

JUDY CHU, Ph.D.
27TH DISTRICT, CALIFORNIA

**COMMITTEE ON
WAYS AND MEANS**

SUBCOMMITTEE ON
HEALTH

SUBCOMMITTEE ON
HUMAN RESOURCES

**COMMITTEE ON
SMALL BUSINESS**

SUBCOMMITTEE ON
ECONOMIC GROWTH, TAX AND CAPITAL ACCESS



Congress of the United States

House of Representatives

Washington, DC 20515

April 4, 2018

WASHINGTON OFFICE:

2423 Rayburn House Office Building
Washington, DC 20515
(202) 225-5464
(202) 225-5467 (Fax)

PASADENA DISTRICT OFFICE:

527 South Lake Avenue, Suite 250
Pasadena, CA 91101
(626) 304-0110
(626) 304-0132 (Fax)

Senator Lamar Alexander
Chairman
Senate Committee on Health,
Education, Labor & Pensions
428 Dirksen Senate Office Building
Washington, D.C. 20515

Senator Patty Murray
Ranking Member
Senate Committee on Health,
Education, Labor & Pensions
428 Dirksen Senate Office Building
Washington, D.C. 20515

Dear Chairman Alexander and Ranking Member Murray:

As your committee prepares legislation to reauthorize the Higher Education Act of 1965 (HEA), I write to express the priorities of the institutions of higher education in the 27th District of California, including East Los Angeles College (ELAC), Pasadena City College (PCC), the California Institute of Technology (Caltech), Citrus College, and the seven Claremont Colleges. These institutions serve student bodies that are diverse in ethnicity, age, background, and academic pursuits. For example, PCC students are 51 percent Hispanic/Latino and 24 percent Asian American Pacific Islander, 58 percent of ELAC students are age 22 or older, and 55 percent of Caltech students are graduate students. The House Committee on Education and the Workforce has already advanced its proposed legislation, H.R. 4508, the Promoting Real Opportunity, Success, and Prosperity through Education Reform Act, which falls short of fulfilling the federal government's commitment to improve access to and affordability of higher education. After convening a roundtable discussion with representatives from the institutions of higher education in my district to discuss HEA, it is my recommendation and strong sense that any reauthorization proposal introduced by your committee should support college access and affordability by reflecting the following priorities:

- **Federal Loan Programs** – federally subsidized, unsubsidized, PLUS, and Perkins loans provide borrowers with security, flexibility, and low interest rates and prevent students from using high-interest private loans with inflexible terms and no opportunity for forgiveness. Federal loans with favorable terms benefit institutions in my district by expanding enrollment opportunities to lower income students who would otherwise be unable to afford the cost of attendance. HEA reauthorization should protect this service by reauthorizing the Direct Subsidized Loan Program without reducing the current maximum capital available to students across federal loan programs. Reauthorizing HEA also presents the opportunity to reinstate the eligibility of graduate students to receive Direct Subsidized Loans, a measure that would be accomplished by my bill, H.R. 2526 – the POST GRAD Act. To further protect affordability for graduate students, continued eligibility for federal work-study opportunities for graduate students must be protected.

- **The Public Service Loan Forgiveness Program** – the federal government should continue to offer loan forgiveness and repayment options that help borrowers. The Public Service Loan Forgiveness Program (PSLF) enables students to pursue careers in critical yet lower-paying fields that require a college degree, including federal, state, local, or tribal government service and employment at a nonprofit organization. In 2013, the San Gabriel Valley Economic Partnership tracked nearly 6,200 nonprofit organizations operating in or near my district in fields like education; arts, culture, and humanities; health; housing; and philanthropy. If PSLF is eliminated or limited, students, especially those with lower income and those caring for dependents, would be forced to forego a career in public service. Similarly, the federal government should continue to offer Income Based Repayment (IBR) plans with repayment periods that do not exceed the current length of 20 to 25 years, after which remaining loan balance is forgiven. Any changes to IBR should not increase the minimum monthly payment above \$0 for periods during which a borrower is determined to have no discretionary income. IBR gives certainty to lower-income families that pursuing higher education will not lead to excessive financial hardship when loans enter repayment.
- **Federal Grant Programs** – the Federal Supplemental Educational Opportunity Grant (FSEOG) and the Teacher Education Assistance for College and Higher Education (TEACH) Grant must be preserved and the Pell Grant must be protected and expanded. FSEOG allows institutions with a high number of low-income students to offer an additional source of assistance to students who may otherwise be unable to afford the cost of attendance. According to U.S. Department of Education (ED) Data, over 4,500 students across my district received more than \$2.5 million in FSEOG funding in the 2015-2016 school year. TEACH Grants are vital in producing teachers in high-need fields in schools that serve low-income students – eliminating this program could have widespread negative repercussions for elementary and secondary students in underprivileged areas. The Pell Grant, earned by over 15,000 district students in 2017, must be expanded and protected. The maximum Pell award should be increased and value should be tied to the Consumer Price Index to ensure that purchasing power does not decrease over time due to inflation.
- **Return to Title IV (R2T4) Process Changes** – any proposal to implement risk-sharing at institutions of higher education, specifically through changes to the Return to Title IV (R2T4) process that defines how institutions return unearned Title IV financial aid to the federal government, must not have an adverse effect on institutions' abilities to enroll students of all backgrounds. Changes to the R2T4 process in H.R. 4508 include requirements that a student completes 100% of an academic term to earn the entirety of their federal aid and that institutions pay for 100% of student aid disbursed before a student completes 25% of a term. These and similar changes would lead to drastic increases in reimbursements paid by institutions, with the worst effects seen at schools like public community colleges that enroll a high percentage of underserved students who are at higher risk of withdrawing before the conclusion of an academic term. In the 27th District, ELAC, PCC, and Citrus College enroll 14,381 students who earned the federal Pell Grant for low-income students. These students are more likely to be forced to withdraw due to unexpected financial hardship like loss of employment or high medical costs. Dramatically shifting financial liability to institutions for their students' Title IV funds could exacerbate tuition increases, draw funding from student services and advising programs that help at-risk students succeed, and push institutions to reject low-income or otherwise underserved applicants who are more likely to be forced to withdraw from school due to financial hardship. Any proposed changes to the R2T4 process should maintain the current requirement that a student completes 60% of an academic term to earn 100% of disbursed federal aid.

- **Student Services Programs** – HEA should also take steps to strengthen or expand programs that help institutions invest in the success of their underserved student populations. Student services programs like federal TRIO provide resources to low-income and first-generation students to support academic success, and should not be limited or required to fulfill a matching requirement in order to receive funding. Pasadena City College, for example, hosts four individual federal TRIO programs serving 1,500 students. Support for Minority-Serving Institutions (MSIs) should be expanded by reauthorizing and increasing the mandatory funding levels that were established by the Student Aid and Responsibility Act, and no eligibility restrictions for Title III and Title V funding should be implemented.

Thank you for taking these priorities into consideration and I hope that you can commit that this legislation will honor the spirit in which HEA was first enacted – to ensure that all students, regardless of wealth or background, have the opportunity to pursue a college degree.

Sincerely,

A handwritten signature in blue ink that reads "Judy Chu". The signature is fluid and cursive, with the first name "Judy" and the last name "Chu" clearly distinguishable.

Judy Chu, Ph.D.

Member of Congress