ACE American Council on Education® Talking Points

Student Success and Taxpayer Savings Plan

The House passed the Student Success and Taxpayer Savings plan. Below are talking points regarding the impacts of this proposal.

Low-Income Students and Families will either lose access to critical Pell Grant funding or experience a decrease in their current Pell Grant awards.

- Students and families from low-income backgrounds have an increased need to utilize student financial aid to fund their postsecondary education.
- The Pell Grant program is the cornerstone of federal financial aid, and roughly 7 million students utilize the Pell Grant[1]
- Enacting the changes proposed in the Student Success and Taxpayer Savings plan would cut off access to the Pell Grant for over 1.2 million students and over 2.5 million students would receive a smaller Pell Grant amount due to the proposed changes.[2]
- These harmful changes would increase the financial burden on low-income families and create unnecessary roadblocks.

The Student Success and Taxpayer Savings Plan will make college less affordable for students.

- Over 6.2 million students utilize federal student loans to finance their postsecondary education.[3] These loans include federal subsidized and unsubsidized loans along with Grad PLUS and Parent PLUS loans.
- Currently, over 3.6 million students are using subsidized student loans (allowing for interest to not accrue while they are enrolled in college); over 5 million students are using unsubsidized loans; and over 900,000 students are using PLUS loans.[4]
- Together, federal grants and loans allow for students to obtain the degrees needed that will allow them to pursue their goals and aspirations.

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[1] Office of Federal Student Aid. (n.d.). *Title IV program volume reports: Aid recipients summary (AY 2024-2025)*. Retrieved May 30, 2025, from https://studentaid.gov/data-center/student/title-iv

[2] Analysis conducted by the American Council on Education using data based on BPS 2012/2017 (nationally representative sample survey of first-year students), Federal Student Aid Data (2022-23) and IPEDS 2022-23 (administrative census of institutional level data)

[3] Office of Federal Student Aid. (n.d.). *Title IV program volume reports: Aid recipients summary (AY 2024-2025)*. Retrieved May 30, 2025, from https://studentaid.gov/data-center/student/title-iv

[4] Office of Federal Student Aid. (n.d.). *Title IV program volume reports: Aid recipients summary (AY 2024-2025)*. Retrieved May 30, 2025, from https://studentaid.gov/data-center/student/title-iv

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- Data shows that the higher the degree, the higher the earnings of college graduates over their lifetime[5], which provides incentives for students to continue their education to pursue graduate and professional degrees.

- The Student Success and Taxpayer Savings Plan makes college less affordable by lowering the overall amount of federal dollars that students can borrow, impacting undergraduate and graduate students.

- The plan also proposes to completely eliminate subsidized student loans (impacting over 3.6 million undergraduate students) and eliminating Grad PLUS loans (impacting over 390,000 current graduate/professional student loan borrowers).

- In addition, the plan proposes to create two new student loan repayment plans forcing borrowers to remain in repayment for as long as 30 years and requiring a $10 minimum payment.

- Not having access to federal subsidized loans will add roughly $6,000 more to the student loan debt of low-income undergraduate borrowers[6], and both undergraduate and graduate students loan borrowers will be forced to borrow from the private market with higher interest rates, more stringent borrowing qualifications, and less forgiving repayment options due to proposed student loan borrowing limits.

Access to postsecondary education will decrease for students under the Student Success and Taxpayer Savings Plan.

- The Higher Education Act was established to increase access to postsecondary education and major strides have been undertaken to ensure this reality.

- However, the Student Success and Taxpayer Savings Plan establishes harmful accountability metrics known as "risk sharing" that will lead to decreased access for students, especially low-income students of color.

- Current data shows that students of varying races and genders do not experience the same level of earnings in the labor market[7], and institutions are required to make an annual risk-sharing payment based on borrower loan outcomes, institutional price, and earnings.

- A total of 98% of institutions would be required to make an annual risk-sharing payment and 75% of institutions would have an overall net loss.[8]

- Because institutions would be negatively penalized based on the total amount of loans borrowed and the earnings of their students in the labor market, a perverse incentive would be created forcing institution to become more selective in the students they enroll.

- Due to this proposal, students would have less options to choose from and an overall decrease in access to postsecondary education.

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[5] U.S. Bureau of Labor Statistics. (n.d.). *Median usual weekly earnings of full-time wage and salary workers by educational attainment.* Retrieved May 30, 2025, from https://www.bls.gov/charts/usual-weekly-earnings/usual-weekly-earnings-over-time-by-education.htm

[6] NCAN. (2025, May 7). *Eliminating subsidized loans will increase undergraduate student debt by $6,000. https://www.ncan.org/news/700529/Eliminating-Subsidized-Loans-Will-Increase-Undergraduate-Student-Debt-by-6000.htm*

[7] U.S. Bureau of Labor Statistics. (n.d.). *Labor Force Statistics from the Current Population Survey: Earnings by demographics.* https://www.bls.gov/cps/earnings.htm#demographics

[8] American Council on Education. (2024). *College Cost Reduction Act: By the numbers*. Retrieved May 30, 2025, from https://www.acenet.edu/News-Room/Pages/CCRA-By-the-Numbers.aspx