



April 28, 2025

The Honorable Tim Walberg
Chairman
Committee on Education and Workforce

The Honorable Bobby Scott
Ranking Member
Committee on Education and Workforce

Re: FY 25 Budget Reconciliation Legislation

Dear Chairman Walberg and Ranking Member Scott:

On behalf of the nation's 1,024 community colleges, the American Association of Community Colleges (AACC) and the Association of Community College Trustees (ACCT) write with our reactions to the budget reconciliation legislation to be considered by the committee tomorrow, April 29, 2025. Though the legislation has several positive aspects, it also contains provisions that cause our members great concern. Many of the provisions in this bill are similar to, or the same as, those in the College Cost Reduction Act (CCRA) approved by the committee in the 118th Congress, which our associations opposed at the time.

Accountability

Like the CCRA, the reconciliation bill would impose "risk sharing" payments on institutions keyed to their former students' loan repayments. As open access institutions, community colleges continue to strongly oppose risk-sharing of any kind. We appreciate that the formula for payments is crafted in a way that requires relatively low payments by our institutions, but that does not change the views of community colleges on the basic concept. We welcome federal support to enhance completion efforts but suggest revisions to the PROMISE Grant program, particularly by establishing a completion time frame that is more reflective of community college students.

Pell Grant Program

The legislation makes several changes to the Pell Grant program, including the addition of Workforce Pell Grants, a longtime community college priority. We support the inclusion of Workforce Pell Grants but urge the committee to limit eligibility for these grants to institutions of higher education as in previous versions of workforce Pell legislation.

Community colleges strongly oppose the elimination of eligibility for less than half-time students and are concerned about the new enrollment intensity requirement to qualify for the maximum Pell Grant. Requiring students currently paying by the credit hour to increase their enrollment intensity decreases their per credit Pell Grant award from \$616 a credit to \$493 a credit. For our adult students, often balancing work and caregiving, this is a significant cut. We applaud the restoration of the family farm and small business exemption, which will help more students access student aid.

Finally, with regard to Pell Grants, we commend the committee for including substantial resources to help shore up the program's finances. Addressing the Pell shortfall in budget reconciliation legislation is the only tenable way to solve this problem.



Federal Student Loan Program

The reconciliation bill makes significant changes to how students can borrow to finance their education. While only 12% of community college students take out loans, these policies may have a significant impact on students who do borrow. Community colleges oppose the elimination of Federal Subsidized Loans for undergraduate students. Community college students who take out student loans often face significant financial hardship, and the subsidized loan program functions as a key piece of our federal student aid system. Conversely, we support giving campuses discretion to lower annual loan maximums for certain programs to help promote strong post-college repayment outcomes.

As for the provisions in the bill regarding student loan repayment, community colleges welcome the streamlining of existing repayment plans, which have often proven confusing both to borrowers and the public. We also welcome several of the new provisions of the Repayment Assistance Plan, including ending interest capitalization and helping borrowers struggling to pay down their principal balance amounts.

However, we strongly urge the Committee to pursue additional ways of aiding community college borrowers at risk of student loan default. While we welcome the inclusion of a second loan rehabilitation opportunity for borrowers and greater resources to the Department of Education to work with servicers to help borrowers maintain good standing on their loans, we had hoped to see a shorter timeline to forgiveness under the Repayment Assistance Plan for small-balance borrowers. We urge the Committee to allow implementation of the Repayment Assistance Plan to go through the negotiated rulemaking process to enhance the plan and ensure that its provisions are reflective of the experiences and needs of community college borrowers.

Regulations

The legislation forbids the Secretary of Education to regulate in the area of “gainful employment.” We have supported some features of the gainful employment rules, but decisions about program eligibility of this nature should be made by Congress. Also, AACCT opposes the “earnings standard” as promulgated by the Biden Administration as part of their gainful employment regulations.

Thank you for your consideration of our views on this important legislation. We look forward to continuing to work with the committee as this process unfolds.

Sincerely,

Walter G. Bumphus, Ph.D.
AACCT President and CEO

Jee Hang Lee
ACCT President and CEO