



The State PIRGs' HIGHER EDUCATION PROJECT

July 31st, 2008

Dear Member of Congress,

On behalf of millions of college students across the country we encourage you to support H.R. 4137, the Higher Education Opportunity Act. This legislation contains several important policy changes to increase access to college and help protect students, families and taxpayers from high college cost and unmanageable debt. However, H.R. 4137 does have some concerning provisions as well as several areas that deserve further reform as this process goes forward.

The Higher Education Opportunity Act:

Will help increase college opportunity by strengthening the Pell Grant Program, our nation's most successful college access program. This bill will increase the maximum authorized level for the Pell Grant to \$9,000, charting a path to regaining the buying power of the maximum Pell award lost over the last thirty years. In addition the legislation allows students who have accelerated their studies to receive two Pell Grants in a calendar year, the so-called "Year Round Pell" provision. Together these changes will help move this valuable program in the right direction.

Provides the nucleus of meaningful reform to the private student loan system. The legislation helps ensure students maximize their federal loans before taking out private loan debt. This is done by notifying borrowers clearly and repeatedly about their eligibility for federal aid, banning co-branding of private loans, and ensuring that private loans are separated from federal loans in financial aid packaging. H.R.4137 helps students understand private loan offers by mandating lenders provide a uniform loan statement describing the rate and terms of the loan and making all private loans subject to the Truth in Lending Act (TILA). Finally the bill begins to provide private loan borrowers with some basic protections including a 30-day period after the loan is offered where the terms cannot change and a three-day delay between consummation and disbursement.

The original House bill included language to mandate school certification of private educational loans. This certification would help ensure that students are not borrowing private loans when other grants or loans are still available. The House certification provision also offered schools the opportunity to provide additional education to borrowers about loan costs, personal budgeting, and federal loan eligibility as has been done at both Colorado State University and Barnard College. Unfortunately, this final legislation no longer has the school certification program provisions. H.R.4137 does include an additional mandate on students to fill out a form listing their Cost of Attendance. However this new language will not provide schools any notification about students' borrowing and will give them no opportunity to advise students. We believe

the absence of the more proactive school certification program is a missed opportunity for Congress to increase student protection in the private loan industry.

Helps lower the cost of textbooks for millions of students. The bill mandates publishers disclose the price of textbooks when they sell them to faculty as well as additional information about the book's history of revisions. H.R. 4137 bill includes language encouraging schools to share information about textbooks with students so that they have time to shop around in advance of a new semester. Lastly the legislation mandates publishers sell books and supplemental materials unbundled although it includes an overly broad definition of an integrated textbook that may allow publishers to avoid unbundling.

Begins the process of reforming the FAFSA form. The Free Application for Federal Student Aid should help low and middle-income students access valuable student aid. Unfortunately the complexity of this form keeps approximately one and a half million aid eligible students from receiving meaningful student assistance. The bill authorizes the Secretary of Education to examine ways to simplify the form such as prepopulating with tax data.

On the critical issue of higher education program integrity this legislation unfortunately moves in the wrong direction. By weakening regulation around the 90/10 provision, designed to protect students and taxpayers against fraudulent institutions, the bill opens up the higher education programs to further abuse by bad actors. On a rule already gamed by institutions, the legislation provides additional flexibility by requiring schools to be out of compliance for two years before facing punishment. In a bill designed to increase the integrity of the student aid programs and protect consumers this provision is incongruous. We encourage Congress to work to defend students and taxpayers from fraudulent institutions, not weaken what few protections we have.

Several other issues deserve the attention of Congress in the coming years including:

- Restoring financial aid to students with drug convictions. This provision has prevented approximately 200,000 students from receiving financial aid since it went into effect in 2000.
- Expanding upon the private loan provisions to provide greater protections for borrowers including a reform to the non-dischargeability of private educational loans in bankruptcy. Our full recommendations for private loan reform can be found at:
<http://uspirg.org/html/GroupLetterHouseEdCommitteePrivateStudentLoans>

Sincerely,

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