Issue Description

State legislators are increasingly concerned with the cost of postsecondary education and the rising student debt burden. In recent years, states had been steadily increasing spending on higher education and investing in strategies to lower college costs. College Promise programs have expanded nationwide to include more than 350 local and state programs spread across 44 states. However, the current economic downturn has challenged state spending on higher education. Governors in several states have trimmed higher education funding to balance their budgets in FY20 and at least a dozen states have already reduced funding for FY21.

With record levels of debt, states are looking for ways to help student loan borrowers. In 2020, 31 states have introduced 108 bills related to student loan forgiveness. These loan forgiveness or repayment programs aim to help borrowers reduce their debt while offering incentives for recent graduates to live, work and stay in their states. Other states have adopted additional consumer protections to strengthen student loan servicing oversight. Since 2015, 13 states have passed legislation to expand student loan oversight and legislative interest in this issue continues to grow. In recent legislative sessions, states have imposed new regulatory guidelines and created protections designed to help borrowers understand their repayment options and navigate the loan servicing process.
**NCSL Position**

Reauthorization of the Higher Education Act offers another opportunity to renew this country’s commitment to accessible and affordable postsecondary education. Reauthorization efforts directing federal aid to students who need it most and helping them quickly become productive members in their communities without substantial debt will help local, state, and national economies. If federal aid is limited, there are fiscal impacts for state-funded efforts to support students. The federal government should ensure adequate federal funding for the Pell Grant program to help reduce dependency on student loans. The nation's legislators also support federal programs that complement state efforts to improve student participation in and completion of postsecondary education.

As states continue to prioritize and address competing public needs, federal policy must acknowledge this reality by noting the difficulties states face in satisfying maintenance of effort requirements for important postsecondary programs. Federal policy should continue to defer to state authority in regulating postsecondary tuition levels and states’ leadership in ensuring the quality of postsecondary education.