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News Release

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NCHELP Statement on Passage of H.R. 2669, the *College Cost Reduction and Access Act*

WASHINGTON, D.C. -- The House and Senate on Friday passed by overwhelming margins H.R. 2669, *The College Cost Reduction and Access Act*. The National Council of Higher Education Loan Programs (NCHELP) compliments the Congress on keeping the affordability of postsecondary education and training as a top legislative priority but expresses severe reservations about the manner in which these initiatives are funded.

“As the nation and its postsecondary institutions prepare for the largest secondary school graduating classes in history, the Congress failed to increase funding by one new dollar. The sole funding for the provisions provided in the bill come from the Federal Family Education Loan Program (FFELP), the nation’s largest student financial aid program. With the dramatic growth of postsecondary enrollments just a few years away, the Congress will not only have to provide more funds for increases in enrollments but also to backfill for the cuts to the FFELP.

“H.R. 2669 lacks a strong public policy basis, as student loan benefits currently being provided by the nation’s lenders, which last year stepped up with over \$70 billion to meet the needs of the nation’s students, will be reviewed in recognition of almost \$ 39 billion in cuts that has occurred since February, 2006. The overall lender cuts will severely reduce student and family choice and eliminate options to making their education and training more affordable. While the Congress recognized the contributions of nonprofit lenders, other features such as the shift to auctioning off the right to make parent PLUS loans and the deep cuts to for profit lenders will have severe consequences over the next few years. Limiting the availability of public service loan forgiveness to Direct Loan borrowers is unfair to 80% of the nation’s borrowers.

“The Congress also had an opportunity to advance sound public policy through recommendations advanced by the nation’s guaranty agencies to provide a model of the future to enhance delinquency and default prevention. Instead, the Congress cut funding for guaranty agencies even more than anticipated. Students, borrowers and schools have come to rely on guaranty agencies to promote access to higher education and to employ new strategies and technology to reduce defaults. Congress’ action could lead to reduced services and higher default rates.

“H.R. 2669 keeps a national focus on postsecondary education and training today, but unfortunately it is at the expense of tomorrow’s students.”

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NCHELP represents a nationwide network of guaranty agencies, secondary markets, lenders, loan servicers, collection agencies, schools and other organizations involved in the administration of the Federal Family Education Loan Program (FFELP). NCHELP members promote student access and choice for postsecondary education and training. Over the past 40 years, FFELP participants have provided more than \$500 billion in student loans.