COUNCIL OF GRADUATE SCHOOLS
OFFICE OF THE PRESIDENT

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June 6, 2025

The Honorable John Thune
Senate Majority Leader
United States Senate
511 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Charles Schumer
Senate Minority Leader
United States Senate
S-221, The Capitol
Washington, D.C. 20510

RE: Senate Consideration of H.R.1, the "One Big Beautiful Bill Act"

Dear Majority Leader Thune and Minority Leader Schumer:

On behalf of the Council of Graduate Schools (CGS), I am writing to express my concerns about several provisions in the One Big Beautiful Bill Act (H.R.1), which was recently passed by the House of Representatives. If the House-passed reconciliation package were to move through the Senate without significant changes to the education and tax provisions, it would result in dire consequences for current and prospective graduate students and the broader higher education community. Specifically, provisions in the House Education and Workforce Committee portion of the bill would significantly alter graduate student aid and loan programs, make drastic changes to loan repayment options, unfairly require institutions to reimburse the federal government for unpaid student loan debt, and establish an untenable median cost cap. These higher education provisions, as well as the tax on endowments found in the House Ways and Means section of the bill, would hinder the opportunity of millions of Americans to pursue a graduate education.

For over 60 years, CGS has served as the national organization dedicated to the advancement of master's and doctoral education and research. We represent over 400 institutions of higher education in all 50 states. As an association, we are proud to represent a dynamic group of higher education institutions ranging from public and private research-intensive institutions to regional comprehensive institutions, minority-serving institutions, historically black colleges and universities, and rural institutions. 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 foster opportunities for scholarship and educational growth for all graduate students.

Recently, CGS hosted our Annual Advocacy Day event in Washington, D.C., in which graduate deans and students from CGS member institutions had the pleasure of meeting with your offices and other Members of the 119th Congress to discuss the reconciliation bill and federal programs of importance to the graduate education community. At our Capitol Hill meetings, CGS staff and the graduate deans addressed the importance of federal student loan programs, including the Grad PLUS Loan program.

Termination of the Graduate PLUS Loan Program: As you might expect, CGS and our member-institutions are seriously concerned about the termination of the Grad PLUS Loan program beginning on July 1, 2026. For 20 years, the Grad PLUS Loan program has provided graduate and professional students with the financial resources needed to pursue graduate education in fields of study that are often essential to meeting the demands of local, state, and national workforces. Graduate degree holders are vital to our local communities; they are contributors. Those with master's and doctoral degrees are our neighbors and community leaders, who serve as teachers, healthcare workers, and professionals who drive innovation, provide essential services, and strengthen our state economies. The termination of the Grad PLUS Loan program will not only result in less access and opportunity for Americans interested in pursuing and ultimately attaining a graduate degree, but it will also have downstream effects on the ability of local, state, and national governments to meet the needs of their workforces and economies.

Significant Changes to Unsubsidized Student Loan Limits: The House-passed reconciliation bill also establishes new loan limits for unsubsidized loans disbursed on or after July 1, 2026. For graduate students, the new aggregate loan limit would be $100,000. For professional students, the limit would be $150,000, and an aggregate lifetime maximum limit of $200,000 for all student borrowers. Unfortunately, these aggregate loan limits fail to account for the reality of longer and/or more costly programs of study, such as programs that are dual-degree tracks or require extensive clinical training. In high-cost fields—such as medicine, law, engineering, and public health—students routinely incur far more debt than these loan limits will permit. These programs are more expensive due to extended durations of study, intensive clinical or laboratory training, specialized accreditation requirements, and high-priced instructional resources such as technology, equipment, and expert faculty—costs that are substantially higher than those associated with most undergraduate or non-professional graduate programs. Once a student's loan limit is reached, the only remaining option for student borrowers would be private loans, which often carry interest rates upwards of 16 percent, as opposed to the current 8 percent interest rate for unsubsidized loans for graduate students.

Institutional Risk-Sharing Payments: CGS member-institutions are seriously concerned about the provision which would require institutions to reimburse the federal government for non-payment balances associated with student loans disbursed on or after July 1, 2027. Institutions with default rates above a certain threshold would be assessed annual risk-sharing fees, based on loan default and repayment data. Moreover, institutions that fail to make timely payments would face additional penalties, including the potential loss of Title IV federal student aid eligibility. These provisions could produce a chilling effect on institutions that admit students who may be non-traditional students. CGS encourages the Senate to remove the risk-sharing provision and promote proven strategies for student success, including career advising, financial literacy education, and targeted repayment assistance.

Median Cost of College Caps: CGS member-institutions are also concerned about the provision to cap federal graduate loans at the national median cost of attendance by field of study (CIP code). While improving transparency concerning program-level costs is an important goal, CGS and our member-institutions are skeptical that the U.S. Department of Education can implement this policy effectively given current staffing and capacity limitations. Similarly, institutions may face significant difficulties producing accurate and comparable program-level cost data due to differential tuition structures, course fees, and varying charges based on credit loads.

Moreover, capping aid at the national median cost fails to reflect the wide variation in actual program expenses, particularly for research-intensive graduate programs that may reasonably exceed the median.

By design, half of all programs would be underfunded, placing students at risk of being forced into part-time enrollment or taking reduced course loads. This would extend time-to-degree and undermine the pipeline of highly skilled professionals. The policy would disproportionately disadvantage students in high-need, research-focused fields and further compound the negative effects already created by the loss of Graduate PLUS loans.

In addition to the implementation challenges and underfunding risks already described, capping federal graduate loans at the national median cost of attendance by field of study would likely be ruled extraneous under Section 313 of the Congressional Budget Act (Byrd Rule) for two key reasons:

1. **Failure of the Primary Purpose Test**
   The cap's core objective is to restrict federal aid eligibility based on a tuition benchmark, a policy change in the student aid formula, rather than to effectuate a direct change in federal outlays or revenues. Under the Byrd Rule, a provision is subject to a point of order if its non-budgetary components outweigh any direct budgetary impact, or if its fiscal effects are merely incidental to its policy objectives. By design, any savings here are incidental by-products of making fewer students eligible for full aid, rather than the provision's primary purpose.
2. **Violation of the Budget Window Test**
   The Byrd Rule also prohibits reconciliation provisions that would increase the deficit in any fiscal year outside the typical ten-year budget window. If colleges respond to the cap by raising tuition or if student enrollment patterns shift (for example, students defer or transfer to other programs), actual outlays could increase outside the ten-year horizon, or even within it if uptake surges unexpectedly, thereby turning the cap from a deficit reduction measure into a deficit driver.

Endowment Tax: The House Ways and Means Committee's portion of the reconciliation package includes a provision that significantly increases the tax rate for endowments by establishing a four-tiered system. This new system increases endowment tax rates for nonprofit institutions from 1.4 percent to 21 percent. In a letter from the higher education community to the House Leadership, which CGS signed on to, makes the following point, "The endowment tax effectively funnels charitable gifts from donors to the federal government without doing anything beneficial for students, and is a tax on scholarships, research, and charitable giving."

As the Senate begins negotiations on this important reconciliation package, please give some consideration to the points made in this letter concerning the education and tax provisions. Please do not hesitate to contact Ms. Amy Scott at amscott@cgs.nche.edu if you have any questions or comments.

Sincerely,

Suzanne T. Ortega

Suzanne T. Ortega President

cc: Senate Budget Committee
Senate Finance Committee
Senate Health, Education, Labor, and Pensions Committee