Rising higher education costs have saddled Americans with $1.75 trillion in student debt.[[1]](#footnote-1)

As of 2021, the average student loan debt was $37,574.[[2]](#footnote-2) From 1986 to 2019, the average cost of attending an institution of higher education increased from $4,885 (in today’s dollars) to $24,623. Some argue this increase is due to decreased state funding.[[3]](#footnote-3) However, this explanation ignores a more compelling cause of tuition increases: the federal government’s increased role in funding. The more the federal government has subsidized higher education through loans and grants, the more colleges have raised prices. Taxpayers foot these higher costs, while colleges continue to expand in size, building massive stadiums, acquiring land, and acting more like hedge funds than schools. To address these harms, Sen. Lee plans to reintroduce his Higher Education Reform Opportunity (HERO) Act to reduce the federal government's involvement in higher education and student loans. This bill would free states to establish their own accreditation systems and cap the amount of money the federal government can loan. These reforms would lower the cost of higher education and lead to greater innovation as colleges and universities return to focusing on serving students.

**Title I** – **Student Loan Reform.**

* Would simplify Federal Student Loans into one option and phase out Federal loan forgiveness and repayment programs. Dependent undergraduate students would have access to $30,000 for their entire program of study (or $7,500 per year) with a 15-year repayment period. Independent undergraduate students would have access to $60,000 for their entire program of study (or $15,000 per year) with a 15-year repayment period. Graduate students would have access to $74,000 for their entire program of study (or $18,500 per year) with a 25-year repayment period.
* All current federal loan recipients would be grandfathered under existing program specifications for the remainder of their course of study if they graduate before September 30, 2028.

**Title II** – **Accreditation Reform.**

* Would allow states to create an alternative accreditation system that can accredit any institution that provides postsecondary education courses or programs that can be applied to a degree, credential, or professional certification. To participate, states would submit an alternate accreditation plan to the Secretary of Education to create their own process for accreditation.
* Would permit states to establish their own minimum program length and clock hour requirements for institutions accredited under the alternative system in lieu of the current HEA requirements, expanding the ability of students to use federal student aid for short-term workforce development programs and postsecondary education provided by non-traditional providers of education.
* Would permit states to establish their own accreditation standards such as curricula, faculty, facilities, and degree objectives, in lieu of the overly prescriptive accreditation requirements laid out in the Higher Education Act and corresponding regulations.

**Title III** – **Transparency Reform.**

* Would require institutions of higher education participating in federal student loan programs to publish relevant outcome information in a readily accessible format.

**Title IV** – **Accountability Reform.**

* Would create a new financial skin-in-the-game requirement for universities, requiring them to repay an annual fine based on the overall amount of outstanding federal student loans for which students are not making regular, on-time payments. The percentage an institution would be liable for is equal to 15% minus the average national unemployment rate for that year. Universities would receive $400 per Pell Grant graduate.

1. Board of Governors of the Federal Reserve System (US), Student Loans Owned and Securitized [SLOAS], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/SLOAS, April 2, 2023. [↑](#footnote-ref-1)
2. Melanie Hanson, “Average Student Loan Debt,” [Education Data Initiative](https://educationdata.org/average-student-loan-debt#:~:text=The%20average%20federal%20student%20loan,them%20have%20federal%20loan%20debt.), January 22, 2023. [↑](#footnote-ref-2)
3. Michael Mitchell, Michael Leachman, Matt Saenz, “State Higher Education Funding Cuts Have Pushed Costs to Students, Worsened Inequality,” [Center on Budget and Policy Priorities](https://www.cbpp.org/research/state-budget-and-tax/state-higher-education-funding-cuts-have-pushed-costs-to-students), October 24, 2019. [↑](#footnote-ref-3)