



HOUSE
BUDGET
REPUBLICANS

Making College Unaffordable

Today, the House Committee on Education and Labor ordered to be reported H.R. 4674, the College Affordability Act, by a vote of 28 to 22. This is yet [another Democratic proposal](#) that drastically increases federal spending while failing to provide real solutions to our nation's higher education system. This legislation fails American students — it does not address the root causes of increased tuition costs, and it creates more challenges for students entering the higher education system.

The College Affordability Act Would Bust the Federal Budget. H.R. 4674 would substantially add to the federal debt, which currently stands at \$23 trillion. In total, the bill is estimated to cost an **astronomical \$400 billion over 10 years**.¹ One of the more expensive provisions is a significant increase in the Pell Grant Program maximum award by \$625, for a total award of \$6,820 in 2021, with the maximum award indexed to inflation thereafter. The legislation would also establish a new federal-state partnership program, America's College Promise, in which federal dollars would be directed to states that waive community college tuition and fees. Additionally, the bill makes dramatic changes to existing income-based repayment (IBR) plans by replacing them with a new IBR plan. Under the new plan, students who are below 250 percent of the federal poverty line have the option to pay zero dollars per month towards repayment until earnings increase. The IBR plan includes complete loan forgiveness after 20 years of repayment. Borrowers with Parent PLUS loans would also be eligible for IBR. Moreover, the bill would expand eligibility for the Public Service Loan Forgiveness program.

Some members of the House Democratic Majority have recently [recognized the dangers](#) associated with considering bills that are not compliant with budget enforcement rules, particularly the House Pay-As-You-Go rule, which requires legislation to be deficit neutral. Due to its considerable price tag, H.R. 4674 would clearly violate the House Pay-As-You-Go rule and be fiscally irresponsible. With the debt currently at 106 percent of gross domestic product and projected to grow, it is critical that lawmakers practice fiscal discipline by adhering to the rules that have been established.

The College Affordability Act is Unworkable. Not only would H.R. 4674 add to the current out-of-control federal debt, it would also expand the federal government's role in education policy and raise college tuition costs, contrary to the bill's title. The bill fails to direct limited resources to students most in need by allowing students of all income levels, including millionaires, to receive financial assistance. It would also direct tens of billions of dollars directly to colleges and away from students, greatly limiting student's ability to choose what educational options best suit their needs. Moreover, it would fail to hold colleges accountable for poor outcomes, providing no motivation for institutions to ensure students are successful post-graduation. Most importantly, the bill does nothing to lower the cost of college and would actually provide an incentive for institutions to raise tuition. Studies have shown that increases in federal student aid contribute to higher tuition prices. According to the New York Federal Reserve, for every dollar increase in subsidized loans, tuition may increase by up to 60 cents.² Rather than fixing the underlying structural problems, this bill would merely throw more money at an already broken higher education system while increasing the costs of education.

Solutions for Higher Education. Republicans support fiscally responsible reforms to ensure federal resources are targeted at students most in need, while simplifying and streamlining student loan repayment and forgiveness programs. Lawmakers should work together to find bipartisan solutions that make higher education more affordable for students and taxpayers.

¹ <https://www.nytimes.com/2019/10/15/us/politics/house-democrats-higher-education.html>

² https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr733.pdf?la=en