

CGS Guiding Principles and Policy Priorities
Federal Student Loans and Financial Aid for Graduate Education
September 2022

Introduction

For over 60 years, the Council of Graduate Schools (CGS) has served as the national organization dedicated to advancing master's and doctoral education and research. As the leading organization for graduate education, it is our mission to improve access to graduate education, promote the United States as a global leader, and create a more equitable society. Graduate education provides master's and doctoral students with the necessary education and training needed to be successful and to be active members of the American workforce.

Graduate students represent a rich cadre of individuals with varying financial needs. These students tend to be older than their undergraduate counterparts, and a greater proportion have families, dependent children, and caregiving responsibilities. As such, the decision to pursue graduate education often affects the student and family and may require thoughtful consideration on the financing of a graduate degree. These factors can impact graduate students financial aid needs. CGS continues to encourage policymakers to develop and enacted federal policies that support the ability of graduate students to finance their education and promote degree completion.

Federal support for graduate education is critical to meet local, state, and federal workforce needs. According to the U.S. Bureau of Labor Statistics, careers that require a master's or doctoral degree at entry-level are projected to comprise the fastest-growing segment of the workforce through 2028. Many of these professions are public service-oriented, where financial compensation is not a primary driving force for individuals in these roles. Therefore, ample financial aid and loan repayment options can have considerable influence on whether an individual decides to pursue a graduate degree, enter a particular field, and where they serve.

Guiding Principles

- The opportunity to pursue graduate education must be accessible to all. For prospective students to be successful in their pursuit of a graduate degree, many students will need to receive federal financial aid and/or take-out federal student loans; this is particularly the case for first-generation students, underrepresented minority students, and students at rural-serving institutions.
- Loan counseling and financial aid education should be required for all students entering a graduate degree program. Moreover, loan counseling services should be tailored to meet the needs of graduate students, which is especially important for students who are parents, caregivers, and/or heads-of-households. Comprehensive loan counseling services at the start and completion of a graduate degree program would provide graduate student loan borrowers with valuable information about how best to manage and pay-off their student loans.

- For the benefit of prospective and current graduate students, the federal government should increase its investment in workforce development programs, including scholarship and loan repayment programs that recruit and retain graduate-prepared professionals in areas where they are needed most.

Policy Priorities

- **Maximizing Pell Grants to Support Graduate Students:** A high priority for CGS is the expansion of access to the Pell Grant Program to graduate students. In the 116th and 117th Congresses, CGS strongly supported the passage of the Expanding Access to Graduate Education Act, which would allow income-eligible graduate students, who received Pell Grant support as undergraduates the ability to apply remaining semesters of Pell support towards a graduate degree.
- **Reinstate Subsidized Direct Loans for Graduate Students:** CGS supports reinstating the eligibility of graduate and professional students to receive Federal Direct Subsidized Loans. These loans do not accrue interest while the student is in schools, thus saving the student thousands of dollars. The Budget Control Act of 2011 ended graduate student eligibility to receive subsidized federal loans. While graduate students are eligible to get student loans through the federal government to finance their education, the interest rates for these loans are higher than those available to undergraduate students. Thus, CGS supports the Protecting Our Students by Terminating Graduate Rates that Add to Debt (POST GRAD); legislation introduced in the 117th Congress.
- **Federal Student Loans and Repayment Reform:** CGS continues to support and advocate for reforms to Federal Direct Loan Programs, including subsidized, unsubsidized, and PLUS loans. These loan programs promote access to postsecondary education for millions of students interested in pursuing master's and doctoral degrees. It is essential for the federal government to provide multiple borrowing options for graduate students without borrowing limits.
- **Federal Direct Loans:** Graduate PLUS Program and the Parent PLUS Program are essential to financing graduate and professional education. These programs must continue to be supported by the Administration and Congress to ensure continued access to graduate education. Federal policymakers should explore ways to reduce the interest rates paid by borrowers on Federal Direct Loans, including Graduate and Parent PLUS loans.
- **Public Service Loan Forgiveness Loans:** CGS applauds and supports the efforts already undertaken by the Biden-Harris Administration to reform the Public Service Loan Forgiveness program, which allows public-sector workers who have made 120 payments over the course of 10 years to have their remaining loan balances forgiven. It is important to ensure that all borrowers eligible to benefit from the PSLF waiver can do so before the application process ends on October 31, 2022.

- **Eliminate Student Loan Origination Fees:** CGS continues to advocate for the elimination of student origination fees, which is a percentage of the loan amount charged for the processing of the loan. This “student loan tax” withholds a portion of a student’s loan, while still requiring repayment with accrued interest on the full loan amount of the loan. Origination fees on student loans range from 1-4 percent depending on the type of loan and loan amount.
- **Income Driven Repayment Plans:** CGS welcomes the Biden-Harris Administration’s efforts to reform Income Driven Repayment plans and will continue to closely monitor the activities of the Department of Education’s Negotiated Rulemaking Committee.