Senate Committee on
Health Education Labor & Pensions
Senator Bill Cassidy, M.D., Chair

HELP COMMITTEE
Reconciliation Talkers

Savings Numbers Are Estimates Pending Final CBO Scores

Section A. Student Eligibility

- Farm and small business assets no longer counted against student aid eligibility.
- End aid eligibility for certain non-U.S. nationals.

TALKERS:
- Under current law, a family's residence is not counted in calculating financial aid. Students who live on farms are penalized as farms are not eligible for this exemption.
- The Senate Republican legislation fixes this by allowing students to exempt their farm's value in student aid calculations if their family lives on it. This ensures farmers are not penalized and get access to the financial aid they need.
- It also allows students to exempt small businesses (under 100 employees) owned by the student's family.

Section B. Loan Limits:

- Eliminate Grad PLUS loans, which let graduate students borrow up to the cost of attendance. Current students are grandfathered in for up to three years (**saves American taxpayers $33 billion).**
- For graduate school borrowing: Maintain the annual loan limit at $20,500 on unsubsidized loans and establish a lifetime limit of $100,000 (in addition to undergraduate).
- For professional degree borrowing: Provide an annual limit of $50,000 for unsubsidized loans and establish a lifetime limit of $200,000 (in addition to undergraduate).
- For undergraduate borrowing: cap Parent PLUS loans at $65,000 per student, with a $20,000 annual limit (parents can borrow for multiple students).
- Prorate loans for part-time students **(saves American taxpayers $15.4 billion**).
- Allow institutions to set lower loan limits as long as they do so consistently within programs.

TALKERS:
- The federal higher education system has failed students, trapping them in a cycle of debt
- As student borrowing availability has increased, universities have dramatically raised their tuition prices on students.
    - Meanwhile, a nonpartisan analysis shows that 43 percent of master's degrees have a negative return on investment.

- Students are leaving college woefully unprepared for the workforce while being saddled with insurmountable debt that they can't pay back.
- After Grad PLUS was created, universities increased their tuition prices to capture 64 cents of every dollar provided through the program. And research shows the program did not increase access to graduate education.
- Eliminating Grad PLUS loans prevents students from overborrowing and puts downward pressure on rising tuitions, making graduate school more affordable for all students.
- The Senate Republican legislation also reforms the loan program to meet students' specific needs. For example, part-time students receive a portion of the normal loan, rather than the entire amount. And colleges can choose to set lower limits for programs.
    - These are commonsense solutions that further protect borrowers and save money for taxpayers.

Section C. Loan Repayment

- Simplify repayment to two plans: a new standard plan and a new income-driven repayment (IDR) plan that better meets students' needs and saves taxpayers money).
    - Eliminate existing plans (including Biden's radical student loan scheme that transfers debt onto taxpayers).
- New standard plan: fixed payments for 10-25 years based on amount borrowed.
- New IDR plan (for new loans): Repayment Assistance Plan **(saves American taxpayers $133.6 billion).**
    - Payment is 1-10% of income depending on income level.
    - Minimum payment of $10 to keep borrowers connected to repayment.
    - Monthly payment reduction of $50 per dependent.
    - Borrowers who make on-time payments always see their balance go down, as unpaid interest is waived and there is a principal match of up to $50.
    - Forgiveness of any remaining balance after 30 years.
- IDR plan for existing borrowers: statutory income-based repayment (15% of income over 150% of the Federal Poverty Line for up to 25 years for pre-2014 borrowers; 10% of income over 150% of the Federal Poverty Line for up to 20 years for more recent borrowers) **(saves American taxpayers $157 billion).**
- Streamline deferments and forbearances.
- Defaulted loans can be rehabilitated twice.
- Payments made by doctors and dentists during residency don't count toward Public Service Loan Forgiveness **(saves American taxpayers $1.4 billion).**
- Funding for loan servicing.

TALKERS:

- We are putting an end to Biden's student loan schemes now and in the future.

- The Biden administration abused the student loan program, transferring hundreds of billions of student debt onto Americans who never went to college or already worked to pay off their loans.
    - The Biden income-driven repayment scheme transfers hundreds of billions in debt onto the American people.
- These Democrat schemes hurt students by making them believe they were not responsible for their loans.
- Many students are still not repaying their loans, negatively impacting their credit score (unable to buy a house or car).
- The Senate Republican legislation provides students clarity on their responsibilities to repay their loans.
- We are streamlining 9 confusing repayment options for current and future student loan borrowers to two clear options.
    - This allows students and families to better navigate the student loan system and pick the repayment plan that best fits their needs.

Section D. Pell Grants

- Establishes Workforce Pell Grants.
- Reduce Pell shortfall by $10.5 billion.
    - Prioritize Pell Grants for low-income families who need these grants to access higher education, not high-income individuals and those with full scholarships who can already afford college on their own.
- Include foreign income for purposes of Pell calculation **(saves American taxpayers $66 million).**

TALKERS:

- Pell Grants are crucial for low-income students to afford college.
- The Senate Republican legislation strengthens Pell Grants, ensuring the program is sustainable and meets students' needs.
- We also establish Workforce Pell, so students choosing to attend a career or technical-based post-secondary education can access these funds.

Section E. Accountability

- End federal loan eligibility for programs that leave students worse off than if they had never gone **(saves American taxpayers approximately $900 million).**
    - Prohibit new federal student loans from paying for undergraduate degree programs where the majority of former students earn less than the typical high school graduate in the same state.

    - Prohibit new federal student loans from paying for graduate degree programs where the majority of former students earn less than the typical bachelor's degree recipient in the same field in the same state.
    - Programs lose eligibility if they fail to meet the standard for two years in a three-year period.

TALKERS:

- Students pursuing a college degree should expect to make more money than if they just entered the workforce after high school.
- Right now, taxpayers are subsidizing loans for students to get degrees that will leave them worse off than if they never went to college.
- Why is the federal government subsidizing students to go into debt to get a degree that will lead them to make less money than a high school graduate?
- We are seeing that the rising costs of college are quickly outpacing the value of students' education.
    - According to a nonpartisan analysis, 23 percent of bachelor's degree programs and 43 percent of master's degrees have a negative return on investment.
- The Senate Republican legislation ends this predatory cycle and promotes programs/degrees that set students up to prosper.

Section F. Regulatory Relief

- Repeal two Biden rules, Closed School Discharge and Borrower Defense Rules, that allowed the Biden administration to transfer student debt onto American taxpayers. Return regulations to the Trump standard **(saves American taxpayers $16.7 billion)**.

TALKERS:

- We should protect students from predatory institutions. The previous Trump regulations were successful in this effort.
- However, the Biden administration abused this program, using these regulations as a tool to transfer student debt onto taxpayers beyond their statutory authority.
- Our legislation overturns this student loan scheme, returning to the commonsense Trump measures that protect students from being taking advantage of.

Section G. Limit of Authority

- Restrict the Secretary of Education's ability to issue regulations and executive actions that increase costs, or subsidies, in the Federal Student Aid programs (**saves American taxpayers $31.8 billion**)

TALKERS:

- The Biden administration abused the student loan program, transferring hundreds of billions of student debt onto Americans who never went to college or worked to pay off their loans.
- These schemes were nothing more than an attempt to buy votes for Democrats at the taxpayers' expense.
- Congress never intended for a Secretary of Education to unilaterally shift hundreds of billions in student debt onto taxpayers.
- This provision reins in future administrations, ensuring they do not go around Congress and abuse taxpayer dollars for political gain.

Section H. Garden of Heroes

- Provides funding to the National Endowment for the Humanities for the Garden of Heroes to commemorate the nation's 250th anniversary.

Section I. Cost-Sharing Reduction Payments

- Appropriates funding for Cost-Sharing Reduction (CSR) payments **(saves American taxpayers $33.6 billion)**.
- Applies protections that prohibit federal CSR funding from going to plans that cover abortion.

TALKERS:

- Patients continue to pay the price for Democrats' so-called Affordable Care Act (ACA).
- Democrats now admit the law has failed and that the only way to prop it up is to send billions more dollars to insurance companies to artificially buy down premiums.
- Democrats did not fund ACA cost-sharing reduction programs long-term.
- Instead, they encouraged insurance companies to engage in "silver loading," a gimmick that costs taxpayers billions while lining the pockets of insurance companies.
- The Senate Republicans' legislation addresses silver loading, preventing these extra costs from being passed onto taxpayers while lowering premiums for American patients.