



June 4, 2025

The Honorable Tim Walberg, Chair
The Honorable Robert C. Scott, Ranking Member
U.S. House of Representatives Committee on Education & Workforce
2176 Rayburn House Office Building
Washington, DC 20515

RE: June 4, 2025 Hearing entitled “Examining Policies and Priorities of the Department of Education”

Dear Chair Walberg, Ranking Member Scott and Members of the Committee on Education & Workforce:

Thank you for the opportunity to submit this letter for the record following your hearing of June 4, 2025 entitled “Examining Policies and Priorities of the Department of Education.” On behalf of the Center for Responsible Lending (CRL), I write to express our deep concern regarding the Secretary Linda McMahon’s stated intentions to implement the proposed Fiscal Year 2026 budget, which includes a 15% reduction in discretionary funding for the U.S. Department of Education. This reduction would have severe consequences for higher education access, affordability, and equity—particularly for first-generation college students and students from historically marginalized communities. We further express our deep concern about changes to repayment programs, upon which lower income individuals rely. Reforms would have severe consequences for higher education access, affordability, and equity—particularly for first-generation college students and students from historically marginalized communities.

The Center for Responsible Lending is a nonpartisan, nonprofit organization dedicated to protecting homeownership and family wealth by working to eliminate abusive financial practices. As a policy and advocacy institution that champions economic opportunity, we view access to affordable higher education as a cornerstone of financial mobility and long-term economic security. The proposed reforms threaten to dismantle key federal programs and protections that have helped millions of Americans pursue higher education and build a better future.

I. A Disproportionate Impact on First-Generation and Marginalized Students

First-generation college students, many of whom come from low-income families or communities of color, are uniquely vulnerable to the Department of Education’s funding cuts. These students often lack the financial, social, and academic support systems that are critical to college success. Reductions in need-based aid, college access programs, and campus support services exacerbate these challenges and increase the risk of non-completion. First-generation

students are significantly more likely to experience mental health concerns, a diminished sense of belonging, and limited access to advising and counseling services—all factors that impede their academic progression when support is withdrawn.^[1]

Likewise, students of color already face disproportionate financial burdens due to systemic inequalities in wealth, income, and intergenerational support. These groups are more likely to take on student loan debt and to borrow larger amounts. Research confirms that Black borrowers, in particular, are more likely to default on student loans, even when accounting for differences in income and educational attainment.^[2] These trends reflect broader racial disparities in educational opportunity and economic outcomes—disparities that will be deepened by further disinvestment in federal higher education programs.

II. Undermining Pell Grants and Need-Based Aid

We must maintain maximum Pell Grants and eligibility for financial aid, rather than eroding the purchasing power of one of our most essential college affordability tools. Pell Grants once covered more than half the cost of attendance at a four-year public university; today, they cover less than 30%.^[3] Without robust Pell investments, low-income and first-generation students are forced to take on more debt or forgo college altogether.

In addition to Pell, reductions in support for programs like Federal Work-Study, TRIO, and GEAR UP would shrink critical college preparation and persistence pathways. These programs have been shown to significantly improve retention and graduation rates among underrepresented students.^[4] Weakening these investments would not only limit educational access—it would exacerbate existing inequalities in degree attainment and economic mobility.

III. The Looming Threat of Student Loan Collection

We are particularly alarmed by the proposed resumption of debt collection on student loans in default, despite limited access to affordable repayment options and delays in the implementation of new income-driven repayment (IDR) plans. More than five million borrowers are currently in default and face aggressive collection practices, including wage garnishment and tax refund or other federal payment seizures. These actions are particularly cruel at a time when borrowers are navigating economic precarity and policy uncertainty.

Research from the Brookings Institution warns of a “looming student loan default crisis,” disproportionately affecting borrowers of color and first-generation students.^[5] The long-term consequences of default—damaged credit, legal judgments, and diminished financial opportunity—can set borrowers back for decades. Resuming collection without offering realistic pathways to repayment will worsen existing inequities and undermine national economic recovery efforts.

IV. Federal Leadership and National Equity Standards Are Essential

Some proponents of the budget cuts argue that returning more control to states will foster innovation and local accountability. But this approach ignores the stark disparities in state investment and infrastructure. Many states have steadily disinvested from higher education over the past decade, shifting costs onto students through higher tuition and reduced services.^[6] Without federal oversight and funding, we risk creating a fragmented, unequal system in which a student’s ZIP code determines their educational opportunity.

A consistent federal framework ensures baseline protections and resources for all students. It promotes upward mobility, strengthens the economy, and builds a more equitable society. Reducing the Department of Education's role at this critical moment sends the wrong message about our national priorities and our commitment to educational justice.

V. Conclusion and Recommendations

To bolster fair and just educational access, we urge members of the Committee to:

1. **Reject proposed discretionary funding cuts** to the Department of Education.
2. **Expand investments in need-based aid**, including Pell Grants, TRIO, and campus support services.
3. **Prevent harmful debt collection practices** until robust and accessible repayment options are in place.
4. **Uphold federal leadership** in setting equity-focused standards and accountability in higher education.

Failing to protect these programs will endanger the futures of millions of students and roll back decades of progress in educational access and opportunity. We must not allow that to happen.

Thank you for your leadership on these critical issues.

Sincerely,

Jaylon Herbin

Director of Federal Campaigns, Center for Responsible Lending

[1] Stebleton, M. J., Soria, K. M., & Huesman, R. L. (2014). *First-generation students' sense of belonging, mental health, and use of counseling services at public research universities*. *Journal of College Counseling*, 17(1), 6–20. <https://doi.org/10.1002/j.2161-1882.2014.00044.x>

[2] Addo, F. R., Houle, J. N., & Simon, D. (2016). *Young, Black, and (still) in the red: Parental wealth, race, and student loan debt*. *Race and Social Problems*, 8(1), 64–76. <https://doi.org/10.1007/s12552-016-9162-0>; Scott-Clayton, J. (2018). *The looming student loan default crisis is worse than we thought*. Brookings Institution. <https://www.brookings.edu/research/the-looming-student-loan-default-crisis-is-worse-than-we-thought>

[3] Mitchell, M., Leachman, M., & Masterson, K. (2017). *A lost decade in higher education funding: State cuts have driven up tuition and reduced quality*. Center on Budget and Policy Priorities. <https://www.cbpp.org/research/state-budget-and-tax/a-lost-decade-in-higher-education-funding>

[4] Dynarski, S., & Scott-Clayton, J. (2013). *Financial aid policy: Lessons from research*. *The Future of Children*, 23(1), 67–91. <https://doi.org/10.1353/foc.2013.0002>

[5] Id.

[6] Mitchell, M., Leachman, M., & Masterson, K. (2017). *A lost decade in higher education funding: State cuts have driven up tuition and reduced quality*. Center on Budget and Policy Priorities. <https://www.cbpp.org/research/state-budget-and-tax/a-lost-decade-in-higher-education-funding>