



Testimony of Aissa Canchola Bañez

Policy Director, Protect Borrowers

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Spotlight Forum “Killing the American Dream: How Republicans are Closing the Door on Working and Middle-Class Students”

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Good afternoon Senators. I would like to thank Senator Hirono for the opportunity to testify today. My name is Aissa Canchola Bañez and I am the policy director at Protect Borrowers, a national non-profit fighting to build an economy where debt doesn’t limit opportunity.

It is an honor to speak before you today about the rising costs facing Americans seeking to better themselves through higher education, and the catastrophic consequences of the “One Big Beautiful Bill Act” for students and borrowers.

We know that America thrives when it invests in its people, and nowhere is this more true than fulfilling the promise of affordable higher education. Yet for too long, that promise has been systemically broken—shattered by soaring college costs exacerbated by unstable state budgets, the diminishing purchasing power of the Pell Grant, and the proliferation of high-debt, low-quality programs, particularly in the for-profit college industry. Today, millions of Americans are crushed under the weight of a \$1.7 trillion student debt crisis.

Make no mistake: this crisis is a policy choice. Policymakers over the past half century have allowed our public higher education system to become increasingly privatized, forcing students and families to bear the growing financial burden of what should be a public good.

Unfortunately, the recently enacted “One Big Beautiful Bill Act” will only make matters worse.

Instead of making long overdue investments in need-based aid so that students can go to college without taking on massive loads of debt, the new law guts access to federal financial aid¹, makes repayment more onerous, and will almost certainly force states to cut higher education budgets to account for massive cuts to healthcare and federal food assistance.

¹ Aissa Canchola Bañez, *What Students and Borrowers Need to Know Now that President Trump’s “One Big Terrible Bill” is Law*, Student Borrower Prot. Ctr., (Jul 18, 2025), <https://protectborrowers.org/what-borrowers-need-to-know-now-that-trumps-big-terrible-bill-is-law/>.



The bill eliminates loan programs that students have relied on to pursue graduate and professional level studies² and places rigid caps on how much students and families can borrow.³ Proponents of these lending caps argue that by limiting federal aid, schools will be forced to lower decades worth of price hikes. However, data has shown that this is simply not the case.⁴ Instead, students and families will simply be pushed into more expensive, riskier, predatory private loan debt, or be forced to forgo their educational dreams altogether.

For example, we estimate that between 30 and 50 percent of Parent PLUS borrowers may be forced to turn to the private market as a result of the new annual lending limits.⁵ As a result, a typical parent could be forced to pay **\$1,300 in additional interest over the life of their loan**. Students forced to replace their Graduate PLUS loan with a private loan could expect to pay over **\$10,000 in additional interest alone and could see their monthly student loan costs skyrocket**.⁶ And that is *if* they are lucky enough to qualify.⁷

Low-income students and students of color who are unable to meet the strict underwriting criteria of established lenders like Sallie Mae could be forced to pursue products offered by the growing, opaque, and loosely regulated shadow student debt market.⁸ These products come with even higher interest rates, costly junk fees, and subject borrowers to abusive debt collection practices.⁹

On top of this, the One Big Beautiful Bill Act raises costs for millions of federal student loan borrowers.

By gutting repayment options, new borrowers will be left with only two plans to repay their loans—a new standard repayment plan and a more expensive Repayment Assistance Plan (or RAP), which imposes minimum payments on even the lowest-income borrowers and extends repayment terms to 30 years.¹⁰

² Mark Huelsman and Aissa Canchola Bañez, *Eliminating Grad Plus Loans Without Making Higher Education More Affordable Would Be a Disaster for Students and Borrowers*, Student Borrower Prot. Ctr. (Apr. 25, 2025), <https://protectborrowers.org/eliminating-grad-plus-loans-without-making-higher-education-more-affordable-would-be-a-disaster-for-students-and-borrowers/>.

³ Jennifer Zhang, *Deep Dive: The OBBBA Law Makes Paying for College More Expensive and Risky*, Protect Borrowers, (Sept. 11, 2025), <https://protectborrowers.org/resource/deep-dive-the-obbbba-law-makes-paying-for-college-more-expensive-and-risky/>.

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

⁸ *Private Student Lending*, Student Borrower Prot. Ctr. at 15 (Apr. 2020), https://protectborrowers.org/wpcontent/uploads/2020/04/PSL-Report_042020.pdf.

⁹ *Shadow Student Debt*, Student Borrower Prot. Ctr. (Dec. 2020), <https://protectborrowers.org/wpcontent/uploads/2020/12/Shadow-Student-Debt.pdf>.

¹⁰ Aissa Canchola Bañez, *What Students and Borrowers Need to Know Now that President Trump's "One Big Terrible Bill" is Law*, Student Borrower Prot. Ctr. (Jul 18, 2025), <https://protectborrowers.org/what-borrowers-need-to-know-now-that-trumps-big-terrible-bill-is-law/>.



A typical borrower with a bachelor's degree could pay over \$4,000 more per year under RAP, compared to the SAVE Plan.¹¹ After July 1, 2028, current borrowers will be forced off of more affordable IDR plans and into the RAP plan or the Income-Based Repayment (IBR) plan. As a result, the typical borrower in this circumstance could pay over \$3,400 more per year.¹²

As we stand on the brink of millions of new defaults, the loss of longtime borrower protections, such as \$0 dollar payments for the lowest-income borrowers and deferments for borrowers who lose their job or experience economic hardship, will make the delinquency and default crisis worse.¹³

At the same time Congress is squeezing borrowers and families, lawmakers slashed Medicaid and cut nearly \$200 billion from the SNAP program. These cuts will not just leave 1-in-8 students without healthcare,¹⁴ and exacerbate hunger for the 4-in-10 students experiencing food insecurity,¹⁵ they will strain state budgets, likely resulting in deep cuts to public higher education. Ultimately, students and families will pay the price through tuition increases and cuts to essential services.¹⁶

All of this has happened while the Trump Administration has relentlessly attacked higher education, forced chaos, cuts, and confusion upon student loan borrowers, and gutted the very agencies whose job it is to protect them.

It is clear: the new law will wreak economic havoc on millions of students and families. And none of this was accidental. President Trump and his allies in Congress *chose* to bankroll trillions of dollars in tax cuts for billionaires and the biggest corporations on the backs of students and families across this country. As a result, millions could see their college dreams pushed out of reach and millions of working families will be forced to drown in even more debt.

Thank you.

¹¹ Jennifer Zhang, *Deep Dive: The OBBBA Law Makes Paying for College More Expensive and Risky*, Protect Borrowers, (Sept. 11, 2025), <https://protectborrowers.org/resource/deep-dive-the-obbba-law-makes-paying-for-college-more-expensive-and-risky/>.

¹² *Id.*

¹³ Aissa Canchola Bañez, *What Students and Borrowers Need to Know Now that President Trump's "One Big Terrible Bill" is Law*, Student Borrower Prot. Ctr., (Jul 18, 2025), <https://protectborrowers.org/what-borrowers-need-to-know-now-that-trumps-big-terrible-bill-is-law/>.

¹⁴ Gov't Accountability Off., *Students' Health Coverage Rates Have Improved, but Barriers to Coverage Remain for Some*, (Mar. 21, 2025), <https://files.gao.gov/reports/GAO-25-107024/index.html>.

¹⁵ The Hope Center 2023-2024 Student Basic Needs Survey Report, The Hope Ctr. for Student Basic Needs, Temple U. (Feb. 26, 2025), <https://hope.temple.edu/research/hope-center-basic-needs-survey/2023-2024-studentbasic-needs-survey-report>.

¹⁶ Peter R. Orszag and Thomas J. Kane, *Higher Education Spending: The Role of Medicaid and the Business Cycle*, Brookings Institution, (Sept. 19, 2003), <https://www.brookings.edu/articles/higher-education-spending-the-role-of-medicare-and-the-business-cycle/>; Peter Granville, *Beyond Health: Medicaid Cuts Could Put College Dreams on Life Support*, The Century Foundation, (Mar. 26, 2025), <https://tcf.org/content/commentary/beyond-health-medicare-cuts-could-put-college-dreams-on-life-support/>.