NACAC Opposes Senate Proposal That Slashes Student Protections and Limits College Access

On June 10, 2025, the Senate Committee on Health, Education, Labor, and Pensions (HELP), led by Chairman Bill Cassidy (R-LA), released its budget reconciliation proposal. While the committee was directed to identify at least $1 billion in federal savings, this proposal goes far beyond that, seeking over $300 billion in cuts from fiscal year 2025 through 2034 — primarily by scaling back student financial aid, limiting loan forgiveness, and reducing federal oversight of higher education.

The National Association for College Admission Counseling (NACAC) **strongly opposes this proposal**, which mirrors harmful provisions included in the House reconciliation bill. If enacted, these changes would make postsecondary education significantly less accessible and affordable for millions of students, especially those from low-income and historically marginalized communities.

Among the most concerning elements of the proposal:

- **New Barriers to Student Aid Access**: The proposal would restrict eligibility for federal financial aid by excluding certain non-U.S. nationals, students who receive full scholarships, and families with incomes just above Pell thresholds. Although it exempts small-business and family-farm assets from aid calculations, the overall impact would be to reduce access to need-based aid for many students who depend on it most.

- **Severe Limitations on Federal Student Loans**: The proposal would eliminate Graduate PLUS loans, cap graduate and professional borrowing, and impose strict new limits on Parent PLUS loans. Institutions would gain discretion to lower borrowing limits within programs. These changes would force many students and families to turn to private loans, which typically have higher interest rates, fewer protections, and limited repayment options.

- **A Drastic Overhaul of Repayment Options**: The bill replaces the existing menu of income-driven repayment plans with a single Repayment Assistance Plan (RAP), which imposes longer repayment terms (30 years) and higher monthly payments. Borrowers would lose access to hardship protections like economic deferments and forbearances, and Parent PLUS borrowers would be barred from income-based repayment altogether. According to the Student Borrower Protection Center, the average borrower could face thousands of dollars in additional payments annually under the new structure.

- **Rollback of Student Protections and Oversight**: The proposal would repeal the Biden administration's updates to Borrower Defense to Repayment and Closed School Discharge, weakening accountability for institutions that defraud or mislead students. It would also limit the Secretary of Education's authority to regulate federal student aid programs — effectively stripping the department's ability to safeguard students from predatory practices.

- **Changes to Pell Grants**: While the proposal includes temporary funding to address a projected shortfall, it also imposes new eligibility restrictions. Students receiving full scholarships, families with higher incomes, and those with foreign income could be excluded from Pell Grant access starting in 2026. The bill would also count semesters against a student's Pell limit even when no grant is awarded — disproportionately affecting student-athletes, merit scholars, and participants in free college programs.

- **Questionable Accountability Metrics**: While the bill includes a "do no harm" provision intended to limit aid to low-performing programs, it does not extend those same accountability measures to non-degree certificate programs, many of which have the poorest outcomes. The result is a double standard that punishes some students while allowing others to continue receiving aid for low-value programs.

Taken together, these changes would erect new barriers to higher education, increase student and family debt, and undercut the role of the federal government in protecting students and ensuring postsecondary opportunity.

Senate and House Differences in Budget Reconciliation

While many core elements are nearly identical in the House and Senate proposals — such as the elimination of Grad PLUS loans, reductions in Parent PLUS limits, creation of a single repayment plan, and introduction of Workforce Pell Grants — several important differences remain that will shape the final legislation:

- **Loan Limits**: The Senate bill preserves current undergraduate loan limits and subsidized loans, while setting new borrowing caps for graduate and Parent PLUS borrowers. The House proposal ties loan limits to program-level median costs of attendance, resulting in variable caps for different programs.

- **Repayment Plans**: Both bills consolidate repayment into a single income-driven plan for new borrowers and eliminate existing options like SAVE, PAYE, and REPAYE. The repayment structures are nearly identical, increasing the likelihood this provision will survive final negotiations.

- **Public Service Loan Forgiveness (PSLF)**: The Senate proposal does not make sweeping changes to PSLF, but it does carve out a new restriction that would exclude medical and dental residencies and internships from counting toward forgiveness for borrowers taking out loans after June 30, 2026. While the House bill takes a similar approach, this restriction — combined with the Senate's shift to higher monthly payments under its new income-driven repayment plan — could significantly reduce the benefit of PSLF for borrowers in high-cost professional programs. Despite these proposals, both versions retain the basic structure of PSLF, increasing the likelihood it will remain in a final package.

- **Pell Grants – Funding and Eligibility**: The Senate bill proposes immediate mandatory funding to address the projected shortfall, while the House spreads funding over three years. The Senate also uniquely restricts Pell access for students who receive grant aid (from any source) equal to or exceeding the cost of attendance. In contrast, the House does not include this provision but would bar eligibility for students enrolled less than half-time and increase the credit threshold for full-time enrollment.

- **Workforce Pell**: Both versions propose similar structures for short-term Workforce Pell Grants, including outcome guardrails for participating programs. These provisions are largely aligned and likely to remain in any final bill.

- **Accountability**: The Senate proposal applies a simplified earnings threshold model, a modified version of the former gainful employment rule, to all degree-granting programs. Under this framework, programs would lose eligibility for federal loans if most graduates earn less than the median high school (for undergraduate programs) or bachelor's degree (for graduate programs) graduate in the same state. Programs that fail this test would receive warnings and could regain eligibility after two years. The House, however, includes a more complex risk-sharing model based on student earnings, under which institutions could owe or receive federal funds depending on program outcomes.

- **Regulatory Rollbacks**: The Senate bill reverts Borrower Defense and Closed School Discharge rules to pre-Biden standards but preserves authority for future rulemaking. The House version is more sweeping, eliminating rules on Gainful Employment and the 90/10 revenue requirement, representing a broader rollback of student protections.

NACAC's position is clear: We believe that federal higher education policy should expand opportunity, not restrict it. These proposals fail that test. Congress should reject this harmful plan and instead focus on policies that promote access, equity, and long-term economic mobility for students and families.