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STUDENT AID WOULD FALL BY \$15 BILLION UNDER GOP BILL, CBO SAYS

Proposal would eliminate debt-forgiveness programs for future borrowers and allow interest on student loans to accrue sooner, but also boost Pell Grants

By Josh Mitchell
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Americans enrolling in college over the next decade would receive about \$15 billion less in subsidies than under current law if House Republicans pass their education bill, according to an official estimate Tuesday.

The bill, unveiled late last year, would eliminate debt-forgiveness programs for future borrowers and allow interest on student loans to accrue sooner. But it would also boost grants – which don't have to be repaid – for financially strapped borrowers and eliminate fees the government charges borrowers when loans are made.

In total, the changes would reduce government spending on student-aid programs by \$14.6 billion over the next decade, compared with current law, the Congressional Budget Office said Tuesday.

The biggest change would be the elimination of a program that forgives big portions of student debt after 10 years for borrowers who go on to work in the public sector. Those who have enrolled in the program, known as public-service loan forgiveness, would still qualify for forgiveness. But any borrower who took out loans in summer 2019 or beyond would lose the benefit under the bill.

The bill would also eliminate an option that currently allows private-sector workers to have balances forgiven after 20 or 25 years. It would also increase how much borrowers repay under so-called income-driven repayment plans.

Those changes combined would save taxpayers \$40 billion, the CBO said.

Meanwhile, a provision to kill subsidies on certain undergraduate loans would save \$18.5 billion. The subsidies currently prevent interest from accruing on loans while borrowers are in school.

The elimination of origination fees would cost the government \$14.5 billion. The increased aid for needy borrowers – in the form of higher Pell Grant limits – would boost spending by \$7.3 billion.

Meanwhile, the bill would eliminate a regulation designed to close schools if their former pupils owe large student debt amounts relative to their earnings. The change would likely allow more schools to remain open than under current law.