Talking Points – Senate Reconciliation

- **Thank you for excluding from the Senate's proposal some of the most concerning higher education policy changes contained in the House bill**. Excluding the House's risk-sharing framework, its proposal to limit full-time eligibility for Pell Grants to 30 credit hours, its termination of subsidized loans for undergraduates, and its proposal to limit federal student aid to the median national cost of attendance by program are significant improvements over the House bill. We appreciate the Senate's willingness to hear the concerns of the private, nonprofit sector regarding these provisions.

- **Thank you for fixing FAFSA's need-analysis formula for family farms and small businesses** and **providing resources to address the Pell Grant funding shortfall**.

However, problematic policy changes are still present in the Senate's reconciliation proposal:

- **Eliminating Grad PLUS reduces access.** Grad PLUS loans are a critical financing tool for many graduate students, including those pursuing graduate programs related to public service careers.
    a. Instead of eliminating the program, implement reasonable loan limits to curtail excess borrowing while preserving access to critical career pathways for all students.

- **Reducing borrowing limits makes it harder for students to afford college**. Capping graduate student borrowing to a maximum of $100,000 lifetime for non-professional degrees makes it more difficult for students to pursue advanced degrees.
    a. These proposed borrowing caps could pose existential challenges to medical and health sciences degree programs, contributing to shortages in critical healthcare professions.
    b. Reducing borrowing limits would direct students to the private loan market. However, many students are at risk of not being served by the private loan market, including many graduate students studying theology, ministry, and the arts.
    c. The senate should leave the graduate loan limits at their current level, which is $138,500 lifetime for most graduate programs.

- **Pell Grant eligibility changes are unclear and risk eliminating grants for more students than intended.** Though likely aimed at college athletes in receipt of full-ride scholarships, the exclusion language reads as though students who have their full need met via non-title IV aid will have their Pell eligibility removed retroactively. The language in the bill should be clarified to ensure that this result is avoided.

- **The Senate should reject the House's proposal to expand the endowment tax.** College and university endowments are necessary to maintain quality and excellence in American higher education. For more than 350 years, endowments have supported the mission of colleges and universities by providing funding to assist students, hire faculty, conduct research, construct facilities, and carry out other educational activities that would not have been possible if institutions had to rely solely on tuition, direct private philanthropy, or government funding.

  This tax is purely punitive and unfair, impacting only one sector of higher education. It disincentivizes charitable giving and does nothing to help students and families.

- **The Senate should accept the House's maintenance of the other student and family higher education tax benefits.** These tax benefits provide some relief from tuition costs, encourage savings, and allow students and families a greater array of choices in selecting a college.

- **The Senate should accept the House's expansion of IRC Sec. 127.** Employers can offer annual tax-free assistance to employees to help with educational and student loan repayment costs. The House bill makes the student loan repayment option permanent and finally indexes the annual benefit amount of $5,250 to inflation.