

American Association of State Colleges and Universities (AASCU) * U.S. Public Interest Research Group (U.S. PIRG) * United States Student Association (USSA)

July 23, 2007

Dear Senator,

On behalf of students and institutions of higher education we urge you to oppose the Brown amendment to create a new supplemental loan program and eliminate all federal student loan limits. We share the desire to help students avoid risky and expensive private loans to pay for college. However, by eliminating all limits on federal student loan borrowing, this amendment may allow states to pass on more of the cost of college to students.

Federal Stafford loan limits for undergraduate students are currently set at \$23,000 for dependent students and \$46,000 for independent students. Students can borrow additional aid through the Perkins loan program and parents are eligible to borrow up to the cost of attendance through the PLUS loan program. Independent students, and in certain circumstances dependent students, are eligible to borrow PLUS loans when their parents do not. Despite the availability of federal student loans a growing number of borrowers are turning to the private loan market to finance their education.

The Brown amendment would create a new supplemental loan program designed as an alternative to these more expensive private loans. About 5% of undergraduate students take out private loans to finance their education each year. However, the Brown amendment would allow all students to borrow federal loans up to the cost of attendance minus other federal aid.

By eliminating all federal loan limits, the Brown amendment could have serious, negative unintended consequences on state investment in higher education. Over the past decade states all across the country have cut funding for higher education or restrained funding increases when faced with tight budgets. States have compensated by increasing the cost of college to students. Making available such a massive source of new funds, without any limitations, may have the unintended consequence of facilitating tuition increases in states across the country.

We urge you to oppose the Brown amendment to S.1642.

For questions please contact Luke Swarthout at U.S. PIRG 202-546-9707, lswarthout@pirg.org or Brittany McCarthy 202-478-4653, McCarthyB@aascu.org

Sincerely,

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