



AccessLex Institute Concerned About *REAL Reforms Act* Provisions That Will Harm Access To Higher Education

WEST CHESTER, PA, August 9, 2022 — AccessLex Institute is deeply concerned about several proposals contained in the *Responsible Education Assistance through Loan (REAL) Reforms Act* released last week. Among other provisions, the bill proposes to substantially reduce the amount of federal student loan funding available to graduate and professional students, eliminate the Public Service Loan Forgiveness (PSLF) program for new borrowers and end time-based loan forgiveness under income-driven repayment (IDR) plans. These provisions cut against the very heart of the Higher Education Act (HEA) of 1965 by serving to reduce access rather than to expand it, particularly for historically underrepresented and economically disadvantaged students. We urge Congress to be very mindful of this effect and reconsider any provision that would harm affordable access to postsecondary education.

Federal graduate lending provides a critical financing option for all students who are interested in obtaining an advanced degree, regardless of background or station. Reducing the amount of federal loans that graduate and professional students may borrow to \$25,000 per year, when most graduate programs cost significantly more than that, will force most students to seek financing from private sector lenders. Relying on private lenders, which have differing incentives, underwriting and profit goals than the federal government, would mean returning to an environment where many low- and middle-income individuals will be unable to obtain a student loan under reasonable terms or even obtain a loan at all. At a time when the need for advanced education and training is becoming even more essential to our country's future, severely reducing the federal investment on graduate and professional students is not the right move for the economy or the long-term health of our nation.

Eliminating the PSLF program, which encourages graduates to engage and persist in critical, underserved public sectors, such as teaching and healthcare, would worsen existing gaps in access to vital services and the quality of their delivery. Given the acute shortages in these fields as a result of the COVID-19 pandemic, getting rid of a program that provides financial support to workers in often lower paying fields takes away a key recruiting tool for non-profit employers who are struggling to fill positions.

Finally, while AccessLex agrees that IDR plans should be simplified, this bill would remove a current feature of IDR plans that allows borrowers to have the remainder of their debt forgiven after making payments for 20 or 25 years. By taking away time-based forgiveness, this bill would cause many struggling, and even insolvent borrowers, to take on a literal lifetime of debt given the effective nondischargeability of student loans in bankruptcy.

On the positive side, AccessLex is encouraged to see provisions in the bill that would put an end to statutory interest capitalization. We believe that it is counterproductive to allow balances that would ultimately be forgiven to increase. Moreover, we have long supported changes to the federal student loan program that would make repayment more affordable. In fact, we made [comments](#) just last month to the U.S. Department of Education in support of the elimination of non-statutory interest capitalization.

We stand ready to work with Congress in the coming years to craft an HEA reauthorization bill that will support access to higher education and increase its affordability, particularly for underrepresented students.

See our full set of Higher Education Act policy recommendations [here](#).

###

About AccessLex Institute:

AccessLex Institute is a nonprofit organization committed to helping talented, purpose-driven students find their path from aspiring lawyer to fulfilled professional. In partnership with its nearly 200 ABA-approved Member law schools, improving access and positively influencing legal education have been at the heart of the Company's mission since 1983. The AccessLex Center for Legal Education Excellence[®] advocates for policies that make legal education work better for students and society alike, and conducts research on the most critical issues facing legal education today. The AccessLex Center for Education and Financial Capability[®] offers on-campus and online financial education programming and resources to help students confidently manage their finances on their way to achieving personal and professional success. AccessLex Institute is located in West Chester, PA, with a team of accredited financial education counselors based throughout the United States. Learn more at [AccessLex.org](https://www.AccessLex.org).