

AMERICAN COUNCIL ON EDUCATION



OFFICE OF THE PRESIDENT

November 14, 2007

Committee on Education and Labor  
U.S. House of Representatives  
Washington, DC 20515

Dear Representative:

On behalf of the higher education associations listed below, I write in support of an amendment that will be offered during the markup of H.R. 4137 to strengthen the value of the student loan cohort default rate as an indicator of institutional viability and integrity. Experience has shown that a very high cohort loan default rate is an indication of predatory recruitment practices or a poor educational program or both. Under current law, an institution with a cohort default rate of 25 percent or more for three years faces a loss of eligibility.

However, the current cohort default rates may have lost potency as a measure of student loan defaults. According to a 2003 report by the Inspector General at the Department of Education, various strategies are being employed to delay the time when a borrower enters default, thereby minimizing the number of defaults that are counted against a school. The amendment being offered by Representative Grijalva would help ensure that defaults are more accurately counted.

It is also important to continue to follow loan defaults over the life of the loan by calculating and publishing updates to the initial default rates every two years after the first cohort default rate is calculated. Such follow-up would apply to all sectors and provide a clearer picture of the true rate of defaults.

We believe the Grijalva amendment is an important means of enhancing the integrity of the Title IV student aid programs, and we urge that it be adopted.

Sincerely,

A handwritten signature in cursive script, appearing to read 'David Ward', is written in black ink.

David Ward  
President

DW/bj

H.R. 4137 House Education and Labor Committee  
Letter of Support for College Opportunity and Affordability Act of 2007  
November 14, 2007  
Page 2

On behalf of:

American Association of Community Colleges  
American Association of State Colleges and Universities  
American Council on Education  
Association of American Universities  
Association of Jesuit Colleges and Universities  
National Association of Independent Colleges and Universities  
National Association for College Admissions Counseling