

FEDERAL UPDATE

Cuts in Federal Benefits to States



1.

- \$900 billion in cuts
- Imposes new work requirements
- Does not extend ACA tax credits
- Some projections of ~ 15 million people losing health insurance



2.

- \$186 billion in cuts
- Shifts costs to states with high payment error rates

Student Loan Limits

Graduate and Professional Students

- Grad PLUS loans discontinued
- New annual limit of \$20,500 for graduate students and \$50,000 for professional students
- New aggregate limit of \$100,000 for graduate students and \$200,000 for professional students

Parent PLUS loans

Reduced to \$20,000 per student per year,
\$65,000 per student overall

New Lifetime Limit

\$257,500 borrowed (combination of \$57,500 undergraduate limit and \$200,000 professional student limit)

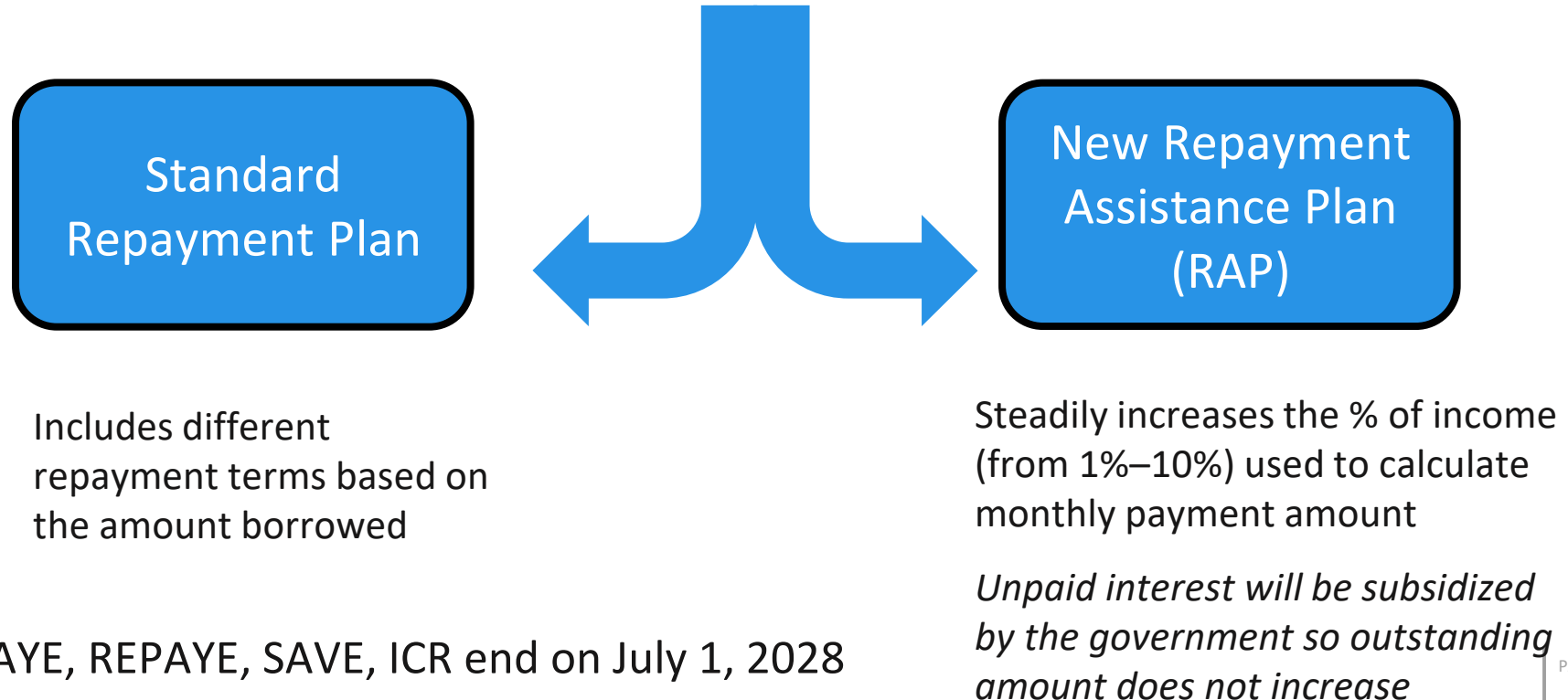


**Prorates loan limits for part time students*

**Allows institutions to set lower loan limits*

Student Loan Repayment

Two new plans available July 1, 2026



Pell Grants - Short Term “Workforce Pell”

Creates short-term Workforce Pell Grant program for programs between 150–600 hours or 8–15 weeks

**Programs must meet
70% completion and job
placement rates**

**Must be able to transfer
credit to at least one
college**

**Includes noncredit
programs for the first
time**

**Programs must be
approved by states as
“high skill, high wage, or
in-demand”**

**Price to earnings
measure: Tuition cannot
exceed completers’
median earnings, less
150% fed poverty level**

Pell Grants - Eligibility Limits and Shortfall



Excludes from Pell eligibility students with full-ride scholarships and students with a Student Aid Index double the maximum Pell grant



Shores up 10 year/\$70 billion discretionary funding shortfall by \$10.5 billion

“Do No Harm” Accountability Provisions



New Accountability Regime

Requires students to earn more than they would have had they not attended the program

- Earnings premium: median earnings must exceed high school graduates (for undergraduate degrees) or bachelor's degrees (graduate degrees)
- Technically does not require accountability of non-degree programs, but does not delay/vacate Gainful Employment or Financial Value Transparency rules



Consumer Protection Regulations

Delays Biden consumer protection regulations (borrower defense and closed school discharge) for 10 years, preexisting Trump regulations are in effect

Rulemaking

Reimagining and Improving Student Education (RISE)

Session 1: September 29 -
October 3, 2025

Session 2: November 3-7,
2025

Student Loan
Repayment Plans
Overhaul

Phase-Out of
Graduate and
Professional PLUS
Loans

New Annual Loan
Limits for Graduate,
Professional, and
Parent Borrowers

Institutional
Flexibility To Lower
Annual Borrowing
Limits

Changes to Loan Rehabilitation,
Forbearance, and Elimination of
Unemployment and Economic
Hardship Deferments

Rulemaking

New
accountability
earnings
measures

Establishment
of Workforce
Pell Grant

Gainful
Employment
and Financial
Value
Transparency

Pell Grant Eligibility
exclusion for those
receiving a “Full
Ride” scholarship for
the Cost of
Attendance

Accountability in
Higher Education
and Access through
Demand-driven
Workforce Pell
(AHEAD, somehow)

Session 1: December 8-12, 2025

Session 2: January 5-9, 2026

Endowment Tax

Increases tax on endowments greater than \$500,000 per student from flat 1.4% up to 8% for institutions with larger endowments

Endowment per student	Enacted into law	House proposal
Less than \$500,000	0%	0%
\$500,000 - \$750,000	1.4%	1.4%
\$750,000 - \$1,250,000	4%	7%
\$1,250,000 - \$2,000,000		14%
Above \$2,000,000	8%	21%

Endowment Tax

Institution	2026 estimated tax due	Estimated 5 year tax bill
Harvard University	\$368 million	\$2.05 billion
Yale University	\$275 million	\$1.59 billion
Princeton University	\$217 million	\$1.25 billion
Stanford University	\$202 million	\$1.16 billion
[19 additional schools]		
College of the Holy Cross	\$0	\$1.5 million
Wesleyan University	\$100,000	\$1 million

Remaining Big-Picture Questions

1. How will states make up for reductions in Medicaid and SNAP funding?
2. What will the resurgent private graduate loan market look like, and who will it lend to?
3. How do institutions make up the revenue lost from lower graduate loan limits?
4. How is enrollment impacted by new Parent PLUS limits, especially at HBCUs?
5. How does the new limit on Pell eligibility for middle-income students affect enrollment? Do these students take on more loans, or forgo college?
6. What will the proliferation of new, extremely short term programs mean for Pell's sustainability and students' lifetime eligibility?
7. How will degree programs respond to new accountability? Will certificates proliferate if they are not covered?