



July 11, 2023

The Honorable Glenn Grothman
U.S. House of Representatives
1511 Longworth House Office Building
Washington, D.C. 20510

The Honorable Claudia Tenney
U.S. House of Representatives
2349 Rayburn House Office Building
Washington, D.C. 20510

The Honorable Doug LaMalfa
U.S. House of Representatives
408 Cannon House Office Building
Washington, D.C. 20515

The Honorable Tom Tiffany
U.S. House of Representatives
451 Cannon House Office Building
Washington, D.C. 20515

The Honorable Burgess Owens
U.S. House of Representatives
309 Cannon House Office Building
Washington, D.C. 20515

Dear Representatives Grothman, Tenney, LaMalfa, Tiffany, and Owens:

I am writing on behalf of Education Finance Council (EFC) to endorse H.R. 3414, the *Responsible Borrowing Act*. EFC supports your proposal to curb excessive student loan borrowing and give institutions of higher education the tools necessary to act in their students' best interests.

EFC is the national trade association representing nonprofit and state-based higher education finance organizations. EFC members work to increase postsecondary education access, success, and affordability by providing a wide range of resources and services to students and families. EFC members are driven by a public purpose mission to expand individuals' financial knowledge, prevent over-borrowing, and promote positive repayment behavior. Every year our members support millions of students as they seek to grow their skillset and improve their lives.

Current law prohibits colleges and universities from limiting how much federal education debt their students can borrow to an affordable amount. At the same time, the federal government holds institutions accountable when too many borrowers enter default after withdrawing or graduating from school. Both students and institutions suffer from this policy misalignment, and the status quo shows the deleterious consequences of inaction. Over 40 million borrowers owe more than \$1.6 trillion in outstanding federal student loans, and the Consumer Financial Protection Bureau estimates that nearly one in five of these borrowers will struggle to avoid delinquency or default when payments resume later this year.¹

The *Responsible Borrowing Act* addresses the problem of overborrowing by allowing institutions to create lower student loan limits based on borrowers' program of study, enrollment intensity, credential level, or year within a program. The legislation rightly provides financial aid administrators the flexibility to reinstate the statutory loan limit for students on a case-by-case basis. Critically, the legislation also prohibits institutions from discriminating based on the race, color, religion, sex, marital status, age, national origin, or disability status of the student. EFC believes the *Responsible Borrowing Act* is a commonsense first step towards reforming the federal student loan system.

EFC has one recommendation to further improve the bill as it moves through the legislative process. The Parent PLUS program not only charges higher rates and fees, but it also often saddles parents with debt they cannot hope to

¹ <https://www.consumerfinance.gov/about-us/blog/office-of-research-blog-update-on-student-loan-borrowers-as-payment-suspension-set-to-expire/>



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pay back because of the program's inadequate evaluation of a borrower's creditworthiness or ability to repay the debt. As currently introduced, H.R. 3414 does not provide institutions with the same ability to address parent borrowing limits as it does for student borrowing. EFC recommends amending the language to provide for that authority.

EFC believes the *Responsible Borrowing Act* offers a proactive solution to reduce over borrowing in a way that maximizes transparency and equity. Our members thank you for your leadership on this pressing issue, and we look forward to working with you and your colleagues to pass this important policy change.

Sincerely,

A handwritten signature in black ink, appearing to read "Gail daMota", written in a cursive style.

Gail daMota
President
Education Finance Council