of working people. Rather than check the abuses of the executive branch, Congressional Republicans appear ready to abuse the reconciliation process to rewrite higher education policy, shrinking access to Federal financial aid, cutting or eliminating grants for about two-thirds of Pell recipients, removing guardrails that protect students from predatory schools, and placing enormous pressure on state higher education budgets.

The result will push millions of families into the private loan market, and in the same bill, gut the CFPB, the regulator charged with protecting these very same families from predatory student lenders. This legislative war on regulators comes behind an extraordinary attempt to purge enforcement officials across the Federal Government.

I want to express my solidarity with the workers illegally fired by the Trump administration who worked to hold student loan companies and predatory schools accountable, a mission in conflict with the Trump-Musk vision of crony capitalism.

Building on this foundation, President Trump's proposed skinny budget further slashes critical supports that working families rely on to pay for college. These efforts create a perfect storm that will make students and families even more vulnerable. There remains strong bipartisan agreement that the student loan system is broken. America's grand experiment with debt financed higher education has failed.

While we disagree on what comes next, one thing is clear. Our Government should focus on making the markers of middle-class American life, including education, cheaper for students and family. Instead, families are facing extraordinary uncertainty as reckless Executive actions and radical legislation push the American dream beyond reach.

I want to close by thanking Ranking Member Sanders for his leadership in this fight. We deserve to live in a country where public college is free and there is no student debt, where higher education is an engine of upward mobility, and no one is forced to forego their dreams because they cannot afford the rising cost of a college degree.

Thank you, and I look forward to your questions.

[The prepared statement of Mr. Pierce follows.]

## PREPARED STATEMENT OF MIKE PIERCE

**Written Testimony of Mike Pierce**

Executive Director of the Student Borrower Protection Center  
 Before the Committee on Health, Education, Labor, and Pensions  
 United States Senate  
 Wednesday, May 21, 2025

Good morning Chairman Cassidy, Ranking Member Sanders, Members of the Committee. My name is Mike Pierce and I am the executive director of the Student Borrower Protection Center (SBPC). We are a national nonprofit organization fighting to eliminate the burden of student debt, protect people from predatory lenders, and expand access to opportunity across the economy. I'm also a former federal financial regulator, overseeing the student loan market at the Consumer Financial Protection Bureau (CFPB) under both Presidents Obama and Trump.

I'm here today to warn this committee about an unprecedented economic shock facing tens of millions of working families across the country, driven by a set of reckless policy choices made by the Trump Administration. Our partners at the University of California's Student Loan Law Initiative estimate that more than 21 million Americans—that's roughly 1-in-12 U.S. adults—will experience immediate, negative financial harm in the coming months as Education Secretary Linda McMahon pulls back on student borrower protections implemented under both Republican and Democratic administrations, without first fixing the broken student loan system.<sup>1</sup> At the same time, the House majority is quickly advancing a radical and destabilizing new framework for American higher education—one that is projected to increase costs even further for working families and push the American dream out of reach for students across the country.<sup>2</sup>

I want to be clear—the coming wave of financial distress facing tens of millions of families is a policy choice. There is nothing preordained about the current course. Policymakers can and must step in to ensure that higher education is once again the vehicle for economic opportunity for all families—not just the children of millionaires and billionaires. President Trump and Secretary McMahon are intentionally trampling on students and borrowers' rights and making life more expensive for tens of millions of working people, despite repeated campaign promises to do the exact opposite. And as a result, they are putting the broader economy at risk.

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<sup>1</sup> Letter from Jonathan Glater, Professor of Law, U.C. Berkeley & Dalie Jiménez, Professor of Law, U.C. Irvine, to Senate Committee on Health, Education, Labor, and Pensions regarding economic analysis of the higher education finance landscape (May 19, 2025) at 3, available at <https://protectborrowers.org/wp-content/uploads/2025/05/FINAL-FOR-HELP-SLLI-Economic-Analysis-of-Student-Loan-Market-and-Future-Policy.pdf>.

<sup>2</sup> See, e.g., Jennifer Zhang, *Deep Dive: House Reconciliation Bill Makes Paying for College More Expensive and Risky for Students and Working Families*, Student Borrower Protection Ctr. (May 6, 2025), <https://protectborrowers.org/deep-dive-house-reconciliation-bill-makes-paying-for-college-more-expensive-risky/>.

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When Secretary McMahon recently preached in the *Wall Street Journal* that “student loans must always be paid back,” she rewrites history to fit her own policy preferences—ignoring decades-old higher education laws invoked repeatedly by administrations of both parties to help borrowers stay afloat.<sup>3</sup> For over three decades, millions of federal student loan borrowers have had broad rights to affordable payments, payment and interest relief, and ultimately, debt cancellation.<sup>4</sup> What makes student debt unique is not that it “must always be paid back,” regardless of circumstance, but rather that federal law guarantees that borrowers have an off-ramp when the debt itself becomes burdensome.

The student loan system has failed to keep these promises in the past—denying debt relief outright to eligible borrowers or steering borrowers away from opportunities for debt relief through red tape, predatory practices by student loan companies, and other mismanagement of the student loan system.<sup>5</sup> Recognizing this long history of failure offers important context for Secretary McMahon’s effort to claim the moral high ground—the economic, legal, and moral case to broadly cancel student debt is stronger for the government’s legacy of mismanagement and abuse.

We deserve to live in a country where public college is free and there is no student debt; where higher education is an engine of upward mobility and no one is forced to forgo their dreams because they cannot afford the rising cost of a degree. I’m incredibly grateful for Ranking Member Sanders’ leadership in these fights.

Americans have lost trust in higher education institutions and in the student loan system because lawmakers have repeatedly failed to govern as college costs climbed, predatory schools and private companies siphoned off billions in public “taxpayer dollars,” and tens of millions of families were crushed under unaffordable student debt. Rather than make life harder for working people in pursuit of yet another round of tax cuts for billionaires and corporations, we should meet working people where they are—cancelling student debt and making college free for everyone.

#### **A brief history of America’s broken student loan system**

To understand the stakes of the current moment, we must look back to how student debt became the largest form of non-mortgage household debt for most of the past 15 years.<sup>6</sup> The deterioration of state

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<sup>3</sup> Linda McMahon, Opinion, *Linda McMahon: Accountability Returns to Student Loans*, Wall St. J. (Apr. 21, 2025), <https://www.wsj.com/opinion/accountability-returns-to-student-loans-forgiveness-borrower-debt-payment-9508da8d>.

<sup>4</sup> For further discussion, see Student Borrower Protection Ctr. & Demos, *Delivering on Debt Relief* (Nov. 2020), [https://protectiborrowers.org/debtreliefreport\\_lp/](https://protectiborrowers.org/debtreliefreport_lp/).

<sup>5</sup> See *id.*

<sup>6</sup> See Fed. Res. Bd., *G.19 Consumer Credit March 2025* (May 7, 2025), <https://www.federalreserve.gov/releases/g19/current/g19.pdf> (showing student debt as the second largest consumer debt after mortgages from 2020 through 2025); Fed. Res. Bd., *Consumer Credit Outstanding (Levels)*, Memo (last updated May 7, 2025), [https://www.federalreserve.gov/releases/g19/HIST/cc\\_hist\\_memo\\_levels.html](https://www.federalreserve.gov/releases/g19/HIST/cc_hist_memo_levels.html) (tracking outstanding student debt beginning in 2006 Q1, and showing outstanding student debt surpassing motor vehicle loan debt in 2009 Q3); Fed. Res. Bank of N.Y., Ctr. for Microeconomic Data, *Quarterly Report on Household Debt and*

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budgets<sup>7</sup> combined with the destabilization of family budgets and destruction of family wealth following the Great Recession,<sup>8</sup> along with years of uncertain labor markets, increased the number of families and workers seeking education and training,<sup>9</sup> with debt as the primary financing mechanism. The rise of high-debt for-profit colleges,<sup>10</sup> the rapid rise in costs at public colleges,<sup>11</sup> and continued increases in living expenses, particularly rent,<sup>12</sup> in communities across the country, created a perfect storm that resulted in record increases in student loan debt.

By 2020, on the eve of the COVID-19 pandemic, the rapid increase in college costs and student loan borrowing that followed the Great Recession had stabilized, with each new cohort of students borrowing

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*Credit* (2025 Q1), at 3 (released May 2025).

[https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/HHDC\\_2025Q1](https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/HHDC_2025Q1) (showing that student debt has been the second-largest consumer debt behind mortgages since 2010, Q2, with the exception of a portion of 2024—likely a function of the pandemic-era pause on interest charges slowing overall growth. Beginning with the resumption of interest charges in the fourth quarter of 2023, the student loan market grew faster than the auto loan market and will likely regain its position as the largest class of non-mortgage consumer debt in 2025).

<sup>7</sup> See Michael Mitchell, Michael Leachman & Kathleen Masterson, *A Lost Decade in Higher Education Funding: State Cuts Have Driven Up Tuition and Reduced Quality*, Ctr. on Bud. & Pol. Priorities (Aug. 23, 2017), <https://www.cbpp.org/research/a-lost-decade-in-higher-education-funding> (finding only a modest increase in state investments in two- and four-year institutions following recession lows, thereby shifting the cost of tuition increases from states to students); Michael Mitchell, Michael Leachman, Kathleen Masterson & Samantha Waxman, *Unkept Promises: State Cuts to Higher Education Threaten Access and Equity*, Ctr. on Bud. & Pol. Priorities (Oct. 4, 2018), <https://www.cbpp.org/research/state-budget-and-tax/unkept-promises-state-cuts-to-higher-education-threaten-access-and> (“Rising tuition threatens affordability and access leaving students and their families—including those whose annual wages have stagnated or fallen over recent decades—either saddled with onerous debt or unable to afford college altogether. This is especially true for students of color (who have historically faced large barriers to attending college), low-income students, and students from non-traditional backgrounds. Higher costs jeopardize not only the prospects of those individual students but also the outlook for whole communities and states, which are increasingly reliant on highly educated workforces to grow and thrive.”).

<sup>8</sup> See Fabian T. Pfeffer, Sheldon Danziger & Robert F. Schoeni, *Wealth Disparities Before and After the Great Recession*, 650 *Annals Am. Acad. of Pol. & Soc. Sci.* 1, 98-123 (Sept. 25, 2013).

<https://doi.org/10.1177/0002716213497452> (finding that while all socioeconomic groups experienced a wealth decline following the Great Recession, less advantaged groups suffered the greatest percentage decline, leading to a substantial rise in wealth inequality).

<sup>9</sup> See, e.g., Jill Barshay, *How the last recession affected higher education. Will history repeat itself?*, Hechinger Rep. (Apr. 6, 2020), <https://hechingerreport.org/how-the-2008-great-recession-affected-higher-education-will-history-repeat/> (finding that community college enrollment surged after the Great Recession).

<sup>10</sup> See Stephanie Riegg Cellini, *The alarming rise in for-profit college enrollment*, Brookings Inst. (Nov. 2, 2020) <https://www.brookings.edu/articles/the-alarming-rise-in-for-profit-college-enrollment/> (finding that in Fall 2020, “enrollment in for-profit institutions rose by 13% among first-time students aged 21-24 and rose by 15% among those aged 25-29. Contrast this to public four-year institutions, where enrollment for the same age groups saw declines of over 20%.”).

<sup>11</sup> See Michael Mitchell, Michael Leachman & Matt Saenz, *State Higher Education Funding Cuts Have Pushed Costs to Students, Worsened Inequality*, Ctr. on Bud. & Pol. Priorities (Oct. 24, 2019), <https://www.cbpp.org/research/state-budget-and-tax/state-higher-education-funding-cuts-have-pushed-costs-to-students>.

<sup>12</sup> See Joint Ctr. Housing Studies of Harvard U., *The State of the Nation’s Housing 2020* (Nov. 30, 2020) [https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard\\_JCHS\\_The\\_State\\_of\\_the\\_Nations\\_Housing\\_2020\\_Report\\_Revised\\_120720.pdf](https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2020_Report_Revised_120720.pdf) (“[T]he total number of cost-burdened renters last year was still 5.6 million higher than in 2001. For lowest-income renter households . . . conditions have barely improved since 2011.”).

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less, on average, than the year prior.<sup>13</sup> Yet despite substantial declines in year-over-year borrowing, by 2020 more Americans owed a student loan and a typical student loan borrower was deeper in debt than at any point in American history.<sup>14</sup>

At that key moment, as nearly 1-in-6 American adults<sup>15</sup> were borrowers contending with the student loan system, there was broad, bipartisan agreement that the system was broken. Fully 1-in-4 student loan borrowers were past-due or in default on a federal student loan.<sup>16</sup> More than 1 million people with student loans defaulted on a debt every year—an average of one loan default every 26 seconds.<sup>17</sup>

This distress persisted year after year, driven in part by well-documented government mismanagement and student loan industry abuses. These illegal acts and practices have affected every type of borrower, with every type of loan, at every stage of repayment.<sup>18</sup> For example, over the past decade, student loan servicers have been caught by regulators:

- Illegally denying regulators’ access to data about a company’s customers, hindering a government effort to alert these borrowers about their rights to student debt relief.<sup>19</sup>

<sup>13</sup> See U.S. Dep’t of Educ., *Student Loans Overview: Fiscal Year 2025 Budget Proposal* <https://www.ed.gov/sites/ed/files/about/overview/budget/budget25/justifications/t-slooverview.pdf> (accessed May 17, 2025) [hereinafter *ED FY25 Budget Proposal*].

<sup>14</sup> See *ED FY25 Budget Proposal*.

<sup>15</sup> Based on calculations of outstanding student loan borrowers in the United States and total population age 18 and over. Fed. Res. Bank of N.Y., Ctr. for Microeconomic Data, *2025 Student Loan Update* (accessed May 18, 2025), [https://www.newyorkfed.org/medialibrary/Interactives/householdcredit/data/xls/Student-loan-update-2025-Mangrum.xlsx?sc\\_lang=en](https://www.newyorkfed.org/medialibrary/Interactives/householdcredit/data/xls/Student-loan-update-2025-Mangrum.xlsx?sc_lang=en) (finding 43.1 million outstanding student loan borrowers in 2020); Laura Blakeslee, *Age and Sex Composition: 2020*, U.S. Census Bureau (May 2023) at 2 (Table 1), <https://www2.census.gov/library/publications/decennial/2020/census-briefs/c2020br-06.pdf> (finding 258 million persons age 18 and over in the United States in 2020).

<sup>16</sup> See Andrew F. Haughwout et al., *Student Loan Delinquencies Are Back, and Credit Scores Take a Tumble*, Fed. Res. Bank of N.Y., Liberty Street Economics (May 13, 2025), <https://libertystreeteconomics.newyorkfed.org/2025/05/student-loan-delinquencies-are-back-and-credit-scores-take-a-tumble/> (showing 22.1% of student loan borrowers as past due in 2020 Q1).

<sup>17</sup> Ben Kaufman, *New Data Show Student Loan Defaults Spiked in 2019—A Warning to DeVos amid Economic Fallout*, Student Borrower Prot. Ctr. (Mar. 13, 2020), <https://protectborrowers.org/every-26-seconds/>.

<sup>18</sup> See, e.g., *Consumer Fin. Prot. Bureau v. Navient Corp.*, 2017 WL 3380530 (M.D. Pa. Aug. 4, 2017); *Lawson-Ross v. Great Lakes Higher Education Corp.*, No. 18-14490 (11th Cir. 2020); *Grewal v. Navient Corp.*, No. ESX-C-172-2020 (N.J. Super. Ct. Ch. Div. Oct. 20, 2020); *People v. Pennsylvania Higher Educ. Assistance Agency*, No. 1:2019cv09155 (S.D.N.Y. Oct. 3, 2019); *Vullo v. Conduent Educ. Services* (Jan. 4, 2019) (consent order); *Nelson v. Great Lakes Higher Education Corp.*, No. 18-1531 (7th Cir. 2019); *People v. Navient Corp.*, No. CGC-18-567732 (Cal. Super. Ct. Nov. 1, 2018) (first amended complaint); *Mississippi v. Navient Corp.*, No. 25CH1:18-CV-00982 (Miss. Ch. Ct. Hinds Cty. July 17, 2018); *Commonwealth v. Navient Corp.*, No. 19-2116 (M.D. Pa. Oct. 5, 2017); *Marek v. Navient Corp.*, 2017 WL 2881606 (N.D. Ohio July 6, 2017); *People v. Navient Corp.*, No. 17CH761 (Ill. Cir. Ct. Cook Cty. Jan. 18, 2017) (complaint).

<sup>19</sup> See Press Release, *DFPI Takes Action Against MOHELA to Protect California Student Loan Borrowers*, Cal. Dep’t of Fin. Protection & Innovation (Apr. 24, 2024) [https://dfpi.ca.gov/press\\_release/dfpi-takes-action-against-mohela-to-protect-california-student-loan-borrowers/](https://dfpi.ca.gov/press_release/dfpi-takes-action-against-mohela-to-protect-california-student-loan-borrowers/).

- Illegally denying or failing to approve applications for affordable loan payments under Income-Driven Repayment (IDR), forcing borrowers to pay more than they owe and increasing interest charges.<sup>20</sup>
- Harvesting late fees from borrowers by engaging in a scheme to maximize the number of payments counted as late payments.<sup>21</sup>
- Deceiving borrowers who have made extra payments on their loans about how interest would be charged.<sup>22</sup>
- Covering up improper loan deferments and illegally failing to address the increased interest charges these errors imposed on people with student debt.<sup>23</sup>
- Engineering a scheme to deceive borrowers and maximize interest charges when borrowers used multiple deferments or forbearances over extended periods of time.<sup>24</sup>
- Lying to borrowers about whether late fees may be charged on loans held by the Department of Education.<sup>25</sup>
- Failing to inform borrowers with private student loans that pausing loan payments will forfeit other consumer protections, including the right to release a co-signer.<sup>26</sup>
- Illegally increasing borrowers' interest rates when one creditor sold student loans to a different investor, resulting in a botched servicing transfer.<sup>27</sup>
- Illegally "auto-defaulting" student loan borrowers when a loan's cosigner filed for bankruptcy, regardless of whether the borrower was current on all payments.<sup>28</sup>

In addition, federal and state law enforcement officials have taken enforcement actions and filed lawsuits against servicers, including, for example:

- In 2014, the Federal Deposit Insurance Corporation (FDIC) and the U.S. Department of Justice each took an enforcement action against Sallie Mae and Navient for a range of abuses, including violations of the Servicemember Civil Relief Act that resulted in \$60 million being returned to nearly 78,000 military borrowers.<sup>29</sup>

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<sup>20</sup> See Consumer Fin. Prot. Bureau, *Supervisory Highlights* (Fall 2016), [https://www.consumerfinance.gov/documents/1389/Supervisory\\_Highlights\\_Issue\\_13\\_Final\\_10.31.16.pdf](https://www.consumerfinance.gov/documents/1389/Supervisory_Highlights_Issue_13_Final_10.31.16.pdf).

<sup>21</sup> See *id.*

<sup>22</sup> See *id.*

<sup>23</sup> See Consumer Fin. Prot. Bureau, *Supervisory Highlights* (April 2017), [https://www.consumerfinance.gov/documents/4608/201704\\_cfpb\\_Supervisory-Highlights\\_Issue-15.pdf](https://www.consumerfinance.gov/documents/4608/201704_cfpb_Supervisory-Highlights_Issue-15.pdf).

<sup>24</sup> See *id.*

<sup>25</sup> See Consumer Fin. Prot. Bureau, *Supervisory Highlights* (Fall 2015), [http://files.consumerfinance.gov/f/201510\\_cfpb\\_supervisory-highlights.pdf](http://files.consumerfinance.gov/f/201510_cfpb_supervisory-highlights.pdf).

<sup>26</sup> See Consumer Fin. Prot. Bureau, *Supervisory Highlights* (Winter 2016), [http://files.consumerfinance.gov/f/201603\\_cfpb\\_supervisory-highlights.pdf](http://files.consumerfinance.gov/f/201603_cfpb_supervisory-highlights.pdf).

<sup>27</sup> See *id.*

<sup>28</sup> See *id.*

<sup>29</sup> See, e.g., Press Release, U.S. Dep't of Justice, *Nearly 78,000 Service Members to Begin Receiving \$60 Million Under Department of Justice Settlement with Navient for Overcharging on Student Loans* (May 28, 2015), <https://www.justice.gov/opa/pr/nearly-78000-service-members-begin-receiving-60-million-under-department->

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- In 2015, the CFPB took action against Discover Bank for deceiving borrowers about how much they owed each month and making illegal debt collection calls to borrowers early in the morning and late at night.<sup>30</sup>
- In 2016, the CFPB found that Wells Fargo was illegally harvesting late fees from student loan borrowers who paid less than the amount due each month.<sup>31</sup>
- In 2017, the CFPB took action against Navient, along with state attorneys general in Washington, Pennsylvania, and Illinois, for illegally steering borrowers into forbearance—a repayment option designed to assist borrowers experiencing short-term financial hardship—when borrowers have a right under federal law to enroll in repayment plans that allow for lower monthly payments over the long-term and that entitle them to eventual loan forgiveness.<sup>32</sup>
- Enforcement officials’ investigation into Navient also found that:
  - o Navient failed to properly inform borrowers of the need to renew their IDR repayment plans and failed to properly process those renewals, resulting in interest capitalization on borrowers’ loans.<sup>33</sup>
  - o Navient was misreporting to credit bureaus that loans were in default when they were in fact discharged under total and permanent disability discharge, including loans owed by servicemembers with service-connected disabilities.<sup>34</sup>
  - o Navient falsely represented to borrowers with cosigned loans the criteria for cosigner release and denied borrowers with the stated criteria.<sup>35</sup>
- In late 2017, the CFPB took action against Citibank for deceiving borrowers about tax-deduction benefits, incorrectly charging late fees, and, like in the Discover case, overstating the minimum amount owed.<sup>36</sup>
- In 2017, the Commonwealth of Massachusetts brought an enforcement action against the Pennsylvania Higher Education Assistance Agency, finding that the company cheated teachers

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[justice-settlement](#). Further, state attorneys general have increased the volume of enforcement actions in this market, bringing high profile cases against a range of actors.

<sup>30</sup> *In Re Discover Bank, The Student Loan Corporation, and Discover Products, Inc.*, Administrative Proceeding File No. 2015-CFPB-0016, Dkt. 1, (July 22, 2015), [https://files.consumerfinance.gov/f/201507\\_cfpb\\_consent-order-in-the-matter-of-discover-bank-student-loan-corporation.pdf](https://files.consumerfinance.gov/f/201507_cfpb_consent-order-in-the-matter-of-discover-bank-student-loan-corporation.pdf).

<sup>31</sup> *In Re Wells Fargo Bank, N.A.*, Administrative Proceeding File No. 2016-CFPB-0013, Dkt. 1, (Aug. 22, 2016), [https://files.consumerfinance.gov/f/documents/2016-CFPB-0013Wells\\_Fargo\\_Bank\\_N.A.--\\_Consent\\_Order.pdf](https://files.consumerfinance.gov/f/documents/2016-CFPB-0013Wells_Fargo_Bank_N.A.--_Consent_Order.pdf).

<sup>32</sup> *Consumer Fin. Protect. Bureau v. Navient Corp. et. al.*, Case No. 3:17-cv-00101-RDM, Dkt. 1 at ¶1-6, (M.D. PA. Jan. 18, 2017), [https://files.consumerfinance.gov/f/documents/201701\\_cfpb\\_Navient-Pioneer-Credit-Recovery-complaint.pdf](https://files.consumerfinance.gov/f/documents/201701_cfpb_Navient-Pioneer-Credit-Recovery-complaint.pdf) [hereinafter *CFPB v. Navient*]; Press Release, *AG Ferguson Files Suit Against Sallie Mae Offshoot Navient Corp., Announces Student Loan Bill of Rights Legislation*, Wash. State Off. of the Att’y Gen. (Jan. 18, 2017), <https://www.atg.wa.gov/news/news-releases/ag-ferguson-files-suit-against-sallie-mae-offshoot-navient-corp-announces-student>.

<sup>33</sup> *CFPB v. Navient*.

<sup>34</sup> *CFPB v. Navient*.

<sup>35</sup> *CFPB v. Navient*.

<sup>36</sup> *CFPB Takes Action Against Citibank For Student Loan Servicing Failures That Harmed Borrowers*, Consumer Fin. Protect. Bureau (Nov. 21, 2017), <https://www.consumerfinance.gov/about-us/newsroom/cfpb-takes-action-against-citibank-student-loan-servicing-failures-harmed-borrowers/>.

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and other public service workers out of their rights to have debts canceled under the Public Service Loan Forgiveness program.<sup>37</sup> The action was settled in 2021.

- In 2019, New York law enforcement officials announced a settlement with the student loan servicer Conduent, formerly known as ACS, for steering borrowers into forbearance and other illegal servicing practices.<sup>38</sup>
- In 2020, the CFPB, then under the leadership of a Republican agency head, took another action against Discover Bank for violating the terms of its prior settlement with the agency and continuing to cheat borrowers out of their rights.<sup>39</sup>
- In 2022, following nearly three years of litigation, the Pennsylvania Higher Education Assistance Agency settled charges brought by the New York Attorney General that it cheated public service workers out of their rights to loan forgiveness and affordable loan payments.<sup>40</sup>
- In 2022, Navient settled with 39 state attorneys general to resolve claims related to forbearance steering and predatory subprime lending to students attending for-profit schools.<sup>41</sup> The company agreed to pay \$1.85 billion to resolve the allegations.
- In 2024, Navient agreed to a settlement with the CFPB that returned \$100 million to student loan borrowers and permanently banned Navient from the federal student loan servicing industry.<sup>42</sup>

Consider the story of one borrower who reached out to SBPC for help after decades of struggle. “Marie” consolidated her loans in 1995 with a loan balance of less than \$9,000. More than 25 years later, her loan balance is now over \$105,000. Her servicer, American Education Services (AES) never informed her of IDR options and steered her into costly forbearances and deferments, which exacerbated the exponential growth of her loan balance.

During this time, Marie was earning an average gross income of \$20,000 for a household of two and would have qualified for \$0 or very low payments under IDR. But for her servicer’s abusive practices, Marie could have been debt free long ago. Thanks to the assistance of a legal services attorney who

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<sup>37</sup> *Commonwealth v. Pennsylvania Higher Educ. Assistance Agency*, No. 1784CV02682-BLS2, 2018 WL 1137520, Dkt. 1. (Mass. Super. Mar. 1, 2018).

<sup>38</sup> Press Release, Attorney General James And Superintendent Vullo Announce \$9 Million Settlement Of Federal Student Loan Servicing Claims With Acs Education Services, N.Y. Att’y Gen. (Jan. 4, 2019), <https://ag.ny.gov/press-release/attorney-general-james-and-superintendent-vullo-announce-9-million-settlement-federal>.

<sup>39</sup> Press Release, Consumer Financial Protection Bureau Settles with Student Loan Servicers Discover Bank, The Student Loan Corporation, and Discover Products, Inc. for Violating a Bureau Consent Order and Other Unlawful Practices, Consumer Fin. Protect. Bureau (Dec. 22, 2020), <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-settles-with-student-loan-servicers-discover-bank-the-student-loan-corporation-and-discover-products-inc-for-violating-a-bureau-consent-order-and-other-unlawful-practices/>.

<sup>40</sup> Press Release, Attorney General James Secures Student Debt Relief for Thousands of New Yorkers, N.Y. Att’y Gen., (Apr. 28, 2022), <https://ag.ny.gov/press-release/2022/attorney-general-james-secures-student-debt-relief-thousands-new-yorkers>.

<sup>41</sup> See generally Navient AG Multi-State Settlement, 39 State Attorneys General Announce \$1.85 Billion Settlement with Student Loan Servicer Navient (Jan. 13, 2022), <https://www.navientagsettlement.com/Home/portalid/0> (last accessed Apr. 9, 2024).

<sup>42</sup> Press Release, CFPB Bans Navient from Federal Student Loan Servicing, Consumer Fin. Prot. Bureau (Sep. 12, 2024), <https://www.consumerfinance.gov/about-us/newsroom/cfpb-bans-navient-from-federal-student-loan-servicing-and-orders-the-company-to-pay-120-million-for-wide-ranging-student-lending-failures/>.

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helped her consolidate her loan into the Direct loan program, Marie's loans have been cancelled through the IDR Account Adjustment—an initiative enacted by the Biden Administration to rectify these types of servicing failures.

The impact of abuses like those encountered by Marie have caused millions of student loan borrowers to needlessly spend additional years, and in some cases, decades trapped in unaffordable student loan debt.

At its core, President Trump's decision during his first administration to shut down the student loan system in the early days of the pandemic recognized that the Education Department and its private-sector contractors could not be trusted to protect people through an historic economic and public health crisis.

### **The Trump Administration's student loan policies hurt borrowers and the economy**

Within the critical context of these abuses across the student loan market, and then-President Trump's early leadership in delivering debt relief to tens of millions of people, the current administration's actions are all the more shocking and heartbreaking.

As mentioned above, **more than 1-in-12 U.S. adults will be negatively affected by the Trump Administration's early executive actions in the student loan market.**<sup>43</sup> These borrowers include:

- **Nearly 8 million people enrolled in the Saving on a Valuable Education plan (SAVE) and who were then stuck in limbo due to the administration's ham-handed response to legacy right-wing lawfare.**<sup>44</sup> The Biden Administration's effort to deliver payment relief to millions of people has faced ferocious opposition from Republican state attorneys general, who ultimately succeeded in securing a preliminary order from a federal court pausing this critical borrower protection.<sup>45</sup> The Trump Administration inherited this dysfunction and added to the confusion and chaos—blocking these borrowers from switching to other IDR options and allowing an unprecedented backlog of IDR applications to grow to nearly 2 million.<sup>46</sup> Later this year, we

<sup>43</sup> Letter from Jonathan Glater, Professor of Law, U.C. Berkeley & Dalie Jiménez, Professor of Law, U.C. Irvine, to Senate Committee on Health, Education, Labor, and Pensions regarding economic analysis of the higher education finance landscape (May 19, 2025) at 3, available at <https://protectborrowers.org/wp-content/uploads/2025/05/FINAL-FOR-HELP-SLLI-Economic-Analysis-of-Student-Loan-Market-and-Future-Policy.pdf>.

<sup>44</sup> *Id.* (observing that the U.S. Department of Education's quarterly portfolio data shows that 7.84 million borrowers were enrolled in the SAVE plan as of the second quarter of 2025, and that, according to the Department of Education's website, all of these borrowers are presently in an interest-free forbearance tied to litigation challenging the SAVE plan).

<sup>45</sup> Katie Lobosco, *Student loan payments will be paused for 8 million borrowers after appeals court temporarily halts Biden's repayment plan*, CNN (Jul. 19, 2024), <https://edition.cnn.com/2024/07/19/politics/student-loan-save-plan-payments-paused/index.html>.

<sup>46</sup> See Testimony of Bonnie Latreille before the U.S. Senate, *Stealing the American Dream: How Trump and Republicans are Raising Education Costs for Families* (May 14, 2025), <https://protectborrowers.org/wp-content/uploads/2025/05/Bonnie-Latreille-Senate-Testimony-May-2025-1.pdf>; Status Report at 1, *Am. Fed. of*

expect these borrowers to be thrown back into repayment and see their monthly payments spike in comparison to what they were paying under SAVE. We know that when borrowers cannot afford their monthly payments, delinquency and default quickly follow.<sup>47</sup>

- **More than 6 million people in default on a student loan who now face wage garnishment and the seizure of their Social Security checks and tax refunds.**<sup>48</sup> On May 5, 2025, the Education Department resumed the process of taking money by force from 5.3 million borrowers in default—restarting a debt collection system that fails to deliver for borrowers or the government.<sup>49</sup> It also gave the green light to the remnants of the guaranteed student loan system to restart forced collections against 750,000 additional borrowers.<sup>50</sup> These are borrowers who had defaulted on their loans before the pandemic—borrowers who are disproportionately lower-income and disproportionately borrowers who never completed a college degree.<sup>51</sup> Education policymakers of both parties have failed these borrowers at multiple points, in some cases over decades—driving economically vulnerable people deep into poverty to repay debts that no private-sector creditor would still pursue. These borrowers are often forced to pay more on their loans than similar non-defaulted borrowers, and yet those payments do not count towards critical relief programs, and rarely do they make a dent in the borrower's balance.<sup>52</sup> Maintaining an

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*Teachers v. U.S. Dep't of Ed.* (D.D.C., May 15, 2025) (No. 1:25-cv-802-RBW)

<https://storage.courtlistener.com/recap/gov.uscourts.dcd.278527/gov.uscourts.dcd.278527.36.0.pdf>.

<sup>47</sup> For further discussion of the role that income-driven repayment options play in assisting borrowers in avoiding delinquency and default, see Improving Income Driven Repayment for the William D. Ford Federal Direct Loan Program and the Federal Family Education Loan Program, 88 Fed. Reg. 43820 (July 10, 2023), available at <https://www.federalregister.gov/documents/2023/07/10/2023-13112/improving-income-driven-repayment-for-the-william-d-ford-federal-direct-loan-program-and-the-federal>.

<sup>48</sup> Letter from Jonathan Glater, Professor of Law, U.C. Berkeley & Dalie Jiménez, Professor of Law, U.C. Irvine, to Senate Committee on Health, Education, Labor, and Pensions regarding economic analysis of the higher education finance landscape (May 19, 2025) at 3, available at <https://protectborrowers.org/wp-content/uploads/2025/05/FINAL-FOR-HELP-SLLI-Economic-Analysis-of-Student-Loan-Market-and-Future-Policy.pdf>.

<sup>49</sup> *Id.*; see also Press Release, *U.S. Department of Education to Begin Federal Student Loan Collections, Other Actions to Help Borrowers Get Back Into Repayment*, U.S. Dep't of Educ. (Apr. 21, 2025), <https://www.ed.gov/about/news/press-release/us-department-of-education-begin-federal-student-loan-collections-other-actions-help-borrowers-get-back-repayment>.

<sup>50</sup> Letter from Jonathan Glater, Professor of Law, U.C. Berkeley & Dalie Jiménez, Professor of Law, U.C. Irvine, to Senate Committee on Health, Education, Labor, and Pensions regarding economic analysis of the higher education finance landscape (May 19, 2025) at 3, available at <https://protectborrowers.org/wp-content/uploads/2025/05/FINAL-FOR-HELP-SLLI-Economic-Analysis-of-Student-Loan-Market-and-Future-Policy.pdf>.

<sup>51</sup> For further discussion, see Tia Caldwell & Sarah Sattlemeyer, *Millions Spend Years in Student Loan Default*, New Am. (Jan. 17, 2024); <https://www.newamerica.org/education-policy/edcentral/millions-spend-years-in-student-loan-default/>. For a more detailed discussion of the causes and consequences of student loan default, see Student Borrower Protection Center, *Beyond Fresh Start Paper Series* (Aug. 2022), <https://protectborrowers.org/wp-content/uploads/2022/08/Beyond-Fresh-Start.pdf>.

<sup>52</sup> See Abby Shafroth & Kyra Taylor, *Delivering Distress to Borrowers in Default*, Nat'l Consumer L. Ctr. (Oct. 2023), <https://www.nclc.org/wp-content/uploads/2023/10/Delivering-Distress-to-Borrowers-in-Default.pdf> (describing how borrowers end up paying more in default than they would otherwise owe under an income-driven repayment plan); Gov't Accountability Off., *Relief for Older Americans with Student Loans* (Jan. 31, 2017),

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underclass of borrowers with persistent, long-term student loan defaults is not a series of individual failings, it is a shameful failure of public policy.

- **Nearly 7.5 million people careening towards a preventable default cliff, including nearly 6 million people who have already experienced damaged credit.**<sup>53</sup> Preventing the default of this cohort of distressed borrowers should be the highest priority for Secretary McMahon and for this committee—these borrowers are experiencing direct financial harm at an unprecedented scale. Because the student loan system suppresses negative information about borrowers’ repayment status until they are 90 days past due, these borrowers experience a credit shock that is unique to the student loan system.<sup>54</sup> A single student loan falling 90 days past due causes enough damage to borrowers’ credit to push even super-prime borrowers down to subprime and push a typical student loan borrower into deep subprime.<sup>55</sup> As a result, these borrowers will be locked out of the traditional mortgage market, see the cost of a car loan double, may lose access to insurance, and may no longer be able to pass a background check to rent an apartment or get a job.<sup>56</sup>

There is a common thread across these three categories of borrowers—these borrowers and the government would both benefit from an affordable loan repayment option that allows borrowers to get back on track and allows the government to responsibly administer the student loan program. This view remains a point of bipartisan consensus—even Chairman Cassidy has introduced legislation that provides for an income-driven repayment scheme that would deliver payment relief and expedited cancellation to some borrowers,<sup>57</sup> even if experts believe that it does not go far enough.

That is what makes the Trump Administration’s rush to return to repayment all the more shocking—by prioritizing harm over help and moralizing about borrowers’ obligations to repay while blocking their attempts to do so, Secretary McMahon isn’t just hurting working people, she’s mismanaging the student loan portfolio and may cost the government billions of dollars in lost revenue.<sup>58</sup>

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<https://www.gao.gov/blog/2017/01/31/relief-for-older-americans-with-student-loans> (finding that many older borrowers subject to Social Security offsets are actually eligible for other debt relief options, including loan discharge, but face obstacles when trying to access these programs).

<sup>53</sup> Letter from Jonathan Glater, Professor of Law, U.C. Berkeley & Dalie Jiménez, Professor of Law, U.C. Irvine, to Senate Committee on Health, Education, Labor, and Pensions regarding economic analysis of the higher education finance landscape (May 19, 2025) at 3, available at <https://protectborrowers.org/wp-content/uploads/2025/05/FINAL-FOR-HELP-SLLI-Economic-Analysis-of-Student-Loan-Market-and-Future-Policy.pdf>.

<sup>54</sup> *Id.*

<sup>55</sup> *Id.*

<sup>56</sup> *Id.*

<sup>57</sup> Press Release, Sen. John Cornyn, *Cornyn, Cassidy Introduce Bill to Simplify Student Loan Repayment Process* (June 14, 2023), <https://www.cornyn.senate.gov/newsroom/cornyn-cassidy-introduce-bill-to-simplify-student-loan-repayment-process/>.

<sup>58</sup> See, e.g., U.S. Dep’t of Educ., *Student Loans Overview: Fiscal Year 2025 Budget Proposal* (accessed May 17, 2025), <https://www.ed.gov/sites/ed/files/about/overview/budget/budget25/justifications/t-sloview.pdf>. According to the Education Department’s own estimates, the government recovers between 65% and 75% of every dollar that defaults, depending on the student loan program (*i.e.*, subsidized, unsubsidized, or PLUS). See also,

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That's because, despite the extraordinary debt collection tools available to the federal government, the Department of Education's own projections show that the government only recovers roughly two-thirds of every dollar of defaulted debt, when factoring in collection costs—a recovery rate that has declined significantly when compared to a decade ago.<sup>59</sup> In contrast, helping borrowers avoid default when they have the ability and willingness to pay is a win-win for both borrowers and the government—a rationale for adopting and expanding IDR options embraced by every prior administration for the past three decades, until now.

Consider Aaron, for example. Aaron is a student loan borrower who lives in South Carolina and is one of Senator Scott's constituents. He told us that, without payment relief, he "...[p]robably won't be able to afford it. I'm the only person working and I have two four year olds. After being out of school for over 20 years I just recently found a position with a decent salary but now everything keeps going up."<sup>60</sup>

We also heard from Brittany, a student loan borrower who lives in Missouri and is one of Senator Hawley's constituents. Brittany told us "I am a public educator in Missouri and my income is one of the lowest in the state...It feels very stressful to have to constantly worry about my student loans and the APR on the loans. It feels like no matter what I'm paying, my loans never actually decrease because the APR is so high."<sup>61</sup>

In addition to this written testimony, I have submitted to this committee dozens of other stories from borrowers just like Aaron and Brittany—people who have struggled and scraped and saved to keep their end of the bargain, only to watch President Trump, Secretary McMahon, and the student loan industry cheat them out of their rights, raise the cost of their student debt, or drive them towards default.

This is an extraordinary act of financial mismanagement that mirrors the behavior of the biggest banks in the aftermath of the financial crisis. Economists and policymakers warned that forcing families to lose their homes to foreclosure was bad for these families and for investors—that providing families with affordable loan payments would allow investors to be repaid more than they would recover through foreclosure while shielding families from catastrophic financial distress, and protecting communities and

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@EDSecMcMahon, "On May 5, @usedgov will resume collections for student loans in default. We will not allow taxpayers to take on debts that are not their own. Please visit <http://studentaid.gov> to learn more about repayment options. [video attached]." X, Apr. 22, 2015.

[https://x.com/edsecmahon/status/1914837885339025890?s=12&amp;amp;t=Fd\\_knrnZ2uwTDiAd2Z8aXQ](https://x.com/edsecmahon/status/1914837885339025890?s=12&amp;amp;t=Fd_knrnZ2uwTDiAd2Z8aXQ).

<sup>59</sup> *Id.*; but see U.S. Dep't of Educ., *Student Loans Overview: Fiscal Year 2017* (accessed May 17, 2025),

<https://www.ed.gov/sites/ed/files/about/overview/budget/budget17/justifications/q-sloview.pdf> (showing that in fiscal year 2017, the government projected that it would recover between 82% and 85% of every dollar that defaults, depending on the loan program (*i.e.*, subsidized, unsubsidized, PLUS)).

<sup>60</sup> Student Borrower Protection Ctr., *Voices Behind the Student Debt Crisis*, <https://protectborrowers.org/voices-behind-the-student-debt-crisis/> (accessed May 18, 2025).

<sup>61</sup> Student Borrower Protection Ctr., *Voices Behind the Student Debt Crisis*, <https://protectborrowers.org/voices-behind-the-student-debt-crisis/> (accessed May 18, 2025).

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the broader economy from a broad range of negative spillover effects.<sup>62</sup> In 2009, Sheila Bair, who served as chairman of the FDIC under both Presidents Bush and Obama, described an effort to modify mortgages as:

*... [A] program of shared responsibility, looking to servicers, investors, borrowers, as well as the government, to all work together and make a contribution to get these loans restructured. [Modifying mortgages to avoid foreclosures aligns] economic incentives in the right way. Because ... economic incentives have been skewed ... loan restructurings that make sense, that are more valuable than a foreclosed home, have not been happening.<sup>63</sup>*

Similarly, allowing borrowers to make affordable loan payments in the near term doesn't just protect borrowers from needless loan defaults, it also protects the public's investment in the federal student loan program.

Despite these warnings, banks conspired with loan servicers to cheat homeowners out of access to affordable mortgage payments as economic policymakers looked the other way.<sup>64</sup> These actions forced millions of families to needlessly lose their homes, devastating communities across the country.<sup>65</sup> The prolonged economic hardship faced by these families had the predictable (and predicted) spillover effects across the economy, prolonging the Great Recession and hurting every American.<sup>66</sup>

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<sup>62</sup> See, e.g., *Press Briefing with Treasury Secretary Geithner, HUD Secretary Donovan, and FDIC Chairman Bair* (Feb. 18, 2009), <https://obamawhitehouse.archives.gov/the-press-office/2009/02/18/press-briefing-with-treasury-secretary-geithner-hud-secretary-donovan-and-fdic-chairman-bair> (in which Secretary Donovan states, "But within the homeownership market you hear about these toxic assets ... really toxic mortgages in housing. ... The other thing, frankly, is the reason they've been toxic is because families haven't been able to pay. And so this will take millions of mortgages that currently aren't affordable to families and make them affordable. That will also help to stabilize the balance sheets of these banks, as well.").

<sup>63</sup> *Id.*

<sup>64</sup> See Andrews, E., *How Banks Undermined Federal Foreclosure Assistance* (2017), <https://www.gsb.stanford.edu/insights/how-banks-undermined-federal-foreclosure-assistance>; see also Alys Cohen, Arielle Cohen & Diane Thompson, *At a Crossroads: Lessons from the Home Affordable Modification Program (HAMP)*, Nat'l Consumer L. Ctr. (Jan. 22, 2013), <https://www.ncsl.org/resources/at-a-crossroads-lessons-from-the-home-affordable-modification-program-hamp/>.

<sup>65</sup> See Alys Cohen, Arielle Cohen & Diane Thompson, *At a Crossroads: Lessons from the Home Affordable Modification Program (HAMP)*, Nat'l Consumer L. Ctr. (Jan. 22, 2013), <https://www.ncsl.org/resources/at-a-crossroads-lessons-from-the-home-affordable-modification-program-hamp/>; and Diane Thompson, *Foreclosing Modifications: How Servicer Incentives Discourage Loan Modifications*, 86 Wash. L. Rev. 755 (2011), <https://digitalcommons.law.uw.edu/wlr/vol86/iss4/8>.

<sup>66</sup> *Id.*, see also Ctr. for Responsible Lending, *2013 Update: The Spillover Effects of Foreclosures* (August 2013), <https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/2013-crl-research-update-foreclosure-spillover-effects-final-aug-19-docx.pdf>.

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Now, millions of people like Aaron and Brittany are trying to repay their debts—like the borrowers who submitted the nearly 2 million unprocessed IDR applications.<sup>67</sup> Secretary McMahon and her contracted student loan servicers will not let them.<sup>68</sup>

The cohort of student loan borrowers harmed by McMahon's rush to repayment include at least 21 million people—half of all Americans with student debt.<sup>69</sup> The committee must understand that allowing student loan borrower distress of this unprecedented scale and breadth to manifest and persist is an extraordinary economic policy choice—the scale of which rivals the mass foreclosures more than a decade ago.<sup>70</sup>

These actions will shift tens of billions of dollars away from families at a moment when the economy is beginning to slow and analysts already project a recession on the horizon.<sup>71</sup> More than just driving tens of millions of people into financial hardship, Secretary McMahon's decision to demand payment from borrowers before fixing the broken student loan system may cause catastrophic harm to the U.S. economy and scar the family finances of a generation of working people.<sup>72</sup>

**The Department of Education Has become a carnival of corruption, and Secretary McMahon is the ringmaster**

<sup>67</sup> Status Report at 1, *Am. Fed. of Teachers v. U.S. Dep't of Ed.* (D.D.C., May 15, 2025) (No. 1:25-cv-802-RBW) <https://storage.courtlistener.com/recap/gov.uscourts.dcd.278527/gov.uscourts.dcd.278527.36.0.pdf>.

<sup>68</sup> See Complaint, *Am. Fed. of Teachers v. U.S. Dep't of Ed.* (D.D.C., Mar. 18, 2025) (No. 1:25-cv-802-RBW), <https://storage.courtlistener.com/recap/gov.uscourts.dcd.278527/gov.uscourts.dcd.278527.1.0.1.pdf>.

<sup>69</sup> Letter from Jonathan Glater, Professor of Law, U.C. Berkeley & Dalie Jiménez, Professor of Law, U.C. Irvine, to Senate Committee on Health, Education, Labor, and Pensions regarding economic analysis of the higher education finance landscape (May 19, 2025) at 3, available at <https://protectborrowers.org/wp-content/uploads/2025/05/FINAL-FOR-HELP-SLLI-Economic-Analysis-of-Student-Loan-Market-and-Future-Policy.pdf>.

<sup>70</sup> See William R. Emmons, *The End is in Sight for the U.S. Foreclosure Crisis*, Fed. Res. Bank of St. Louis (Dec. 2, 2016), <https://www.stlouisfed.org/on-the-economy/2016/december/end-sight-us-foreclosure-crisis> ("This nearly 10-year nationwide foreclosure crisis will have been longer and deeper than anything we've seen since the Great Depression. As many as 10 million mortgage borrowers may have lost their homes.").

<sup>71</sup> See, e.g., Bruce Kasman, *The probability of a recession remains at 60%*, J.P. Morgan (Apr. 15, 2025), <https://www.jpmorgan.com/insights/global-research/economy/recession-probability> ("Even with the latest step-back from the draconian Liberation Day measures, what remains is still enough to push the U.S. and China — and thus likely the global economy — into a recession this year.").

<sup>72</sup> See generally Michel Grosz & Tomas Monarrez, *The Effect of the Great Recession on Student Loan Borrowing and Repayment*, Fed. Res. Bank of Phila. (Apr. 2025), <https://www.philadelphiafed.org/-/media/FRBP/Assets/working-papers/2025/wp25-13.pdf> (finding that the Great Recession accounted on average for between 19-32% of the total increase in undergraduate student debt and 10-25% of the total increase in defaults); Cameron Dean, *'It may officially put us into a recession': Colorado Springs economist reacts to student loan repayments taking effect this week*, KKTV (May 7, 2025), <https://www.kktv.com/2025/05/07/it-may-officially-put-us-into-recession-colorado-springs-economist-reacts-student-loan-repayments-taking-effect-this-week/> (quoting Tom Binnings, Senior Partner at Summit Economics, "[Student loan payments] would not be a major hit, however, it's sort of one more layer . . . You have the federal layoffs, tariffs, which are increasing the cost of goods . . . I wouldn't say a major downturn, but it could soften the economy. It may officially put us into a recession towards the end of the year or maybe even before . . . The bottom line is you can't get blood from a turnip, and you can't get money from somebody who is broke.").

Private-sector companies paid billions in public money to help borrowers navigate their options are failing to deliver—borrowers are experiencing hours-long wait times, dropped calls, lost paperwork, and endless backlogs when seeking to get back on track.<sup>73</sup>

Across administrations of both parties, these student loan contractors have faced consumer protection lawsuits, negative headlines, and aggressive Congressional oversight, including from this committee. The Education Department has long struggled to manage the private-sector financial firms hired to administer the student loan system—but now, the Trump Administration is giving these companies a free pass.

We all saw this coming.

The Trump Administration tapped James Bergeron, a long-time student loan industry lobbyist, to act as the nation's top higher education official.<sup>74</sup> Secretary McMahon then tapped Bergeron to simultaneously serve as the Chief Operating Officer of Federal Student Aid—the senior official tasked with running the trillion dollar student loan program.<sup>75</sup> Public reporting indicates that, under Bergeron's leadership, the Education Department, working closely with Department of Government Efficiency (DOGE), has engaged in an extraordinary campaign to sideline or fire every single Education Department official responsible for overseeing the practices of Bergeron's former clients—shielding these firms from any accountability for their role in fomenting the coming wave of financial devastation.<sup>76</sup>

At the same time, Office of Management and Budget Director and acting CFPB chief Russ Vought has dismantled the independent financial watchdog tasked with overseeing these same companies. CFPB leadership even proclaimed publicly that it had “deprioritized” oversight in the student loan market, while repeatedly attempting to mass fire the government officials responsible for enforcing the consumer protection laws that protect borrowers.<sup>77</sup> Under Vought, CFPB has dropped enforcement actions against

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<sup>73</sup> See Testimony of Bonnie Latreille before the U.S. Senate, *Stealing the American Dream: How Trump and Republicans are Raising Education Costs for Families* (May 14, 2025), <https://protectborrowers.org/wp-content/uploads/2025/05/Bonnie-Latreille-Senate-Testimony-May-2025-1.pdf> (describing the obstacles faced by student loan borrowers who are trying to access affordable repayment options).

<sup>74</sup> See Press Release, *U.S. Department of Education Announces Additional Incoming Trump-Vance Appointees*, U.S. Dep't of Educ. (Feb. 6, 2025), <https://www.ed.gov/about/news/press-release/us-department-of-education-announces-additional-incoming-trump-vance-appointees>.

<sup>75</sup> See Press Release, *U.S. Department of Education Announces Retirement of FSA Chief Operating Officer*, U.S. Dep't of Educ. (Apr. 2, 2025), <https://www.ed.gov/about/news/press-release/us-department-of-education-announces-retirement-of-fsa-chief-operating-officer>.

<sup>76</sup> See Jordan Weissmann, *How Trump has wiped out the teams that protect student borrowers*, Yahoo! Finance (Apr. 19, 2025), <https://finance.yahoo.com/news/how-trump-has-wiped-out-the-teams-that-protect-student-borrowers-173450503.html>.

<sup>77</sup> Ayelet Sheffey, *A new internal memo from the CFPB says it will 'deprioritize' its student-loan oversight in Trump's latest move to overhaul the consumer watchdog*, Business Insider (Apr. 16, 2025), <https://www.businessinsider.com/new-internal-memo-cfpb-deprioritize-student-loans-medical-debt-trump-2025-4>.

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major student loan companies and failed to distribute relief checks to students harmed by scam schools and servicing abuses.<sup>78</sup>

At a moment when borrowers face unprecedented financial hardship and economic policymakers are forced to grapple with spillover effects that extend far beyond these families' kitchen tables, a corrupt and coordinated effort to shield student loan companies from the consequences of their actions is the last thing we need.

Two weeks ago, we joined the American Federation of Teachers (AFT) in petitioning the inspectors general for the Education Department and the CFPB to open a joint probe into the mass firings at the Department and the CFPB and, specifically, to scrutinize the role Bergeron played in engineering the withdrawal of oversight in this critical market.<sup>79</sup> Today, I urge this committee to act as well—probing the obvious conflicts of interest by Trump education policymakers and any actions taken that favor Bergeron's former clients, including MOHELA.

The ongoing effort by Bergeron and McMahon to shield MOHELA from the consequences of its abuses comes on the heels of more than 18 months of oversight, litigation, and scandals that have exposed the student loan giant's many failures. For example:

- In October 2023, the Education Department disclosed that MOHELA failed to send monthly student loan bills to 2.5 million borrowers, resulting in 800,000 borrowers missing a monthly payment.<sup>80</sup>
- In November 2023, four U.S. Senators, led by Senator Ed Markey and Senator Elizabeth Warren, sent a letter to MOHELA CEO Scott Giles demanding immediate action by the servicer to remedy the servicer's failure to notify borrowers about their obligations to repay.<sup>81</sup>

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<sup>78</sup> Press Release, *California and Eleven States Call for Answers from the CFPB Over Restitution Delays*, Cal. Dep't Fin. Protection & Innovation (May 6, 2025), [https://dfpi.ca.gov/press\\_release/california-and-eleven-states-call-for-answers-from-the-cfpb-over-restitution-delays/](https://dfpi.ca.gov/press_release/california-and-eleven-states-call-for-answers-from-the-cfpb-over-restitution-delays/); Reuters navient checks article Douglas Gillison, *Consumer watchdog payouts in limbo as agency defanged by Trump administration*, Reuters (Mar. 3, 2025), <https://www.reuters.com/world/us/consumer-watchdog-payouts-limbo-agency-defanged-by-trump-administration-2025-03-03/>.

<sup>79</sup> Press Release, *Advocates Warn Watchdogs of Trump Scheme to Protect Corrupt Student Loan Giant MOHELA*, Student Borrower Protection Ctr. (May 7, 2025), <https://protectborrowers.org/advocates-warn-watchdogs-of-trump-scheme-to-protect-corrupt-mohela/>.

<sup>80</sup> Press Release, *U.S. Department of Education Announces Withholding of Payment to Student Loan Servicer as Part of Accountability Measures for Harmed Borrowers*, U.S. Dep't of Educ. (Oct. 30, 2023), <https://web.archive.org/web/20250115232342/https://www.ed.gov/about/news/press-release/us-department-of-education-announces-withholding-of-payment-student-loan>.

<sup>81</sup> Press Release, *Markey, Warren, Van Hollen, Blumenthal Blast Student Loan Servicer MOHELA Following Repeated Billing Mistakes, Failure to Inform 2.5 Million Borrowers of Payment Deadline*, Senator Markey (Nov. 7, 2023), <https://www.markey.senate.gov/news/press-releases/markey>.

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- In February 2024, AFT and SBPC published *The MOHELA Papers*, the product of a years-long investigation into the company's mismanagement of its federal student loan servicing business.<sup>82</sup>
- In March 2024, AFT and SBPC petitioned the Education Department's Office of the Inspector General to audit MOHELA's performance under its federal servicing contract.<sup>83</sup>
- In March 2024, eight U.S. Senators, led by Senator Ed Markey, demanded answers from MOHELA CEO Scott Giles in response to allegations that his company engaged in a "call deflection" scheme to deny service to borrowers during the return to repayment.<sup>84</sup>
- In April 2024, the U.S. Senate Banking Committee held a hearing examining MOHELA's "truly shocking" track record of borrower harm.<sup>85</sup>
- In July 2024, AFT sued MOHELA for a wide range of unlawful practices, including illegally executing a "call deflection" scheme to deny service to borrowers who need help.<sup>86</sup>
- In September 2024, over 50 Members of Congress, led by Congressman Jim Clyburn and Senator Elizabeth Warren, called on the Education Department to probe MOHELA's servicing practices under its federal contract and take action to protect borrowers "including the potential termination of MOHELA's federal contract..."<sup>87</sup>
- In October 2024, AFT and SBPC warned federal financial regulators that MOHELA forced its customers to waive their rights to hold the financial firm accountable, potentially violating a range of federal and state laws.<sup>88</sup>

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<sup>82</sup> Student Borrower Protection Ctr. & Am. Fed. of Teachers, *The MOHELA Papers* (2024), <https://www.mohelapapers.org/>.

<sup>83</sup> Press Release, *MOHELA's "Cease and Desist" Letter Offers New Evidence of Mismanagement Abuse by the Scandal-Ridden Company Student Loan Company*, Student Borrower Protection Ctr. and Am. Fed. of Teachers (Mar. 29, 2024), <https://www.aft.org/press-release/mohelas-cease-and-desist-letter-offers-new-evidence-mismanagement-abuse-scandal> (in which SBPC and AFT petition the Education Department Office of the Inspector General Regarding MOHELA).

<sup>84</sup> Press Release, *Markey, Schumer, Colleagues Demand MOHELA Remedy Harms to Millions of Borrowers Following Egregious Business Practices*, Sen. Edward Markey (March 15, 2024), <https://www.markey.senate.gov/news/press-releases/markey-schumer-colleagues-demand-mohela-remedy-harms-to-millions-of-borrowers-following-egregious-business-practices>.

<sup>85</sup> Clayton Vickers, *Warren hammers student loan servicer MOHELA at hearing* "Truly shocking", The Hill (Apr. 11, 2024), <https://thehill.com/homenews/education/4588003-warren-hammers-student-loan-servicer-mohela-at-hearing-truly-shocking/>.

<sup>86</sup> Press Release, *Embattled Student Loan Servicing Giant MOHELA Hit with Groundbreaking Consumer Protection Lawsuit for Failing 8 Million Student Borrowers*, Am. Fed. of Teachers (July 22, 2024), <https://www.aft.org/press-release/embattled-student-loan-servicing-giant-mohela-hit-groundbreaking-consumer-protection>.

<sup>87</sup> Press Release, *Over 50 Members of Congress Call on Department of Education to Consider Terminating Contract with MOHELA*, Sen. Elizabeth Warren (Sept. 10, 2024), <https://www.warren.senate.gov/newsroom/press-releases/over-50-members-of-congress-call-on-department-of-education-to-consider-terminating-contract-with-mohela>.

<sup>88</sup> See Press Release, *MOHELA Was Caught Lying to Student Loan Borrowers, and Now it is Quietly Forcing Them to Waive Their Rights*, Student Borrower Protection Ctr. (Oct. 10, 2024), <https://protectborrowers.org/mohela-was-caught-lying-to-student-loan-borrowers-and-now-it-is-quietly-forcing-them-to-waive-their-rights>.

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- In October 2024, the Education Department reportedly found that MOHELA had committed widespread servicing failures, violating its government contracts.<sup>89</sup>
- In February 2025, three U.S. Senators opened a new probe into MOHELA's scheme to force its customers to waive their rights to hold the financial firm accountable.<sup>90</sup>
- In April 2025, *Yahoo Finance* reported that nine state attorneys general and financial regulators were investigating MOHELA's abuses, including its illegal call deflection scheme.<sup>91</sup>

As millions of borrowers are driven toward default on a federal student loan, we need to demand better than predatory financial firms like MOHELA. Instead, we have a level of corruption never seen before at the Department of Education, as the Secretary and her former-lobbyist deputy dismantle every remaining safeguard against mismanagement and abuse by MOHELA and its peers.

#### **Public Service Loan Forgiveness is the next front in Trump's culture war**

The graft and corruption at the Department of Education is far from the only threat to students and families at this moment. From the White House, President Trump issued an order to transition the Public Service Loan Forgiveness program into an extension of his ongoing war against his perceived opponents across civil society.<sup>92</sup> This executive order is illegal and unconstitutional.<sup>93</sup> Despite this fact, the Education Department has already announced plans to establish a negotiated rulemaking process this summer in response to this executive order.<sup>94</sup>

Though it claims to merely target illegal or undesirable activity, taken in the context of this administration's other illegal actions, it is an attack on working families everywhere and will have a chilling effect on our public service workforce doing the work every day to support our local

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<sup>89</sup> Danielle Douglas-Gabriel, *Student loan servicer MOHELA faces new punishment from Biden administration*, Wash. Post (Oct. 17, 2024), [https://www.washingtonpost.com/education/2024/10/16/mohela-student-loans-punishment/?itid=ap\\_danielledouglas-gabriel](https://www.washingtonpost.com/education/2024/10/16/mohela-student-loans-punishment/?itid=ap_danielledouglas-gabriel).

<sup>90</sup> Press Release, *Warren, Blumenthal, Duckworth Ramp Up Investigation Into MOHELA's Predatory Website Terms of Use*, Sen. Elizabeth Warren (Feb. 27, 2025), <https://www.warren.senate.gov/newsroom/press-releases/warren-blumenthal-duckworth-ramp-up-investigation-into-mohelas-predatory-website-terms-of-use>.

<sup>91</sup> Jordan Weissmann, *Widely criticized student loan servicer MOHELA faces investigation by multiple state attorneys general*, Yahoo! Finance (Apr. 28, 2025), <https://finance.yahoo.com/news/widely-criticized-student-loan-servicer-mohela-faces-investigation-by-multiple-state-attorneys-general-100000033.html>.

<sup>92</sup> Stacy Cowley, *Trump Seeks to Bar Student Loan Relief to Workers Aiding Migrants and Trans Kids*, N.Y. Times (Mar. 7, 2025), <https://www.nytimes.com/2025/03/07/us/politics/trump-executive-order-student-loan-forgiveness.html>.

<sup>93</sup> Press Release, *Advocates Blast Trump Plans to Sign Executive Order to Weaponize Public Service Loan Forgiveness and Stifle Free Speech Across America*, Student Borrower Protection Ctr. & Am. Fed. of Teachers (Mar. 7, 2025), <https://protectborrowers.org/advocates-blast-trump-plans-to-sign-executive-order-to-weaponize-public-service-loan-forgiveness-and-stifle-free-speech-across-america/>.

<sup>94</sup> Proposed Rule, *Intent to Receive Public Feedback for the Development of Proposed Regulations and Establish a Negotiated Rulemaking Committee*, 90 Fed. Reg. 14741 (Apr. 4, 2025), <https://www.federalregister.gov/documents/2025/04/04/2025-05825/intent-to-receive-public-feedback-for-the-development-of-proposed-regulations-and-establish>.

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communities. Under this new regime, the next generation of highly trained public service workers—including healthcare workers, legal services attorneys, and teachers—would have to decide whether to serve the most vulnerable members of our community knowing that, at any moment, the President of the United States can deem their career unworthy and retroactively revoke their accumulated progress towards Public Service Loan Forgiveness. I fear that for many service-minded students, the financial pressure will prove too great. This will hurt all of us.

This radical and illegal action will raise costs for working people while doing nothing to make America safer or healthier. Teachers, nurses, servicemembers, first responders and other public service workers deserve better than to be used as pawns in Donald Trump’s radical right-wing political project to destroy civil society.

**Republicans’ “big, beautiful bill” is a radical and dangerous vision for a higher education system that will push opportunity further out of reach for working families**

As this committee meets today to consider the “State of Higher Education,” your colleagues on the other side of the Capitol rush to radically transform higher education into something altogether different. Under the guise of budgetary policy, Congressional Republicans are proposing massive policy changes that will affect every aspect of our higher education system. Others have written extensively about the wide-ranging effects of this “big, beautiful bill.” I’m here today to talk specifically about the economic effects on students and families.

As I describe above, the Trump Administration’s approach to the student loan system is reckless and corrupt, harming tens of millions of people right now. Rather than take seriously Congress’s constitutional duty to check the excesses of the executive branch, House Republicans appear ready to use the reconciliation process to reshape higher education—shrinking access to federal financial aid, cutting grant aid for students who are least able to meet college costs, removing guardrails that protect students from predatory schools, and shredding the student loan safety net. These changes will have profound, immediate financial consequences for schools and for students.

Among the most damaging provisions, the bill that advanced through the House Education & Workforce Committee would:

- Increase the number of credits required to meet the definition of full-time enrollment for Pell Grant eligibility, penalizing working students, parenting students, and those who cannot increase their course load, and reducing grants by up to \$1,500 for up to 3 million students.<sup>95</sup>
- Eliminate the ability of students attending less than-half-time from receiving Pell Grants, which would eliminate awards entirely for up to 1.4 million students.<sup>96</sup>

<sup>95</sup> Sara Partridge, *Congressional Republicans’ Proposed Budget Reconciliation Bill Imperils 4.4 Million Pell Grant Recipients*, Ctr. for Am. Progress (May 13, 2025), <https://www.americanprogress.org/article/congressional-republicans-proposed-budget-reconciliation-bill-imperils-4-4-million-pell-grant-recipients/>.

<sup>96</sup> See *id.*

- Eliminate subsidized student loans, which would increase student loan debt by tens of thousands of dollars for over 4 million low- and middle-income students.<sup>97</sup>
- Create new caps on federal financial aid for students attending programs above the median cost of attendance, jeopardizing aid eligibility for students in half of all programs, and making it so students could not be sure how much grant aid or loans they could rely on from year to year.<sup>98</sup>
- Eliminate Graduate PLUS loans and set new caps on Parent PLUS loans that will force more students and their families into the private student loan market to fill gaps in aid and cover the cost of college.<sup>99</sup>
- Force borrowers into a far less equitable and fair system of income-driven student loan repayment, by eliminating the SAVE plan and other IDR options and creating a new “standard plan” and a new “Repayment Assistance Plan” that extends the current forgiveness window from 20 to 30 years, eliminates borrowers’ rights to a \$0 payment, and forces higher monthly payments for borrowers in every income bracket, including those who earn less than \$10,000 per year. Our and other independent analyses indicate that borrowers, including those with and without degrees, would pay thousands more per year under this new plan.<sup>100</sup>
- Decimate safeguards that aim to protect students and borrowers, including student veterans, from low-quality degree programs and provide a pathway to debt relief if a student has been defrauded by their school or if their school suddenly closes.<sup>101</sup>

In addition to upending our federal financial aid system to fund tax breaks for billionaires and corporations, the House bill would also place a dramatic squeeze on state budgets, through deep cuts and changes to programs like SNAP and Medicaid that could force states to cut vital services and public goods including public higher education, which comprises the third-largest category of state spending.<sup>102</sup>

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<sup>97</sup> Michele Zampini & Ellie Bruecker, *House Republican Proposal to Eliminate Subsidized Student Loans Would Spike College Costs for Low-Income Students*, The Inst. for College Access & Success (May 7, 2025), <https://ticas.org/affordability-2/subsidized-loans-reconciliation2025/>.

<sup>98</sup> Rachel Fishman, *The Median Cost of College: A Recipe for Student Aid Chaos*, New Am. (Apr. 29, 2025), <https://www.newamerica.org/education-policy/edcentral/the-median-cost-of-attendance-plan-a-recipe-for-student-aid-chaos/>.

<sup>99</sup> Mark Huelsman & Aissa Canchola Banez, *Eliminating Grad Plus Loans Without Making Higher Education More Affordable Would Be a Disaster for Students and Borrowers*, Student Borrower Protection Ctr. (April 25, 2025), <https://protectborrowers.org/eliminating-grad-plus-loans-without-making-higher-education-more-affordable-would-be-a-disaster-for-students-and-borrowers/>.

<sup>100</sup> Jennifer Zhang, *Deep Dive: House Reconciliation Bill Makes Paying for College More Expensive and Risky for Students and Working Families*, Student Borrower Protection Center (May 6, 2025), <https://protectborrowers.org/deep-dive-house-reconciliation-bill-makes-paying-for-college-more-expensive-risky/>; Michele Zampini & Ellie Bruecker, *House Republican Proposal to Eliminate Subsidized Student Loans Would Spike College Costs for Low-Income Students*, The Inst. for College Access & Success (May 7, 2025), <https://ticas.org/affordability-2/subsidized-loans-reconciliation2025/>.

<sup>101</sup> Kyle Southern, *House Education Bill Would Weaken Borrower Protections, Leave Students Vulnerable to Predatory and Low-Quality Institutions*, The Inst. for College Access & Success (May 5, 2025), <https://ticas.org/accountability/borrower-protections-reconciliation-2025/>.

<sup>102</sup> Nat’l Assoc. of State Budget Off., *2024 State Expenditure Report: Fiscal Years 2022-2024* (2024), <https://www.nasbo.org/reports-data/state-expenditure-report>.

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During times of fiscal stress, states often use public higher education as a balance wheel,<sup>103</sup> cutting funding which institutions fill through higher tuition, fees, reductions in student aid or vital student services, or other mechanisms that ultimately reduce access to college.

#### **Pushing families into the private student loan market is more dangerous than ever**

President Trump and his allies in Congress appear set on slashing critical financial aid programs with the goal of forcing more students and families to have to finance a higher education in the private market. The private student loan industry is already preparing their plans to capitalize on these efforts to boost their profits. In a recent earnings call, the CEO of Navient—one of the largest private student loan companies recently banned from servicing student loans after years of failures and lawbreaking<sup>104</sup>—touted confidence that the company will “take our fair share” of an expanded market for student loans.<sup>105</sup> Separately, private student lender SoFi Technologies leaders recently shared with investors that they would “absolutely capture that opportunity” should the government limit access to federal student lending.<sup>106</sup>

It’s important for lawmakers to understand that firms like Navient and SoFi do not want to lend to all students from all families. These executives are salivating at the opportunity to seize market share at the very top—making loans to the most credit-worthy students, particularly students at elite graduate programs and students with families able to co-sign loans. In the end, this slice of students and families may still be able to pursue a higher education under the House Republican plan—it will be more expensive, but the gates will remain open. Everyone else, especially working students, community college students, and Black and Latino/a students who may not be able to draw on a history of family wealth, will have to hope for the best and trust the underbelly of the financial services industry to help them fill the gap—the firms that specialize in “predatory inclusion,”<sup>107</sup> including high-cost, high-risk subprime student loans to working people.

In the same legislation that would push more students and families into the private market, the CFPB—the main federal regulator and consumer watchdog charged with protecting student loan borrowers—is

<sup>103</sup> Jennifer A. Delaney & William R. Doyle, *State Spending on Higher Education: Testing the Balance Wheel Over Time*, 36 J. of Educ. Fin. 4, 343-368 (2011), <https://eric.ed.gov/?id=EJ926831>; Douglas A. Webber, *State divestment and tuition at public institutions*, 60 Econ. of Educ. Rev. 1 (2017), <https://www.sciencedirect.com/science/article/abs/pii/S0272775717303618>.

<sup>104</sup> Press Release, CFPB Bans Navient from Federal Student Loan Servicing and Orders the Company to Pay \$120 Million for Wide-Ranging Student Lending Failures, Consumer Fin. Protection Bureau (Sep. 12, 2024), <https://www.consumerfinance.gov/about-us/newsroom/cfpb-bans-navient-from-federal-student-loan-servicing-and-orders-the-company-to-pay-120-million-for-wide-ranging-student-lending-failures/>.

<sup>105</sup> Transcript of Navient Corporation 2025 Earnings Call (Apr. 30, 2025), <https://seekingalpha.com/article/4780084-navient-corporation-navi-q1-2025-earnings-call-transcript>.

<sup>106</sup> Transcript of Sofi Technologies First Quarter 2025 Earnings (Apr. 29, 2025), [https://s27.q4cdn.com/749715820/files/doc\\_financials/2025/q1/SOFI-Q1-2025-Transcript\\_Edited\\_4-29-25-docx.pdf](https://s27.q4cdn.com/749715820/files/doc_financials/2025/q1/SOFI-Q1-2025-Transcript_Edited_4-29-25-docx.pdf).

<sup>107</sup> Louise Seamster & Raphaël Charron-Chénier, *Predatory Inclusion and Education Debt: Rethinking the Racial Wealth Gap*, 4 Soc. Currents 199-207 (2017), <https://journals.sagepub.com/doi/10.1177/2329496516686620>.

facing the prospect of a 70 percent reduction in its budget.<sup>108</sup> Put plainly, the House Republicans' reconciliation bill does not just pull back on federal financial aid, it also kneecaps the regulator tasked with protecting the same students and families who will be forced to navigate the private market should this bill pass.<sup>109</sup>

On its own, this plan would be catastrophic for working class students and their families. Unfortunately, the Trump Administration is rushing to front-run this legislation's passage, engineering an illegal attempt to cut 90 percent of the CFPB's staff.<sup>110</sup> Under CFPB Director Vought, the agency has already deprioritized supervision and enforcement of the student loan market writ large.<sup>111</sup>

Taken together, these efforts make up a perfect storm that will make students and families even more vulnerable in an opaque private student loan market already rife with risk.

Today, there are more than \$133 billion in private student loans originated by banks, credit unions, and other mainstream private lenders.<sup>112</sup> While private student loan debt makes up roughly 8 percent of the total outstanding student loan debt—a relatively small percentage of the overall student loan debt owed by Americans—these loans are notable for their lack of consumer protections relative to other products, particularly federal student loans.<sup>113</sup> Importantly, private student loan borrowers are not eligible for the same cancellation options, such as Public Service Loan Forgiveness and Total and Permanent Disability discharge.<sup>114</sup> They are also not guaranteed flexible repayment options, such as deferments, forbearances, and IDR.<sup>115</sup> Moreover, the CFPB has found that private student loan borrowers have limited options to

<sup>108</sup> James Baratta, *House Republicans Take Their Turn at Ravaging CFPB*, *The Am. Prospect* (May 1, 2025), <https://prospect.org/economy/2025-05-01-house-republicans-take-turn-ravaging-cfpb/>.

<sup>109</sup> Jennifer Zhang, *Deep Dive: House Reconciliation Bill Makes Paying for College More Expensive and Risky for Students and Working Families*, Student Borrower Protection Center (May 6, 2025), <https://protectborrowers.org/deep-dive-house-reconciliation-bill-makes-paying-for-college-more-expensive-risky> (“[T]he [reconciliation] bill will push students in half of all programs to potentially borrow private loans to cover the amount above the median cap. Since private student loan lenders primarily lend to more affluent students with cosigners and assets, many students without these advantages will have to choose between being denied financing and not attending, or taking on more predatory forms of debt.”).

<sup>110</sup> Chris Megerian, *Nearly 90% of Consumer Financial Protection Bureau cut as Trump's government downsizing continues*, Associated Press (Apr. 17, 2025), <https://apnews.com/article/donald-trump-doge-cfpb-clon-musk-456b747c367fccbcf3b74d2893cd1a35>.

<sup>111</sup> Ayelet Sheffey, *A new internal memo from the CFPB says it will 'deprioritize' its student-loan oversight in Trump's latest move to overhaul the consumer watchdog*, *Business Insider* (Apr. 16, 2025), <https://www.businessinsider.com/new-internal-memo-cfpb-deprioritize-student-loans-medical-debt-trump-2025-4>.

<sup>112</sup> See Testimony of Aissa Canchola Banez, *Back to School: Shedding Light on Risks and Harm in the Private Student Lending and Servicing Market*, Hearing before the Subcomm. on Fin. Institutions & Consumer Protection of the Comm. on Banking, Housing, and Urban Affairs (Sep. 17, 2024), [https://protectborrowers.org/wp-content/uploads/2024/09/Banez\\_Written-Testimony\\_PSL-Senate-Banking\\_9-17-2024.pdf](https://protectborrowers.org/wp-content/uploads/2024/09/Banez_Written-Testimony_PSL-Senate-Banking_9-17-2024.pdf).

<sup>113</sup> For further discussion, see Prentiss Cox, Judith Fox, & Stacey Tutt, *Forgotten Borrowers: Protecting Private Student Loan Borrowers Through State Law*, 11 U.C. Irvine L. Rev. 43, 47 (2020).

<sup>114</sup> Nat'l Consumer Law Ctr, *Student Loan Law* § 16.2.1 *Comparing Private Loans and Federal Loans* (7th ed. 2023), updated at [www.nclc.org/library](http://www.nclc.org/library).

<sup>115</sup> *Id.*

modify their payments during periods of financial distress,<sup>116</sup> and that cosigners (who are generally required) struggle to access promised release from these debts even after years of repayment.<sup>117</sup>

Despite making up a relatively smaller percentage of the overall student loan debt market, the CFPB reported that one-in-four student loan-related complaints received between September 1, 2022, through August 31, 2023, concerned private student loans.<sup>118</sup> These troubling complaints trends suggest that private student loan borrowers continue to face significant challenges getting the support they need when experiencing financial distress.

Further, unlike other areas of consumer finance which have robust data transparency regimes—such as mortgage and credit card markets—the absence of comprehensive data reporting requirements in the private student loan space means that borrowers, policymakers, and advocates know vanishingly little about the full scope of the market in real time.<sup>119</sup>

But even in the absence of comprehensive data, it is clear that the private student loan market is a unique locus for borrower harm, particularly for groups who have historically been marginalized.<sup>120</sup> While industry-funded analyses claim that private student loan repayment rates and borrower outcomes are largely positive,<sup>121</sup> these market-level analyses fail to capture the lived experiences of borrowers in critical segments of the market, especially those from historically disenfranchised communities. For example, almost one-in-five Black borrowers with private student loans reports falling behind on at least one private student loan payment due to economic hardship, nearly four times higher than the proportion of white borrowers.<sup>122</sup> When considering Black borrowers with bachelor's degrees, that rate rises to almost half of Black borrowers with private student loans, and the disparity in hardship rises to almost 10 times higher than the proportion for white borrowers with bachelor's degrees.<sup>123</sup>

<sup>116</sup> 2017 Annual Report of the CFPB Student Loan Ombudsman, Consumer Fin. Prot. Bureau (Oct. 2017), [https://files.consumerfinance.gov/f/documents/cfpb\\_annual-report\\_student-loan-ombudsman\\_2017.pdf](https://files.consumerfinance.gov/f/documents/cfpb_annual-report_student-loan-ombudsman_2017.pdf).

<sup>117</sup> Mid-Year Update on Student Loan Complaints, Consumer Fin. Prot. Bureau (June 2015), [https://files.consumerfinance.gov/f/201506\\_cfpb\\_mid-year-update-on-student-loan-complaints.pdf](https://files.consumerfinance.gov/f/201506_cfpb_mid-year-update-on-student-loan-complaints.pdf).

<sup>118</sup> 2023 Annual Report of the CFPB Student Loan Ombudsman, Consumer Fin. Prot. Bureau (Oct. 2023), [https://files.consumerfinance.gov/f/documents/cfpb\\_annual-education-loan-ombudsman-report\\_2023.pdf](https://files.consumerfinance.gov/f/documents/cfpb_annual-education-loan-ombudsman-report_2023.pdf).

<sup>119</sup> Private Student Lending, Student Borrower Prot. Ctr. at 15 (Apr. 2020), [https://protectborrowers.org/wp-content/uploads/2020/04/PSL-Report\\_042020.pdf](https://protectborrowers.org/wp-content/uploads/2020/04/PSL-Report_042020.pdf).

<sup>120</sup> *Id.*

<sup>121</sup> See Press Release, Latest Edition of Enterval Private Student Loan Report Highlights Steady Private Student Loan Repayment Trends, Enterval Analytics (Aug. 22, 2024), <https://www.enterval.com/media/files/enterval/press-releases/enterval-psl-press-release-august-2024.pdf>; see also Press Release, Vast Majority of Students and Families Successfully Managing Private Student Loans According to Latest MeasureOne Private Student Lending Research Report, MeasureOne, PR Newswire (Dec. 20, 2019), <https://www.prnewswire.com/news-releases/vast-majority-of-students-and-families-successfully-managing-private-student-loans-according-to-latest-measureone-private-student-lending-research-report-300978406.html>.

<sup>122</sup> Ben Kaufman, New Data Show Dramatic Disparities for Borrowers of Color with Private Student Loans, Student Borrower Prot. Ctr. (Oct. 14, 2020), <https://protectborrowers.org/new-data-show-dramatic-disparities-for-borrowers-of-color-with-private-student-loans/>.

<sup>123</sup> *Id.*

These outcomes suggest inequitable financial opportunities across the private student loan market that will only be magnified should millions of students and families be forced to pursue financing in the private market. On one extreme, certain private student loan companies are targeting super-prime, wealthy, or high-earning-potential borrowers for loans and refinancing. At the other end, predatory players that are less represented in market-level data target vulnerable populations with products that feature high fees and interest rates.

Making matters worse, a growing, opaque, and lightly-regulated market for so-called “shadow student debt” has continued to proliferate. “Shadow student debt” is an umbrella term for the wide variety of risky loans and specialty credit often used as the linchpin of predatory college business models which include personal loans, line of open-ended revolving credit, “Buy Now, Pay Later” debt, institutional loans owed to schools and other products tied to higher education and workforce training.<sup>124</sup> High-profile investigations and lawsuits revealed that this debt and credit exposes borrowers to high fees, harsh contractual terms, and abusive collections strategies that empower profiteers and facilitate harmful practices.<sup>125</sup> Shadow student debt keeps disgraced colleges afloat, ranging from questionable for-profit vocational “bootcamps”<sup>126</sup> to massive for-profit school chains whose scandals were guideposts to the last decade of the student debt crisis.<sup>127</sup>

<sup>124</sup> *Shadow Student Debt*, Student Borrower Prot. Ctr. (Dec. 2020), <https://protectborrowers.org/wp-content/uploads/2020/12/Shadow-Student-Debt.pdf>.

<sup>125</sup> See, e.g., Press Release, *Income Share Agreement Company and For-Profit School Sued for Deceptive Practices and Illegal Lending*, Student Borrower Prot. Ctr. (Dec. 17, 2021), <https://protectborrowers.org/income-share-agreement-company-and-for-profit-school-sued-for-deceptive-practices-and-illegal-lending/>; Press Release, *Income Share Agreement Provider, For-Profit School Operator Sued by Dozens of Former Students for Illegal Lending and Deceptive Practices*, Student Borrower Prot. Ctr. (July 1, 2021), <https://protectborrowers.org/make-school-vemo-lawsuit/>; Student Borrower Prot. Ctr., *Pushing Predatory Products: How Public Universities are Partnering with Unaccountable Contractors to Drive Students Toward Risky Private Debt and Credit* (June 11, 2021), <https://protectborrowers.org/pushing-predatory-products-how-public-universities-are-partnering-with-unaccountable-contractors-to-drive-students-toward-risky-private-debt-and-credit/>; Press Release, *PayPal’s Partnerships With Over 150 For-Profit Schools Drive Students to Take on High-Cost Education Debt, Advocates Warn*, Student Borrower Prot. Ctr. (Aug. 21, 2021), <https://protectborrowers.org/150-2/>; Benjamin Roesch & Ben Kaufman, *The CFPB Must Investigate Climb Credit and Protect Borrowers Across the Dangerous, High-Cost Shadow Student Debt Market*, Student Borrower Prot. Ctr. (Oct. 21, 2021), <https://protectborrowers.org/the-cfpb-must-investigate-climb-credit-and-protect-borrowers-across-the-dangerous-high-cost-shadow-student-debt-market/>; Student Borrower Prot. Ctr., *Point of Fail: How a Flood of “Buy Now, Pay Later” Student Debt is Putting Millions at Risk* (Mar. 3, 2022), <https://protectborrowers.org/point-of-fail-how-a-flood-of-buy-now-pay-later-student-debt-is-putting-millions-at-risk/>; Ben Kaufman, *A Predatory School is Dragging 290 Defrauded Students into Court in the Latest Example of the Exploitative State of the Income Share Agreement Market*, Student Borrower Prot. Ctr. (Feb. 28, 2022), <https://protectborrowers.org/a-predatory-school-is-dragging-290-defrauded-students-into-court-in-the-latest-example-of-the-exploitative-state-of-the-income-share-agreement-market/>.

<sup>126</sup> *Id.*

<sup>127</sup> See, e.g., Consumer Fin. Prot. Bureau, Enforcement Action: Student CU Connect CUSO, LLC, <https://www.consumerfinance.gov/enforcement/actions/student-cu-connect-cuso-llc/> (last visited May 4, 2022); Consumer Fin. Prot. Bureau, Enforcement Action: PEAKS Trust 2009-1 et al., <https://www.consumerfinance.gov/enforcement/actions/peaks-trust/> (last visited May 4, 2022); Press Release, *CFPB Takes Action Against Aequitas Capital Management for Aiding Corinthian Colleges’ Predatory Lending Scheme*, Consumer Fin. Prot. Bureau (Aug. 17, 2017), <https://www.consumerfinance.gov/about-us/newsroom/cfpb-takes-action-against-acquitas-capital-management-aiding-corinthian-colleges-predatory-lending-scheme/>; CFPB Sues For-

At the heart of the subprime private student loan market is a simple truth: an ever-growing set of actors offering increasingly exotic forms of credit will continue to target students as a path to riches. For as long and as much as policymakers let them, they will continue to engineer increasingly extractive plots to profit at students' expense.

#### **Washington keeps missing what it means to go to college**

Despite focusing on the experience of the vast majority of students, families, or student borrowers, lawmakers in Washington routinely try to throw blame at the feet of a handful of elite colleges for a wide range of very real problems that hurt people in communities across the country.

College is too expensive. The drive to enroll more Americans in college has failed to grapple with the shift toward debt as the primary way to finance an education. Too many students have been promised a shot at the middle-class and a steady career by high-cost predatory colleges, only to be met with empty promises once their job search starts and the loan bill comes due. The government will never get paid back for much of the student debt on the books today.

Whatever truth there is to these arguments, the relentless focus on Ivy League and other private institutions and the failure to take action to address the fundamental flaws in our higher education financing system is, at its core, an empty political stunt. Students and families deserve better than cheap theater. Tens of millions of students enroll in higher education and training programs every year in order to better themselves, to improve the opportunities for their families, and to be able to serve their communities.

The typical student enters college at a community college; they enroll not as an 18 year old, but years after they graduated from high school.<sup>128</sup> The vast majority are working a job while enrolled,<sup>129</sup> and 1-in-5 has a child of their own.<sup>130</sup> Three out of every five struggles with food insecurity, housing insecurity, or homelessness.<sup>131</sup> Among community colleges, our nation's lowest-cost institutions, the net price of

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Profit Corinthian Colleges for Predatory Lending Scheme, Consumer Fin. Prot. Bureau (Sept. 16, 2014), <https://www.consumerfinance.gov/about-us/newroom/cfpb-sues-for-profit-corinthian-colleges-for-predatory-lending-scheme/>.

<sup>128</sup> Today's Students Coalition, *Today's Students* (accessed May 16, 2025), <https://todaystudents.org/todays-students/>.

<sup>129</sup> Lumina Foundation, *Working Adults* (accessed May 16, 2025), <https://www.luminafoundation.org/topics/todays-students/working-adults/>.

<sup>130</sup> Theresa Anderson et al., *Who are Undergraduates with Dependent Children*, Spark Collaborative (Sep. 2024), <https://studentparentaction.org/assets/r-file/Who-Are-Undergraduates-with-Dependent-Children.pdf>.

<sup>131</sup> The Hope Center 2023-2024 Student Basic Needs Survey Report, The Hope Ctr. for Student Basic Needs, Temple U. (Feb. 26, 2025), <https://hope.temple.edu/research/hope-center-basic-needs-survey/2023-2024-student-basic-needs-survey-report>.

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attendance equals three-quarters of the annual income for students from the bottom quartile.<sup>132</sup> These students, families, borrowers, and even institutions deserve a United States Congress committed to following through on politicians' promises to lower costs, including the cost of college. Instead, elite colleges—and their students—are Republicans' props in this staging of America's never-ending culture war.

I came to Washington today to lift up the experience of these students and borrowers. Earlier this month, we had the chance to talk to "Alice," a student loan borrower and former truck driver who now trains the next generation of truck commercial truck drivers at a community college in the Midwest. Alice went to college. She took on student debt along the way—as do many truck drivers who get trained at community college or are driving as a second career. She enrolled in SAVE because she found the financial burden of her student loans overwhelming. Alice's story is one shared by millions of other students across the country who go to college and get training—mostly at community colleges and other public colleges that never make it on the front page of the New York Times and barely get a mention at hearings like this one.

Workforce training is college. English degrees and engineering degrees are both college, too.

When you total up the number of the Americans who go to a public college for training, those who earn two-year degrees from community colleges, and those who are awarded a bachelor's degree or more, you see a population of current and former students who look like America. Taken together, more than 6-in-10 working-age adults—including fully two-thirds of working-age adults under 34—have gone to college.<sup>133</sup>

These are the households that need a real public option, both for themselves and for their children's education. These are the same families who for decades have been on the phone for hours about their student loan bill, waiting for answers from loan servicers who are more than happy to either ignore them or steer them into a plan that boosts student loan companies' bottom lines.

These are the households who will be most harmed when there is no Department of Education working to ensure their degree program is not a predatory financial time bomb but one they can use to better themselves, earn a living, and give back to their community.

**Students, borrowers, families, and the U.S. economy are balancing on a knife's edge; what this committee does next will seal all of our fates**

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<sup>132</sup> Mark Huelsman, *Families and Voters Expect Policymakers to Take Action on College Affordability and Student Debt* (Dec. 4, 2024), <https://protectborrowers.org/families-and-voters-expect-policy-makers-to-take-action-on-college-affordability-and-student-debt/>.

<sup>133</sup> Student Borrower Protection Center analysis of U.S. Census Bureau data, on file with author; see also U.S. Census Bureau, *Educational Attainment in the United States: 2022*, Table 3 (accessed May 18, 2025), <https://www.census.gov/data/tables/2022/demo/educational-attainment/cps-detailed-tables.html>.

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America's grand experiment with debt-financed higher education has failed. There remains a strong, bipartisan agreement that the student loan system is broken. We disagree on what comes next.

One thing is clear: Congress should reject Donald Trump's Project 2025 vision for American higher education. Americans deserve more than a higher education system that acts as a finishing school for the children of millionaires and billionaires while systematically denying economic and educational opportunities to the rest of us. Our government should be relentlessly focused on making markers of middle-class American life—including education—cheaper for working families, not more expensive.

Critics of aggressive federal action to make college free and cancel student debt often ignore the vast majority of working people who take classes or receive training across our higher education system—using our fixation on a handful of private colleges that collectively enroll less than one percent of students,<sup>134</sup> to hide the true beneficiaries of these policies: all of us.

Thank you.

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<sup>134</sup> Raj Chetty, David Deming, & John Friedman, *Diversifying Society's Leaders? The Determinants and Consequences of Admission to Highly Selective Colleges*, *Opportunity Insights* (Oct. 2023), [https://opportunityinsights.org/wp-content/uploads/2023/07/CollegeAdmissions\\_Nontech.pdf](https://opportunityinsights.org/wp-content/uploads/2023/07/CollegeAdmissions_Nontech.pdf).

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[SUMMARY STATEMENT OF MIKE PIERCE]

Good morning, Chairman Cassidy, Ranking Member Sanders, and Members of the Committee. My name is Mike Pierce, and I am the executive director of the Student Borrower Protection Center. We are a national nonprofit organization fighting to eliminate the burden of student debt, protect people from predatory lenders, and expand access to opportunity across the economy. I'm also a former Federal financial regulator, overseeing the student loan market at the Consumer Financial Protection Bureau (CFPB) under both Presidents Obama and Trump.

I'm here today to warn this Committee about an unprecedented economic shock facing tens of millions of working families across the country, driven by a set of reckless and corrupt policy choices made by the Trump administration. Our partners at the University of California's Student Loan Law Initiative estimate that more than 21 million Americans—**roughly 1-in-12 U.S. adults**—will experience immediate, negative financial harm in the coming months as Education Secretary Linda McMahon pulls back on student borrower protections implemented under both Republican and Democratic administrations.

More than just driving tens of millions of people into financial hardship, Secretary McMahon's decision to demand payment from borrowers before fixing the broken student loan system may cause catastrophic harm to the U.S. economy and scar the family finances of a generation of working people.

Rather than take seriously Congress's constitutional duty to check the excesses of the executive branch, House Republicans appear ready to use the reconciliation process to reshape higher education—shrinking access to Federal financial aid, cutting grant aid for students who are least able to meet college costs, removing guardrails that protect students from predatory schools, shredding the student loan safety net, and pushing millions of families into the private student loan market. These changes will have profound, immediate financial consequences for schools and for students and shift tens of billions of dollars away from families at a moment when the economy is beginning to slow and analysts already project a recession on the horizon.

In the same legislation that would push more students and families into the private market, the CFPB—the main Federal regulator and consumer watchdog charged with protecting student loan borrowers—is facing the prospect of a 70 percent reduction in its budget. Put plainly, the House Republicans' reconciliation bill does not just pull back on Federal financial aid, it also kneecaps the regulator tasked with protecting the same students and families who will be forced to navigate the private market should this bill pass. Taken together, these efforts make up a perfect storm that will make students and families even more vulnerable.

America's grand experiment with debt-financed higher education has failed. There remains a strong, bipartisan agreement that the student loan system is broken. We disagree on what comes next. One thing is clear: Congress should reject Donald Trump's Project 2025 vision for American higher education. Our government should be relentlessly focused on making markers of middle-class American life—including education—cheaper for working families, not more expensive.

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The CHAIRMAN. I will now turn to questions, and I will defer to Senator Tuberville to go first.

Senator TUBERVILLE. Thank you, Mr. Chairman. Gentlemen, thanks for being here. I am passionate about this. I spent 50 years in education. More than anybody in this room, probably maybe other than Dr. Brown. Although you spent a little time in the military.

I have been in high schools all across this country, almost in all 50 states. We have gone backward. Here we are today talking about higher education, and I spent 30 years in that. And it has done a lot of great things for a lot kids, men and women, rich and poor. It has got to be merit-based, folks.

If we don't merit base this thing, we will not survive as an educational system. This country gives you an opportunity. I was in a situation where athletics was merit based. I didn't care who you

were. I had to win games. I recruited kids that had good grades, would go to class, and could play football.

If they couldn't do those three things and work at it, I didn't recruit them. It has got to be the same thing in college in terms of getting a good education. I know of a school that has a happiness degree. That ain't going to get it. I am for paying everybody's way through college, but not for a degree where when they get out, they can't get a job at Walmart.

We need degrees that kids can prosper and raise a family and have a great life in this country. So, I would like to ask each one of you just one question, starting over with Dr. Gillen. Dr. Gillen, what factor do you see that have caused massive skyrocketing costs at our universities across the country?

Mr. GILLEN. I would argue that the main driver of higher college costs is what is called the Bowen revenue theory of cost. And so, when you look at higher education—it is the Bowen revenue theory of cost.

The idea here is that it is not that higher faculty salaries or increases in institutional aid are driving higher spending. It is that when more revenue is available, colleges will spend as much as they can. And it makes sense. These are all mission-driven institutions, right.

Like if you give each of these schools \$1 million more dollars, they will find a good way to spend it. The problem is, if you keep doing that, eventually those good ways to spend it aren't so convincing anymore. But when we have these mission-driven institutions, we just—the more money they have, the more they are going to spend.

Senator TUBERVILLE. Dr. Lindsay.

Mr. LINDSAY. I think the opportunity that is before us is, as you say, to bring accountability and outcomes. And I think we have to be very intentional about the kind of formation that is occurring on our campuses.

I am really proud of the fact we have something called the Good Work Initiative, which is basically trying to transform on-campus employment opportunities where students are paid a little bit more than minimum wage to give them a little bit more spending money. But we also pair it with professional development and vocational discernment exercises to help them so that when they graduate, they actually have that kind professional experience. It is a pilot.

We have had good success with it. We are allowing the opportunity for more students to take on more leadership roles, giving them good things for their resumes, but also buttressing their opportunities when they graduate.

Senator TUBERVILLE. Dr. Brown.

Mr. BROWN. Senator, I will use a real example. I went to my board of trustees this upcoming year and said I would like to freeze tuition for 2 years at our school. They approved the freezing of the tuition. But when I looked at the cost of insurance, which is a sub-component of that tuition, we had to go up. So the real cost to the customer, the family, was more.

The same is true of the cost dining, the cost of food that goes into a dining hall contract, and the cost of the utilities that it takes to run the campus. So my campus is much like any other business.

Those costs we would not be able to absorb. And so, our costs went up because costs in the economy went up. It was not that we would spend more because we had more. Those costs were real, and we had to realize those as a school operates just like a business in that sense.

Senator TUBERVILLE. Dr. Hart.

Mr. LOWERY-HART. Thank you for the question. I would say in the community college sector, there hasn't been a massive skyrocket of rising prizes. At Austin Community College, we haven't raised tuition in 12 years. I think we have raised it once in 15.

We are the sector of higher education that lives within our means because our students are so price sensitive. And I think there could be a lot to learn from how community colleges effectively manage their budgets.

Senator TUBERVILLE. I agree with you on that. Been in a lot of community colleges. You do a good job, by the way. And I think more kids need to go to community colleges. Mr. Pierce.

Mr. PIERCE. I think it is my turn to talk about for-profit colleges, which seems to be missing from my colleague's responses to your question. We have watched the proprietary sector raise costs far in excess of other sectors of the higher education system.

We have also watched some of the largest participants in the for-profit college market turn into private nonprofit colleges or enter into deals with public colleges. So, I think we are not in a place where we were a decade ago talking about the proprietary sectors.

We should be looking at the backroom deals that some of the largest colleges in the country are cutting with these private companies and how these deals are driving the increase in costs that are being pushed on our most vulnerable students.

Senator TUBERVILLE. Good. Thank you. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Sanders.

Senator SANDERS. Thank you, Mr. Chairman. And thank you all for your testimony. I believe that all of you mentioned Pell Grants, and I think the elephant in the room, as many of you know, right now there is a Republican-led so called reconciliation bill which will provide massive tax breaks to the very rich and cut programs that working families need.

One of the programs that is being cut are Pell Grants. Where we are right now, the bill is in flux. Right now it would eliminate, this Republican bill would eliminate Pell Grants for 1.4 million working class students and substantially reduce Pell Grants for 3 million low-income students throughout America. That is what that bill does. Dr. Brown, what does that mean for Tuskegee?

Mr. BROWN. Thank you, Senator Sanders. The vast majority of our students use Pell Grants. If you reduce Pell Grants, you will probably increase the amount used in student loans. If you cap access to student loans and at the same time reduce Pell Grants, you

will hurt access to education for those who begin their educational journey in poverty or with significant needs.

Senator SANDERS. Mr. Brown, if you could convey that message to Republican Members of Congress, I would appreciate it. Dr. Lowery-Hart, what would that do to students at your community college?

Mr. LOWERY-HART. Over 75 percent of our students at Austin Community College are part-time because they are working two part-time jobs and raising a family. If the proposals to increase part-time Pell went into place—there are 5,000 Austin Community College students right now.

They are taking between six and 7 hours that would lose Pell access, which means the workforce programs that they are engaged in, they might have to drop out of or withdraw from.

Senator SANDERS. Okay. I don't have a lot of time. Dr. Lindsay, what does that mean for Taylor?

Mr. LINDSAY. Pell is an incredibly important catalyst for hundreds of our students, and the expanded Pell has made a tremendous difference. I have seen directly—I have worked directly with students. I have seen how it has actually allowed them to be able to come to Taylor and be able to stay at Taylor. It is a huge differentiator, and I think all of us recognize the key difference that Pell has made.

Senator SANDERS. I hear the three folks who are running universities think that these kind of massive cuts in Pell Grants would have a very negative impact on the lives of your students. Am I hearing that? I am hearing that. All right.

Dr. Lowery-Hart, talk a little bit—to me, education is a human right, like healthcare. Whether you are rich, poor, young, old, I think you should be entitled to it. And I think as an investment for our Country, wanting the best, the strongest possible, and best-educated workforce, it makes sense to encourage all of our people. I understand you have a young man who wants to go to medical school behind you.

Dr. Brown, I don't know what his financial circumstances are, but if you don't have a lot of money, he will graduate medical school, many, many hundreds of thousands of dollars in debt at a time when we desperately need primary care physicians.

Dr. Lowery-Hart, what has been your experience in providing free tuition for the students in the Austin area?

Mr. LOWERY-HART. It has been transformative for the families that we serve. Our enrollment has returned to pre-pandemic levels. Our students are now enrolled in workforce programs that will lead to a family sustaining wage.

We saw a 40 percent increase in enrollment based on the free tuition program. And it is already producing outcomes in increased retention and success in the classroom.

Senator SANDERS. What I am hearing from you is the investment that has been made in those students is going to pay off in a whole lot of ways.

Mr. LOWERY-HART. Yes. The ROI on this is undeniable. Every economist will tell you that education attainment is the biggest predictor of which communities are going to succeed or fail. And right now in Austin, we are importing talent from all over the globe, and we need to be investing in our own local students, and the free tuition program is helping us do that.

Senator SANDERS. Mr. Pierce, what is your sense of what free tuition would mean to working class families in this country?

Mr. PIERCE. It would mean widespread economic opportunity. And it is not just for those families that are going to be able to get a job with a family sustaining wage. It is for all of us.

Our communities are better off when we have more education. There is more innovation. There is better jobs. There is an economy that we built in the middle of the 20th century that was the envy of the world. We get back there by educating our workforce.

Senator SANDERS. Thank you very much, Mr. Chairman.

The CHAIRMAN. My turn. Dr. Brown, you have written about the challenges facing the Parent Plus program and pointed out that HBCU students and parents rely on Parent Plus, but sometimes it saddles the family with debt they cannot pay.

That which is extended in compassion becomes a shackle keeping them from growth. Can you comment on that, please? And those are my words, not yours, but I feel just as passionately as you.

Mr. BROWN. Yes, Senator Cassidy. I agree that the Parent Plus loans and loans in general create a financial burden on students that is not sustainable. Specifically, if a family has an estimated family contribution of zero, and then you extend a Parent Plus loan to that family, what is the likelihood that family will, with any reason, be able to pay it?

But it is a far more complex question than that, because if you remove those loans without an alternative, history tells us that stops access. And so, I think if we go back to the founding of the whole Title IV program, this was supposed to be solved within the Pell Grant part of the program and not within the loan part.

The loans create a debt trap. It creates and takes away the social and economic mobility that is intended of education. So I wish we did not need the loans at all. But until we do something to reform the level of Pell Grant, it ends up being the difference in access.

I will offer one more example. In 2011, when there were credit changes to the Parent Plus loan system, we saw immediately a decline of over 3—around 3 to 4 percent of students who attended HBCUs, while enrollment was going up at other schools.

In a sense, we made education available for the elite and we did not make education available for the masses.

The CHAIRMAN. But the Parent Plus program, again, as we have—I am looking at some statistics. I understand that about a 34 percent borrow more than the \$50,000 cap being proposed.

I have heard stories of people borrowing for multiple kids and they end up—just incredible debt. They are drowning in debt from this. So I think what you are saying is that there needs to be another way to finance it?

Mr. BROWN. I am saying it is the wrong tool for social and economic mobility. The loan is the wrong tool, but it is the only tool unless there is an alternative to make sure you ensure access.

It is definitely the wrong tool for—you don't give a person who can't make a payment a loan. You instead would do a different tool. And again, I believe that the intent of the original *Higher Education Act* was to fix this within the Pell Grant program.

The CHAIRMAN. Dr. Lindsay, there has been a lot of conversation about the lack of moral clarity on college campuses, and about tolerance of incivility that then becomes violent, and about counseling people with different views.

Now, you are a Christian organization, and I imagine there would be very noxious views. And so, there is a tension there, the counseling versus the moral clarity. In your experience—because obviously your enrollment is growing.

You are doing very well. How do you manage that tension between some viewpoint which might be noxious to your theology, but at the same time having moral clarity?

Mr. LINDSAY. I think fundamentally we believe that all truth is God's truth, so we are not afraid to engage on difficult topics or difficult issues.

I was on the faculty of Research One University for a number of years, and I would say at Taylor I feel like we have more freedom to engage in difficult or contentious topics than I ever faced on that Research One campus. I think part of what happens is that when you are part of a community that has a shared side of moral commitments, which we do, it sort of creates a degree of freedom within a framework of faith.

We have found that our students really thrive with the opportunity. We want our students to be really well equipped to engage all of the pressing issues. And they are not simple answers. We know that. So you have got to be able to engage those variety of concerns in a thoughtful and deliberative way.

The CHAIRMAN. If somebody came advocating for polygamy, they could speak, but it would be in the context of an audience which had a well-grounded sense of moral clarity.

Mr. LINDSAY. We have students who are incredibly thoughtful about their theological commitments and how it informs their academic pursuits. We welcome any speaker to come to our campus. I think they will find that our students are engaging, prepared, and bring a degree of clarity to the pressing moral issues we see in our day.

The CHAIRMAN. Dr. Gillen, Dr. Brown just spoke about, Okay, we know that these Parent Plus programs really end up burdening people with tremendous debt.

You made the statement that sometimes increased revenue is spent, but there is diminishing return in terms of the benefit, however you define the benefit. But he said, if you cut the graduate—the Parent Plus, then how do you replace it? There is a tension there. Please, from your perspective, how is that tension addressed?

Mr. GILLEN. Yes, absolutely. So I totally agree that the Parent Plus is the wrong tool to try and address this problem. I actually had a paper out that argued we should get rid of Parent Plus and increase Pell Grant to make up the gap that parents were contributing to their students' education.

That is one option increase the Pell Grant. Another option is just rely more on the private sector to do that lending. Because the main problem with the Parent Plus loan right now is that they are not doing kind of credit checks.

You are giving students—or you are giving parents who can't afford the debt a huge amount of debt, whereas private lenders wouldn't make those loans because they are not going to get repaid.

The CHAIRMAN. You are not disputing that they might need the money. You just think there is a better, more wise way to finance it. Okay.

Senator Hassan.

Senator HASSAN. Thank you, Mr. Chairman and Ranking Member Sanders for this hearing. And to the panel, thank you all for really clear and compelling and interesting testimony. And I think it is really important, just framing this a little bit, for a lot of time, the debate about higher education since I have been here is about either we should increase scholarships.

I agree, actually, we should expand Pell more for all the reasons many of you have talked about. And I also am very concerned about the current Republican Congressional proposal to cut back on Pell and make it harder for working students in particular. But it is also true that we should make higher education less expensive and have more alternatives for students as we move forward.

Since I have been here, I have focused a lot on bipartisan ideas that would actually just help us lower costs for students and make higher education more accessible. So I want to get at a couple of those things with all of you this morning.

I want start with you, Mr. Pierce. Because one of the things we have to start with is how difficult the FAFSA process is right now. We can all agree that the rollout of the simplified FAFSA could have and should have gone a whole lot better. Students and institutions deserve a well-functioning FAFSA process and expert staff to turn to in the Federal Student Aid Office when in need of assistance.

However, the Trump administration announced in March that it was slashing Department of Education personnel by half. Within 24 hours after those RIFs were announced, the FAFSA site was down for several hours.

Mr. Pierce, how has the Administration's chaotic and arbitrary cuts at the Department of education impacted operations? And are there concerns that the agency will be able to fulfill its legal obligations without adequate staff?

Mr. PIERCE. We are already watching the Office of Federal Student Aid come apart at the seams. There was a new study put out just this morning by the National Association of Student Financial Aid Administrators, the trade group that represents school financial aid offices.

They surveyed their members and they found that nearly 60 percent of school financial aid offices already report delays and difficulty getting somebody on the phone at the Office for Federal Student Aid.

That comes at a moment where we have just survived a disastrous financial aid cycle, where students and families are scared they won't be able to figure out how to navigate our complicated financial aid system. This is the wrong time to cut staff.

Senator HASSAN. Thank you. Dr. Lowery-Hart, I want to talk about credit transfer costs, which sounds kind of arcane, but actually, according to research by Southern New Hampshire University, is a real issue. Students who transfer to a public 4 year institution lose on average almost half of their credits, the credits that they have already accrued when they transfer.

The overall cost of transferring is about \$13,000 when you include lost credits, transcript request fees, and a whole lot of other things. In addition to financial cost, students lose valuable time and are less likely to complete their degree. This is just one of the ways that college is too expensive.

What more must be done to remove credit transfer barriers, and is there a role for the Federal Government to play here?

Mr. LOWERY-HART. Well, first of all, I think community colleges actually make the attainment of a bachelor's degree more affordable. Two years, plus two. It is going to require higher education to align itself. In Austin, we have aligned with Texas State, the BATS to CATS program, with St. Edward's University a Catholic institution.

Faculty to faculty alignment to ensure no credit loss. Scholarships waiting for them. Data sharing. Advising those students to the university degree plan from day one. Those are things that aren't just best practice, they should be required.

Senator HASSAN. I appreciate that. And Senator Young and I have a—last session introduced Fast Track to and through college. And one of the other things we could do is align high schools who have got students ready to do college level work so that the students are doing work in high school, getting those credits in place.

Now, maybe to get your bachelor's, you only need to go two or 3 years to higher education. Dr. Lowery-Hart, also I just wanted to talk to you about borrower education and transparency. One common sense step that we can take to help drive down student loan debt and increase consumer transparency is by making sure that the student financial aid process is clear and easy to navigate on the front end.

Senators Grassley, Smith, Tuberville, and I have reintroduced the *Understanding the True Cost of College Act*, which would create a financial aid offer form so that students can more easily compare financial aid packages between schools and determine what is the best fit for them.

How will reducing the complexity of the Federal financial aid system and empowering students with information on the front end help students access and afford college?

Mr. LOWERY-HART. First of all, please make that happen.

[Laughter.]

Senator HASSAN. Okay.

Mr. LOWERY-HART. It is one of the biggest barriers, especially when you are talking about first generation college students who may not have familial support to make sense of the bureaucracy.

It is why at Austin Community College we do have a financial literacy requirement before students sign any loan or even scholarship. It is a very cumbersome, difficult process to articulate for people that don't have experience with it.

Senator HASSAN. Yes. And even for those of us who do, shepherding students through it—and children through it is a challenge. Thanks, Mr. Chairman.

The CHAIRMAN. I will note that under Chairman Alexander and Ranking Member Murray, this body pushed to make FAFSA more understandable. The work that had been done in Trump 1 was discarded by Biden's administration, and they never could meet their deadlines. And so, unfortunately, Trump 2 is having to rebuild from something which was a disaster.

Senator HASSAN. It is something we should be able to work on together, all of us.

The CHAIRMAN. Yes.

Senator Marshall.

Senator MARSHALL. All right. Thank you, Chairman and Ranking Member. And welcome to our guests. The student that the Ranking Member spoke about was me. I was the student that graduated first in a class of 200, had ACT scores that were really good.

I applied to Kansas State, Kansas University, thinking this is where I am going to go, but I would have had to borrow money to do it. So instead, I chose a community college. As I could tell Calc 1 was Calc 1, Comp 1 was Comp 1. And the point I am trying to make is everybody makes decisions, and part of it should be financial.

I sat here and looked this up a second ago. The tuition at a community college, on average, \$5,000 a year. A state university, \$12,000. If you are going to an out-of-state university, it is \$30,000. And a private school is \$43,000. So that first year in community college, I spent \$5,000—well, I spent way less than that.

But today you spend \$5,000 versus \$43,000. And I would note that the cost of living, typically in community colleges cities, is a lot less than the big university cities as well. So I think the question is, at what point should the Federal Government reward people for making financial decisions that they should be responsible for? But it is a lot more than just choosing the school.

Students today, they are told to take 5 years to go to college, when it should easily be done in 4 years. One way you can do that is to rack up some credits in high school. It is why we support the Perkins Grants as well. So maybe you enter—a lot of students today had the opportunity to enter that first year of college and already have a semester underneath their belt.

I think that is a false narrative out there that it should take 5 years. I made decisions through my whole life on whether to bor-

row money or to work. So I worked part-time jobs in high school, community college, college, med school. Even residency I worked part-time jobs rather than borrow money.

When we had our first child in medical school, I chose to join the Army Reserve as opposed to borrowing money. And I understand that some people are going to do better in a private college. Knock your socks off. Some people are going to do better—I just can't imagine who that student is that couldn't do just as good at a community college.

Somehow financial literacy should be important to making that decision. And of course, Dr. Lowery-Hart, you are my community college person here. Do your kids struggle when they go on to universities and on to med school, and was it Okay that they started there at a community college? How much money did they save?

Mr. LOWERY-HART. Well, depending on where they went, the level of savings will vacillate. But they all saved money starting in a community college. And the data is pretty clear.

My colleagues will affirm if they go back to their IR shops. Community colleges that transfer to universities perform at or better than students that originated at those universities. They are well prepared. And it is because of what you just mentioned. Calc 1, Comp 1 are the same.

The difference at a community college is they are being taught by a master's or Ph.D. prepared experienced teacher, not a graduate assistant. And so, I think the instructions in those basic courses are better at a community college because our faculty are more experienced in teaching in those areas.

The dual enrollment piece, Senator Marshall, is really critical. It can be a solution for making college more affordable. It was for my own three kids, all of which went to a community college before university.

The challenges for the millions of adults that need to come back and upskill, and how they can afford it while still working, is why I think Pell eligibility is particularly important.

Senator MARSHALL. Just speak a little bit more about the flexibility of a Pell Grant. More and more, the great paying jobs, if we can just get them in the door for six or 8 hours at a time, how important would that be to you?

Mr. LOWERY-HART. Really important. There are level one certifications that can lead to a family sustaining wage. And those students can enter that profession, whether it is at Tesla or Samsung, work for 6 months, come back and get the next level of certification.

Those stackable credentials are what will change their family's generations to come, but also ensure that our communities are able to meet the moment that we are and the economic challenge that we have.

Senator MARSHALL. I am sure—you don't have to answer this question. I need to wrap up. But you see time and time again the story of a person that came back in a year or two and continued that education. And that particular person ends up being just a superstar on the job site. So, thank you, Chairman, and I yield back.

The CHAIRMAN. Senator Kim.

Senator KIM. Thank you, Mr. Chairman. And I actually want to start by something that you had raised in your remarks, which is that part of this conversation is about what value does education give to our Nation? How do we make education as valuable to our Country?

I think that idea of value, we have to keep in mind, it is not just about the cost and the price tag. And I guess I just want to address this issue about risk sharing. So I am trying to comprehend this a little bit more in my mind in terms of how do you hold college, university responsible for, in many ways, some of the personal actions and decisions that a former student could be making, whether or not they can pay back their loans.

Dr. Brown, I guess I just wanted to ask you, I mean, you have talked a lot about just the holistic challenges facing some of these students that are at your institution. What are the different factors that you can imagine would affect an ability for a former student to pay back loans?

I would imagine it is not just about the wages. Certainly that is part of it. But also about healthcare costs that they might have, emergencies. What are some of the other things you could imagine?

Mr. BROWN. Well, Senator, just to be clear on risk sharing, at our school, we accept 30 percent of our students that apply. Some schools accept 2 percent or 3 percent. And so, there is a mission of the Historically Black College and University to serve a larger swath of the country.

The economic outcomes, as I said earlier in my statement, are significant. They do better. They achieve social and economic mobility. However, I think the biggest threat to paying back loans are those students who don't complete college, and I think the data will support that. And the reasons that they don't complete college are often related to a lack of finances.

Again, I would ask that as we consider formulas for risk sharing, you also consider that the risk is not equal among colleges. And if you decide that you will service a larger group, then your risk is obviously going to be higher.

The return for the country, however, may be, and I think the data supports this, far greater when you look at the social and economic mobility and the earning power of those students who you took a risk on.

Senator KIM. When you are looking at this issue about risk sharing, I mean to the point you mentioned, I mean, I could see a potential consequence of this being such that schools may be less—I guess maybe they would be more hesitant perhaps to admit certain types of students if they have lower economic backgrounds, other types of potential concerns that they might have in terms of the ability for that person to be able to pay back loans. I know there is some talk about offsets there, but Dr. Brown, would that potentially be something that could be an unforeseen consequence?

Mr. BROWN. I think an unintended consequence, and I am sure it is unintended, but it could happen, is that we become more selec-

tive on who we allow to enter a school. And that probably should not be the basis for entering college.

If someone comes from a low income or first generation college student, like many HBCUs service, you would not want that to be a determining factor if you would allow that person to enter college because your risk goes up. And nor do I believe that HBCUs would do that, given our historical mission of serving those very students.

Senator KIM. Dr. Gillen, I want to just go back to you to just kind of get your perspective on this. I am having trouble understanding like how it is that we try to single out colleges and universities in terms of that risk when there are so many other issues.

I mean, some of the people I have talked to that struggle to pay back their loans it's because their parents got sick, or they have kids and challenges on that front. Like there are different factors that affect. How do you try to go about teasing that out?

Mr. GILLEN. Yes, absolutely. So those types of factors will tend to be sort of randomly distributed among all colleges. And so, if you do kind of like the median random life disasters exemption, I think you account for most of that.

What I think the big value of the risk sharing proposals are is it makes it so that the college cannot profit from offering an education that leaves the student and the taxpayers worse off. Because right now they can because they get all that tuition money up front. They get to keep that, even if the student never repays the loan.

That to me is the big advantage of the risk sharing, is weeding out those—that portion of the higher education sector. But yes, you are absolutely right. Like there is going to be random life circumstances. And I think if you do a general small exemption, like 3 percent—

Senator KIM. Yes. So, I mean, look, I just wanted to share just how much this could be very damaging in a lot of different ways and the unintended consequences as mentioned.

The other thing I just want to raise in my final seconds here is just, I think it also has the potential to threaten just the undermining—threaten and undermine our tradition of liberal arts education as a whole as well, and part of what we have really profited by in this country is the creativity and innovation. Not necessarily I have studied in other countries and seen how they are much more driven toward just specific careers.

But I think we benefit from the education, the creativity that is out there. And if we are moving in a direction, I could see how this type of action could potentially put colleges to say, oh, we are going to start to divest in our humanities programs, arts programs, and other things like that, if that is going to not be as profitable or be a greater risk that we have bringing on those types of students.

I just want this Committee to be mindful of that as we proceed along. With that, I will yield back, Mr. Chairman.

The CHAIRMAN. Senator Moody.

Senator MOODY. Thank you, Chairman Cassidy. And thank you to our witnesses for taking time to be here, away from your families and jobs. This is an important hearing. From our earliest be-

ginnings as a Nation, access to education was seen as a fundamental bedrock for the sustainment of a republic governed by a free people.

Our founders and subsequent generations knew that if we educated our populace, when endowed with virtue and knowledge, that was incredibly important to continue the fierce protection of our rights and our liberties and ensure the strength of this country from one generation to the next.

In time, it led to more Americans having access to education, to pursue college, improve not only their lives but the lives of their children. And as a result, our Nation, our economy, the prestige of our institutions of higher education grew too. However, in recent times, we have seen our institutions move away from or even fail in the original basic mission.

Students are graduating with higher amounts of debt, with degrees that are sometimes not even useful. In some cases, they even have a disdain for the very principles and ideals needed to continue this great experiment in self-government. Further, across the country, colleges and universities in many instances have failed in their duty to protect students from harm, and to foster intellectual debate, and growth of availability of ideas.

Instead, they have, as we have seen play out in the media time and time again, they have allowed protests to erupt in violence, buildings to be overrun, all while our tuition across the Nation continues to rise.

In Florida, we have shown that this does not have to be the case. In fact, we undertook very aggressive efforts to ensure that our students were protected. And at the same time, we have made sure that we are demanding higher education funding is tied to performance, guaranteeing accountability and outcome improvement.

I would like to brag on our own FIU that received an A from the Anti-Defamation League in combating Antisemitism, as our state continues to make strides to ensure our students are not only equipped for success in the workforce, but also equipped to live full civic lives in this country.

In innovation, my alma mater, the University of Florida—the champions of the basketball world are coming to Washington today. Go Gators. They are helping to lead this Nation in AI development. And finally, our colleges and universities, whether it is the University at Central Florida, the University in North Florida, or Florida Tech, they are cooperating with local employers and partnerships to ensure their curriculum evolves with workforce needs, leading to more successful outcomes for students.

With that said, I would like to turn to our witnesses for a few questions. And I would like to start with Dr. Lindsay. You have acknowledged the role of higher education and how it plays in the formation of the individual in instilling virtue, along with the sense of a civic and societal responsibility grounded in faith and community. And I believe these are traits that we are sorely missing today.

However, at the same time, with efforts to bring advanced manufacturing back to the U.S., we need to ensure that our students are

equipped to meet the job requirements, not only that are in demand right now today, especially as this Administration is really bolstering American businesses and bringing those jobs back, but also the demands of the job markets of the future.

How do you view the relationship between the two societal needs? Do you believe that they are in tension, or through your work and experience, is there a way to meet both the needs without sacrificing one or the other?

Mr. LINDSAY. At Taylor, we certainly believe that you can instill a sense of civic mindedness, a service over self, and at the same time preparing students for the jobs that might be out there. I mean, the interesting thing is that two-thirds of my freshmen will pursue careers that have not yet been invented.

We need to have a degree of intellectual agility. The liberal arts idea that Senator Kim was mentioning is what actually prepares them for a dynamic workplace environment. At Taylor, we have certainly found that our students can marry a commitment of civic-mindedness and developing virtue, and at the same time getting the intellectual and professional development that will serve them well, not just for the first job they take, but for the rest of their lives.

Being contributing members to their communities, to their professions, and for the wider world.

Senator MOODY. If balance is possible, what are some steps that other universities and colleges could take now to meet the approach that you are taking but ensure there is balance there?

Mr. LINDSAY. I mentioned how important I think it is for us to be really committed to loving our hometowns. And that is a simple way in which you can get students involved with both volunteering through local nonprofits, but also interning to solve problems that the private sector has in your local community. It gives students professional experience but also deep engagement in the local community.

Senator MOODY. You heard it, Chairman Cassidy. We have to learn to love our hometown, including D.C.

The CHAIRMAN. Somehow, I think Dr. Lindsay is a sociologist. You know what I am saying? I mean, it is just coming through, man. Just coming through. When the major general makes these guys do pushups behind him, we will have him declared.

Senator Hickenlooper.

Senator HICKENLOOPER. Thank you, Mr. Chairman. I thank all of you for your work on behalf of the future generations of this country. I want to ask a couple different questions. And maybe I will go down the list at the—one time, or at various times, there has been talk of a Web site that would actually allow prospective students to see at any university, or as best estimated it could be—and there will be a large battle of this—what kind of earnings they could achieve based on what they studied.

These are averages, and I think there would have to be qualifications on that. So I want to ask each of you just to very briefly, kind of give a thumbs up or what is a real concern about that. I recognize the limitations.

Then tied into that, there has also from time to time been efforts to allow students, future loans, to be able to declare bankruptcy. What would happen if you took away that right that lenders are looking for to make sure they can get paid back. And obviously, you would probably decrease access. I recognize that.

But I postulate those two questions. What about the Web site that, to the best of ability, tries to give prospective students a vision of what they can earn in the future? Why don't you start down at the end with you, Mr. Gillen.

Mr. GILLEN. Yes. So I think that is a great idea. We do have an early version of this. It is the College Scorecard Web site. You can look up by college and major what the earnings of graduates are. So there is some limitations there, because not everybody graduates. But I think that is a great start.

We can build on it. I think its borderline criminal that we don't also tell them, Okay, what jobs do they get? Like, do the veterinarians, graduates, do they work as vets, or are they working somewhere else? Not that is necessarily bad, but definitely a great idea. And then in terms of the second—

Senator HICKENLOOPER. Quickly, quickly, quickly because I got—

Mr. GILLEN. Okay.

Senator HICKENLOOPER. That's Okay. What did you—

Mr. GILLEN. Oh, so the second was about loans?

Senator HICKENLOOPER. No, no, the second one is could they declare bankruptcy—on loans, yes.

Mr. GILLEN. On loans? That is a great question. So, I would argue no for now, but I would put a cap on it. So I would basically say you can't declare bankruptcy the first few years after graduation, because nobody has any assets, but after a few years open it up.

Senator HICKENLOOPER. Great. Dr. Lindsay.

Mr. LINDSAY. I changed my major four times in college, and I think most people do. Oftentimes, you choose a major not just because you are interested in the field, but you choose it because you love the faculty.

I am not a huge fan of saying that what you major in necessarily is the predictor of what your life's success will be or the earnings that you will have in that. I did a study of 550 senior leaders, and I found 73 percent of them actually majored in a liberal arts field, even though most of them were working in business later.

The major is not directly the predictor of what your long-term success is. But I think it is important for us to be more transparent of the outcomes that our students are getting. And that is what I think you are trying to get at.

Senator HICKENLOOPER. Right. And certainly, if you are switching majors, it wouldn't be bad to have that Web site to see, all right, even though I really liked this faculty, what is my future like? Dr. Brown.

Mr. BROWN. Yes, Senator. Absolutely, I believe we should have to show students what the average earnings are in that region for

the degree that they choose. I think that is a big deal. It is not just for that.

There may be some majors—and I will use teaching as an example, where we have people who want to be teachers, but we all know full well those teachers will not necessarily earn the same thing as compared to others.

In terms of your second question on bankruptcy, I think there are catastrophic things that happen in the lives of everyone. And so, student loans, like any other kind of debt should be eligible for bankruptcy.

Senator HICKENLOOPER. Interesting.

Mr. LOWERY-HART. Career and labor market outcomes are critical. We infused those into our first advising session with our community college students. A national model would be exceptional.

It just needs to be reflective of the community and what is happening in the economy in that local community. I think it also needs to reflect back to the programs themselves, where they know what their student outcomes are and can adjust their curriculum to be responsive to it.

Senator HICKENLOOPER. Then, bankruptcy?

Mr. LOWERY-HART. I am going to leave that to the policy experts on bankruptcy.

[Laughter.]

Senator HICKENLOOPER. Mr. Pierce.

Mr. PIERCE. Well then I will take my cue, and I will start with bankruptcy and say restoring people's rights to bankruptcy is vital. We have had a decades long experiment denying people bankruptcy rights and it has resulted in people staying in debt for decades into retirement.

The Government is required to chase people down and take their social security checks. Having an exhaust valve in the student loan system makes people get a fresh start and live whole economic lives.

I would also note, just building on what I think I agree with what everybody else about the value of data and shopping and transparency. The Trump administration has fired the statisticians responsible for managing the College Scorecard. We are flying blind now.

Senator HICKENLOOPER. That is very sobering. Well, I am out of time, but I am not out of questions. I will maybe come back for a second round later, or I will submit them in writing, but I appreciate your work.

For the record, I switched majors three times. I got a degree, an undergraduate degree in English and creative writing, and I sucked as a writer, so my friends pointed that out to me.

That I ended up going back and getting a master's in geology, which is a pretty steep. But having a better understanding along the way would have, I think, been of value to a lot of students. I yield back to the Chairman.

The CHAIRMAN. Senator Hickenlooper, Senator Warren and I have the *College Transparency Act*. You should be a co-sponsor. It does exactly that which you were saying we should be doing.

Senator HICKENLOOPER. I am.

The CHAIRMAN. Super. Well, thank you.

[Laughter.]

Senator HICKENLOOPER. We younger junior Senators don't always get the notice and appreciation that we deserve.

The CHAIRMAN. Let's get Kaine and Blunt Rochester and these guys, too.

[Laughter.]

The CHAIRMAN. Next is Senator Hawley.

Senator HAWLEY. Thank you, Mr. Chairman. Thanks to all of the witnesses for being here. Dr. Lindsay, I want to start with you. You lead a historically Christian college. We have a number of faith-based, including explicitly Christian colleges and universities in Missouri, which we are very, very proud of.

In fact, I think you mentioned College of the Ozarks in your opening testimony, which is right where I live. And we are extremely proud of College of Ozarks, as well as our other religious institutions, Christian institutions. Let me just ask you about the challenges that Christian colleges and universities have faced, particularly in the last 4 years.

I have heard from our institutions in the State of Missouri that under the last Administration, they had major problems with accreditation, they had problems with financial aid, they had problem getting certified in various programs. We had threatening letters sent from the Department of Education to numerous, of our, religious institutions.

We are talking about colleges and universities that have been around for 100 years or more in the State of Missouri, our Baptist universities, our non-denominational universities. So can you just speak to the headwinds that Christian colleges and universities have faced, and the importance of preserving this distinctive form of education in this country?

Mr. LINDSAY. Yes, thanks very much, Senator Hawley. I think one of the key challenges all of us face are the sort of demographic challenges. We are in a competitive landscape and need to be able to recruit the right kind of students.

But the particular challenge we face at faith-based schools is not everybody understands our commitments and understanding, and they make assumptions about what kind of students we have or what kind of campus cultures we build. But I find that when people actually come to our campuses, they actually fall in love with the students. They see that this is a place that really is trying to help students to thrive and to do well.

You are right, that the regulatory environment can be challenging, and that there are certain actors in the political landscape that can make it more challenging. I am grateful for progress that we have been able to make in recent years, which has made it easier than it was, say, 10 years ago.

But it is a real particular issue, and I think all faith-based institutions have to do a better job of making the case of the difference that they make in their local community. I think as people begin to see that we are not enclaves, we are actually trying to serve and bless our local communities, that is the key of making a difference.

Senator HAWLEY. Let me ask you about this piece of legislation that I am proud to co-sponsor called the *Equal Campus Access Act*, which ensures that religious student organizations can operate in accordance with their faith-based principles and it would prohibit funding for public institutions of higher education if they deny rights or benefits or privileges to faith-based student organizations.

Now, obviously you are a faith-based institution, but wouldn't you agree as a person of faith and as someone who educates people of faith, many of whom will go out and probably teach in public universities, that it is important that if you are a person of faith, whether you are leading a university, whether you are teaching in a public university, that you are accorded the same rights and privileges as everybody else? There is no discrimination on the basis of faith. It is a bedrock principle. Wouldn't you agree with that?

Mr. LINDSAY. Well, certainly we recognize public institutions have a particular obligation to uphold the Constitutional right for freedom of speech and a recognition of clear conscience, free conscience.

It seems antithetical to the very premise of what we are trying to inculcate in our students at public institutions if the students are not allowed the opportunity to organize around their religious convictions and to be able to have a chance to express those.

It has had a chilling effect on many campuses as overzealous administrators have said that they are going to try and shut down some of the activities of faith-based groups. But I think that there is a real hopeful opportunity, and certainly I support the expression of those Constitutional rights at public and private institutions.

Senator HAWLEY. Very good. And I just want to come back to the first point that I made. I think it is absolutely vital that we do everything we can to protect Christian colleges and universities, and their rights to exist and educate students on an equal plane with every other form of university.

The truth is in the last 4 years, we saw a constant effort to undermine, constant effort to undermine, the mission of Christian colleges and universities by the Biden administration. And I am glad that the Trump administration has reversed course, but the Congress needs to do more in making sure that we inscribe into law the equal rights of Christian colleges and universities so that no one is discriminated against on the basis of faith.

Now, you have said several times, Dr. Lindsay, you have talked about loving your neighbor. I want to switch gears just a little bit and think about the crisis of Antisemitism that is currently afflicting many universities, and frankly many parts of this country. And what makes me think about this is I was having a conversation

just the other day with a dear rabbi friend of mine who said to me something interesting, caught my attention.

He made a reference to the book of Ruth in the Bible, and I happened to catch it. And so he said part of the challenge we face now is that so few people, so few students in particular are taught any kind of biblical history. They are certainly not taught the history of Israel.

They don't understand the spiritual foundations that link the people of Israel historically with the United States of America, our shared moral principles. Here is my question to you.

Do you think that Christian colleges and universities have a special role to play now in rooting out this terror of Antisemitism, this scourge of Antisemitism by recalling us to those things that we believe together, to our common moral principles, and also to those foundational commitments like love of neighbor that you have been talking about?

Mr. LINDSAY. A couple years ago, I had a chance to visit our honor students who were studying at Jerusalem University College. It is one of our partner institutions, literally built within the wall around Jerusalem.

Getting a chance to see up close the Holy Land and to see the impact it was having on the lives of our students I think really did change their understanding of the experience of Jewish people around the world.

Part of what we want to try and do is to help our students to actually engage a much wider world, for them to understand friends and neighbors from a wide variety of backgrounds.

I think as you get to that, you move beyond just sort of a mediocre, small level kind of commitment of inclusion, to actually pursuing an ethic of love and care.

Senator HAWLEY. Let me just, in my remaining seconds, put a little finer point on this. Wouldn't you agree, don't you think that Christians in particular have a particular obligation to stand up and speak against Antisemitism and hatred of Jewish people? That is a particular obligation—I say this as a believer myself.

That we cannot shirk or look aside from, but we have a particular obligation as people of the books, people of Bible, to stand in solidarity and to say, we are against hate always, but we have a particular obligation to stand up and speak against Antisemitism. Don't you think that is right?

Mr. LINDSAY. Absolutely.

Senator HAWLEY. Thank you, Mr. Chairman.

The CHAIRMAN. Now, Senator Kaine.

Senator KAINE. Thank you, Mr. Chairman. And thanks to the witnesses. A personal story, a worry, and then a question. So personal story. I just, in hearing my colleague, Senator Marshall, talk about how community college was really important to his educational path, getting a good education and not going into too much debt. For me, it was dual enrollment.

Being able to go through the University of Missouri, which was at the time relatively low cost public institution in 3 years rather

than four, was a really big deal for my family at that moment. And so, there is no one-size-fits-all strategy around affordability. For some, it might be community college.

For some it is dual enrollment. For some it is Pell Grants. For some at Stafford loans. It is just that we have to equip students and families much earlier. You have the capacity to get a great education. There is a lot of different ways to do it.

But so often, parents and kids are getting into the college search process without really knowing the breadth of avenues they can use to achieve a high quality education at a cost that doesn't break the bank. So that is the story. The worry, my colleagues have shared worries about higher-ed whether it is Antisemitism or other things. I will tell you what my worry is.

My biggest worry right now is if I look at the dismantling of the Department of Education, dramatic cuts in research funding going on in budgets that are being bandied about, a dramatic cut in funding to libraries, museums, and cultural institutions, elimination of funding to public broadcasting.

Even outside the education space, directives to certain agencies like the National Weather Service and NOAA that have a lot of public information that they have been sharing with the public, like, hey, you shouldn't share it with the public, you should sell it. I am a little bit worried that there is sort of a privatization of knowledge thing going on, and I am really, really worried about that.

That knowledge could be available for those who can afford it, but not for those can't. That worries me a lot. There is a famous phrase of Jefferson that is sort of paraphrased in the Virginia Constitution that says, progress in Government and all else depends upon the broadest possible diffusion of knowledge among the general population.

That was part of a legislative bill that Jefferson proposed in 1779 for Virginia public school system that wasn't adopted. But the title and the philosophy was the way to preserve Government, and progress is to take knowledge and get it out in people's hands and diffuse it broadly among the public.

That will be a counter to tyranny. That will be an accelerator of progress. And I worry that the combination of budget cuts and privatization of this and that is jeopardizing that. And so, that is the worry I have. Here is my question.

Dr. Lowery-Hart, I have been proposing during the 10 years of now three Presidents, President Obama, President Trump, President Biden, President Trump, with vast bipartisan support, the notion that Pell Grant should not be confined purely to traditional college curriculum where there is a 15-week long semester-like course, but that Pell Grant should be made available in a flexible way for high quality, got to define that, career and technical education.

I have advocated that as the son of an iron worker who ran a vocational school in Honduras as a missionary teaching kids welding and carpentry, and I have also been advocating it as we have been doing manufacturing bills, and infrastructure bills.

Who is going to make it? Who is going to build it? And yet, for 10 years, since I first introduced this with Rob Portman, and now I have introduced it with a succession of others, recently with Senators Marshall and Collins, and Senator Tina Smith, we get close. We kind of fall short. We get it through a committee. Falls through on the House. Happens on the House side, not on the Senate side.

Again, and again, and again, we have fallen short on this. And I have kind of come to the conclusion that in addition to maybe I am not as persuasive as I should be, so I have to own some of it, there are two other reasons. No. 1, there is kind of a snobbishness about college in this place. That college is good and career and technical education is not so good. And I am all for college.

A proud University of Missouri grad, proud Harvard Law School grad, man, I am for college. But I am also, offer high quality career and technical education. And I don't think we should have policies like Pell Grant that advantage one and ignore the other. I am happy to say that the Chairman of the Committee has been a co-sponsor in the past of this bill, the *Jobs Act*.

Would it help your students, would it help educate our population, Dr. Lowery-Hart, if we allowed flexibility and allowed Pell Grants to be used by students who are seeking high quality career and technological training?

Mr. LOWERY-HART. Yes, profoundly. We have talked about my typical student is named Ashley. And she is a 27 year old single mother, raising a kid, working two part-time jobs.

She needs that additional support to get a level one certificate that may be 15 hours, may take her 6 months to do, but there is a family sustaining wage waiting for her on the other side of it that would change the path for her entire family and generations that follow. And I would just say, she deserves our advocacy.

She deserves to be seen and cared for in the same level that my colleagues' students deserve. But she is often misunderstood and ignored.

Senator KAINE. I am over my time, but Mr. Chair, as I yield back, I said there were three reasons I think this hasn't proceeded.

Maybe I am not as persuasive as I should be. I think there is a snobbishness about college that we ought to get over. And the third thing is, we don't mark up a lot of legislation. And I really hope that we can start marking up legislation, particularly legislation like the *Jobs Act*, where there is such bipartisan support.

Senator KAINE. I want to mark up legislation, so I look forward to that.

Senator KAINE. Good. Good.

The CHAIRMAN. Senator Banks.

Senator BANKS. Thank you, Mr. Chairman. Dr. Lindsay, in your opening remarks and your written statement, you talk about moral rot. And I wonder if you can just tell us again, what do you mean by that?

Mr. LINDSAY. I think it is the erosion of basic human values that we have seen become sort of the standard and norm in a lot of

higher education, which is entirely antithetical to the very purpose of what education is designed to do.

Senator BANKS. Where does it come from though? Why do we see it fostered so heavily on college campuses in America?

Mr. LINDSAY. Well, I think it is accretion because we are humans that make lots of mistakes and we need to have guardrails that keep us from our worst sensibilities. So part of what we seek to try and do is to put ourselves in communities that can encourage us to pursue a virtuous life.

Senator BANKS. What motivates it on a college campus?

Mr. LINDSAY. I think that probably the important dimension that we want to try and do is create an academic community, an environment where we uphold values that we agree to. There has to be clarity. Institutions have to be able to say, this is what we stand for and this is who we are.

A lot of higher education hasn't always been doing that. And we realize we may not be the right place for every student, so we want to try and recruit the right kind of students. And then we want to create an ecosystem where those kind of virtues can thrive and flourish.

Senator BANKS. I would assume that all of you here, every college president in America would agree that their overall mission is to prepare students for careers and make them good citizens. Prepare them to be better citizens of this great country. But why do so many colleges stray from that? I mean, what motivates it?

Mr. LINDSAY. I think that probably the larger purposes that we are seeing, the noble cause of higher education, oftentimes it gets eroded when we get involved in the nitty-gritty of regulatory environment and trying to respond to the economic challenges we face.

All three of us would say, we are working hard to try and make our institutions as affordable as possible, and it is hard work every single day. But it is those larger aims, those higher ideals that draw my colleagues and me to try and do everything we can to be able to serve our students more effectively. It is part of what gets me up in the morning.

Senator BANKS. To me, it almost feels like a political movement. And we see it manifests itself in things like DEI. For example—and I wonder, you represent a very well-respected, independent institution in my state, but who has rejected this political DEI movement.

But why have so many colleges in America embraced it? Is it donor-driven? Is it pushed on you by institutions in the Federal Government? Is it tied to Federal funding? I mean, what would motivate a DEI movement on college campuses, which seems antithetical to that mission that you just described?

Mr. LINDSAY. I can't really speak for what happens at other campuses, but I will say, we love our diverse and global students, and that has been a part of who we are. Interesting story is that our very first international student was a guy named Sammy Morris. He was a Liberian prince who had to flee Liberia when there was a coup.

He turned to an American couple who he knew to say, is there a place where I could go? They happened to be Taylor graduates who were doing missions work trying to help the people of Liberia.

They wrote to the president of Taylor and said, would you consider admitting this student? He was our first student of color. He was our first international student. But he became an exemplar for the rest of our campus. Sammy Morris's spirit sort of lives on our institution, and it sort of informs how we are trying to build the kind of community where all God's people are welcome at Taylor.

We recognize that we are there to be able to serve and bless. So Sammy Morris, he is a prince. He comes to Taylor. We didn't actually have a room for him to stay in. He said, give me the room that nobody wants to live in. That is where I want to stay. That kind of spirit of serving others above yourself was what he sort of held up as an exemplar, and it has become part of the spirit of our campus ever since.

Senator BANKS. I love that. I grew up in a trailer park in a small town in Indiana, son of a factory worker, and I worked hard just to get into college. And what I appreciate about Taylor University is you have a student—I hope didn't get accepted because he was a prince, or because he was a foreign student, or because he was a minority student.

I hope that he was accepted because of your merit-based approach to accepting students. So I wonder, can you talk about that, Taylor embracing more of a merit-based approach than the DEI or the political approach to admissions?

Mr. LINDSAY. I think it is super important that you find mission appropriate students. And for us that means they have to be academically strong. Our average high school GPA of the freshman class is 3.89.

We are really proud of the academic standards that we uphold at the university. And it helps us to realize, we might not be the right place for every student, but for those who want to be at Taylor, we want to find a place for them.

Senator BANKS. When we talk about preparing students for their career, to be good citizens, I think that is really important, to reject the political approach and to accept students based on merit and give them that opportunity. And I think Taylor does that very well. Mr. Chairman, I yield back.

The CHAIRMAN. Thank you, Senator Banks.

Senator Blunt Rochester.

Senator BLUNT ROCHESTER. Thank you, Mr. Chairman, and to Ranking Member Sanders. And I, Mr. Chairman, will be looking at your transparency bill. I also want to acknowledge that in the House, I had the opportunity to lead on the short term Pell bill, and I am hopeful that the *Jobs Act* will become the law of the land. And I want to thank our witnesses for being here as well.

Thank you, Dr. Lindsay, especially for the comments that you just made about all of us being welcoming, and all of really uplifting each other. I think it is a comment that needs to be heard and spread far and wide. We all know that college isn't for everyone,

nor is it necessary for everyone, but every student should have the opportunity to pursue higher education.

Not only as the former Secretary of Labor of Delaware who is focused on jobs of today and of the future, but also as a mom of two children who graduated from Delaware public schools and two HBCUs as well, I know a college degree can be incredibly valuable. Unfortunately, it appears that the Administration is proposing stripping away some of the existing supports for students.

Specifically, I am incredibly disappointed that the President's budget proposes eliminating TRIO programs. TRIO programs provide support to low income, first generation students, students with disabilities, and veterans, helping them not only get in the door, but to succeed in college and in the workplace.

These are programs with bipartisan support that help students create brighter futures for themselves through higher education, and it also makes us competitive globally. So far, more than 6 million students have graduated from college with TRIO's help. Dr. Lowery-Hart, can you tell me how many students would lose access to support if TRIO was eliminated?

Mr. LOWERY-HART. TRIO has almost 900,000 students currently enrolled in the support programs that TRIO offers.

Senator BLUNT ROCHESTER. Based on your experiences, what impact do TRIO programs have on students? Do you think eliminating TRIO would improve our higher education system?

Mr. LOWERY-HART. It certainly wouldn't improve it at all. In fact, you have a demonstrative impact of TRIO programs, even in our own TRIO programs at Austin Community College that reflect the data nationally.

83 percent of the students in our local area that are upward bound students enroll in a post-secondary entity. 47 percent of SSS students get a bachelor's degree compared to their peers that didn't have the same kinds of supports.

It is—I am looking at data—47 percent of TRIO students are more likely to finish a 2-year degree and transfer to a bachelor's degree than students that have the demographic background but don't have some support that comes in the form of financial literacy, mentoring, academic skill building, career skill building.

The very things that we have spent our time on this panel talking about, TRIO has already done historically and done well.

Senator BLUNT ROCHESTER. In the budget, the Administration refers to TRIO as a relic of the past. I disagree. I think this was the 60th anniversary of TRIO this year. I think it was because we are close in age.

In fact, I think—it is true. In fact, I just signed on to Chairman Cassidy and Senator Warnock's bipartisan funding request for TRIO. And to me, TRIO is not a nice thing to do. It is not just about it being a nice thing to do. This year alone, all high school seniors in Delaware, Delaware Technical Community College's TRIO programs, will graduate.

Again, that is staggering. And more than 95 percent of them will be attending college. Dr. Lowery-Hart, do you think TRIO programs are a relic, or are they relevant?

Mr. LOWERY-HART. They are relevant.

Senator BLUNT ROCHESTER. Thank you for that answer. If we want a strong economy, we must invest in programs like TRIO that help real people access education and the tools they need to succeed.

I hope my colleagues see that these budget cuts would be harmful, not helpful, and that this program is not a relic, but is relevant to today. I yield back.

The CHAIRMAN. Senator Alsobrooks.

Senator ALSOBROOKS. Thank you so much, Mr. Chairman. I would like to just begin my comments also by saying thank you as well to Dr. Lindsay. Your words were so beautiful. And it reminds me of a scripture that says, by this they will know that you are my disciples, if we love one another.

I so appreciate your courageous comments pointing out today that we have an obligation to love each other, whether we are from here or any place else in the world. God commands us to lead with love.

Thank you so much for that. I am disturbed and just so sad really at the climate that has been created by this Administration which pits people against each other. Those who have had the opportunity to go to college and those who have not.

I am the daughter of two parents who did not have the opportunity to attend college, a mother who was a receptionist, and a father who worked so hard selling cars and newspapers in order that I might be educated.

I have to tell you, nobody is prouder. My father is the single most intelligent person I have ever met, didn't have the chance to go to college, and I am so proud of him, and he is so proud of me. But it was both. His work as a car salesman enabled me to become a United States Senator.

I think it is important as we think through what higher education looks like, that we remember that. That it takes both. That those who have opportunities, we give them to them, and then career in technical education and other forms of making it to the middle class are important.

I want to just ask two quick questions. I know the time goes by quickly. And I want to thank all of the witnesses for being here today. Dr. Brown, I am glad that you are here so that we can hear the perspective of our HBCUs. And Maryland is proud to host four HBCUs in our state.

In fact, I am looking forward to being the commencement speaker at Bowie State University this Friday. I am also the mother of a proud daughter who is attending Spelman College. And so, I am looking forward to working with colleges across the aisle to preserve access to this critical funding.

That being said, this Administration took some concerning actions earlier this year briefly suspending the 1890 National Scholars Program, which funds students' education in agriculture at HBCUs. So I just wonder if quickly you can speak to the importance of preserving funding streams for our HBCU's.

Mr. BROWN. Yes, Senator. Thank you for that question. And it is vitally important. And I will start first with the 1890 program, which is—Tuskegee is a recipient of the 1890 program. It not only serves the students there, but it serves the economy around that area, 200-mile radius.

It is where we teach farmers, as an example, how to farm using solar energy and to do so year-round. But we do this with students who come to this by virtue of education, not by virtue of where they started in their life.

We have students, for example, who had never been on farms before. They grew up in Detroit. They got immersed in that, if you will, and decided to do that service. The 1890 program provides them scholarships in order to go to school, and then it provides them internships in programs like those here in Washington that allows them to become practitioners there.

The elimination of that program would not only hurt those students individually, it would also hurt all of the small farmers in programs within a 200 mile radius, in our case, of Alabama that would do that. Another instance would be our first scientist program, which funds research on cancer, specifically ovarian cancer, prostate cancer, and other cancers that are specifically related to genes and the study of genes.

That program, which is a part of a grant that has been canceled, causes us great concern. We partner with the University of Alabama, Birmingham in that research. Important for us to do it in the Black belt of the south because that is where the disease happens to have the highest morbidity rates and other issues that affect not just those in that area, but across the country.

Those funding streams are critically important, but not only to the student, they are important to the national interest when it comes to fighting problematic diseases and also the economy, where we make a big difference by virtue of those programs.

Senator ALSOBROOKS. Thank you so much. And I will go quickly. I know this subject has been raised, Mr. Pierce. Can I just ask you quickly about Pell Grants, how important they are to so many students. And just ask, what message do you think it sends to hard-working students when the Federal Government walks back its investment in Pell Grant funding?

Mr. PIERCE. Thank you, Senator. Pell grants are absolutely vital for students from lower income communities to be able to go to college and achieve a college degree and participate in the economy.

I think the message is loud and clear that if we are going to cut back on Pell, we are not serious about making sure that college is open to everybody. We run the risk of America's colleges becoming finishing schools for millionaires and billionaires kids instead of being the engine of opportunity that has driven our economy for a century.

Senator ALSOBROOKS. Thank you so much. I yield back, Mr. Chair.

The CHAIRMAN. Thank you. I want to thank all of our witnesses. I noticed that Republicans asked questions of Democratic witnesses, and Democrats asked questions of Republican witnesses.

And that shows that there was a broad interest in what everybody had to say as opposed to just merely kind of repeating partisan talking points.

I thank you all. I will announce for my colleagues that questions for the records are due on June 4th at 5.00 p.m. I again thank you all, and this closes the hearing.

[Whereupon, at 11:56 a.m., the hearing was adjourned.]

