American Council on Education

Bill Summary

Student Success and Taxpayer Savings Plan

On April 29, 2025, House Committee on Education and Workforce Chairman Tim Walberg (R-MI) led a committee markup of a bill to meet reconciliation instructions found in H.Con.Res.14, a concurrent budget resolution. This budget resolution was first passed by the U.S. Senate on April 5, and then by the U.S. House of Representatives on April 10. The budget resolution includes instructions to each standing committee in the House and Senate to either increase spending or identify savings in federal programs.

The Student Success and Taxpayer Savings Plan outlines how the House Committee on Education and Workforce proposes to meet the $330 billion savings directed in the concurrent budget resolution.[1] The committee approved the plan along partisan lines on April 29 and reported it to the House floor for consideration. Several proposals in the plan are drawn from the College Cost Reduction Act that was introduced in the 118th Congress.

This high-level summary outlines the major elements of the Student Success and Taxpayer Savings Plan. The House Committee on Education and Workforce also provided a summary of the plan.

Subtitle A – Student Eligibility

This section of the plan seeks to address student eligibility for federal student aid and the amount of aid students can receive.

- Amends the student eligibility criteria by:
    - Requiring that a student who applies for federal student aid be a citizen or a national of the United States or be an alien who is lawfully admitted for permanent residence under the Immigration and Nationality Act; and
    - Outlining specific criteria for students from Cuba, Ukraine, Afghanistan, and those who lawfully reside in the United States in accordance with a Compact of Free Association.[2]
    - These provisions would take effect on July 1, 2025, and apply to the 2025-2026 academic year.
- Alters the cost of attendance by:
    - Moving to a median cost of college that is determined by finding the median cost of attendance by program of study from all institutions of higher education in the country that offer such program of study;
    - Requiring institutions to disclose all elements of the cost of attendance by program of study (a study abroad program does not count as a program of study); and
    - Excluding the assets of family farms and small businesses with no more than 100 full-time or

[1] Section 2001(b)(3) of H.Con.Res.14 reads, "The Committee on Education and the Workforce shall submit changes in laws within its jurisdiction to reduce the deficit by not less than $330,000,000,000 for the period of FY 2025-34.

[2] The Compact of Free Association indicated is the one referred to in section 402(b)(2)(G) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

full-time equivalent employees owned by a family when determining need for federal student aid.

    - These provisions would take effect on July 1, 2026, and apply to the 2026-2027 award year.

Subtitle B – Loan Limits

This section addresses the various changes in the plan to the student loan limits.

- Terminates subsidized loans for undergraduate students and Grad PLUS loans for graduate and professional students beginning July 1, 2026.
- Restricts Parent PLUS loans only to families in which the student has borrowed the maximum amount of unsubsidized loans in an academic year and that amount is less than the cost of attendance of the program of study. The additional amount that they would have access to is $50,000, beginning on July 1, 2026.
- Grandfathers in current student loan borrowers who have subsidized loans and who participate in the PLUS loan program if they have no more than three academic years left to complete their program, or any lesser period of time as determined by the program length and amount of the program they still have yet to complete as of June 30, 2026.
- Increases annual loan limits for undergraduate and graduate borrowers to the median cost of college beginning July 1, 2026.
- Decreases aggregate loan limits, beginning on July 1, 2026, for:
    - Undergraduate borrowers from $57,500 to $50,000; and
    - Graduate borrowers from $138,500 to $100,000 if they are enrolling in a graduate degree program and *have not* been previously enrolled in a program as a professional student.
- Increases aggregate loan limits, beginning July 1, 2026, for:
    - Graduate borrowers from $138,500 to $150,000 if they are enrolling in a graduate degree program and were previously enrolled as a professional student. This amount is reduced by what was borrowed for their previous graduate credential;
    - Graduate borrowers who are considered professional students and *have not* previously enrolled in a program as a graduate student from $138,500 to $150,000; and
    - Graduate borrowers who are considered professional students and *have* previously enrolled in a program as a graduate student from $138,500 to $150,000. This amount is reduced by the amount borrowed for the previous graduate credential.
- Allows students enrolled less than half time to borrow proportionate to their enrollment intensity.
- Sets the maximum borrowing limit for all students at $200,000 beginning July 1, 2026.
- Allows institutions of higher education to limit the total amount of loans made for an academic year for a student and a parent as long as it is applied consistently to all students enrolled in the same program of study.

Subtitle C – Loan Repayment

This section of the bill addresses new student loan repayment programs for borrowers and changes to the Public Service Loan Forgiveness program.

- Gives the Secretary of Education the authority to transition borrowers from an income-contingent repayment plan to the statutory income-based repayment plan.
- Restricts the authority of the Secretary to establish, promulgate, issue, or modify any regulations or guidance regarding any income-based repayment plan under the Higher Education Act (HEA), with some exceptions.
- Creates an income-based repayment assistance plan beginning July 1, 2026. Any borrower seeking a repayment plan other than the standard repayment plan must enroll in the new income-based repayment assistance plan after July 1, 2026. All current student loan repayment options, including the statutory income-based repayment plan, will cease to exist after July 1, 2026.
    - The new income-based repayment plan will require borrowers to make minimum monthly payments of at least $10 for 30 years and allows for some assistance from the secretary to reduce loan balances by no more than $50 a month in certain circumstances. The base pay of the monthly payment amounts that are due is set to a sliding scale from $120 to 10 percent of the borrower's adjusted gross income.
- Modifies the standard repayment plan to allow borrowers to pay a fixed amount from 10 to 25 years depending on their student loan balance. A borrower with a PLUS loan on July 1, 2026, or who receives a Parent PLUS loan after July 1, 2026, must repay the loan under a standard repayment plan.
- Eliminates the ability of the Secretary to create student loan repayment plans.
- Eliminates economic hardship and unemployment deferments beginning July 1, 2025. It also reduces forbearances from 12 months at a time, for a maximum of three years, to nine months at a time during any 24-month period. Borrowers who are participating in a medical or dental internship or residency program may be eligible for forbearance in which no interest will accrue for the first four 12-month intervals. Interest will begin to accrue for any subsequent 12-month interval.
- Allows students to rehabilitate their loans twice but with a minimum payment amount of $10.
- Denies medical or dental internships or residencies from being considered as public service jobs under the Public Service Loan Forgiveness (PSLF) program for borrowers who have not borrowed loans for a program of study as of June 30, 2025. Students enrolled in PSLF would need to be enrolled in the new income-based repayment assistance plan.

Subtitle D – Pell Grants

This section makes changes to the federal Pell Grant program.

- Beginning July 1, 2025:
    - Mandates foreign income be counted in the adjusted gross income of dependent and independent students. A student aid administrator could no longer evaluate the student's Free Application for Federal Student Aid and determine whether it is appropriate to adjust for the student's ability to receive the maximum Pell Grant based on their foreign income;

  - Changes full-time status from 24 semester hours or 36 quarter credit hours to 30 semester hours or 45 quarter credit hours; and
  - Blocks students from accessing the Pell Grant if they have a high Student Aid Index or if they are enrolled less than half-time.
- Establishes workforce Pell Grants for students and addresses the Pell Grant shortfall.

Subtitle E – Accountability

This section establishes a risk-sharing requirement for institutions of higher education and the PROMISE Grant program.[3]

- Requires institutions of higher education to make annual risk-sharing payments based on the non-repayment balance of student cohorts. Student cohorts are broken up into three types: completing, undergraduate non-completing, and graduate non-completing.
- Sets the annual risk-sharing payment for a student cohort equal to a risk-sharing percentage multiplied by the non-repayment loan balance for the cohort for the award year. The risk-sharing percentages vary based on the type of student cohorts.
- Requires the Department of Education to notify institutions 30 days before risk-sharing payments are due in the first year. Institutions must submit payments within 90 days after receiving such notification.
- As a penalty for not paying risk-sharing payments:
  - Requires interest on risk-sharing payments after a three-month delinquency;
  - Prohibits institutions from offering direct loans to students if they have not made a payment within 12 months of the risk-sharing payment notification;
  - Prevents an institution from offering direct loans or awarding federal Pell Grants if it has not made a risk-sharing payment in 18 months; and
  - Prohibits an institution from participating in Title IV funding for 10 years if it has not made a risk-sharing payment in two years.
- Creates a program called "Promoting Real Opportunities to Maximize Investments and Savings in Education (PROMISE)." This program seeks to increase college affordability, access, and economic mobility, as well as ensure that students, institutions, and taxpayers receive a financial return for investments in postsecondary education. Institutions of higher education can opt into the program and the funding that is awarded will begin in award year 2028-2029. These grants are awarded every six years on a noncompetitive basis. Foreign institutions are ineligible.

Subtitle F – Regulatory Relief

- Eliminates 90/10 and gainful employment in the HEA.
- Eliminates current borrower defense to repayment regulations and closed school discharge regulations but restores these regulations to those in effect on June 30, 2023.

[3] An analysis conducted by ACE can be found at https://www.acenet.edu/News-Room/Pages/CCRA-By-the-Numbers.aspx

- Prohibits the secretary from implementing any rule, regulation, policy, or executive action regarding regulations unless authority is given explicitly by Congress.

Subtitle G – Limitation on Authority

- Prohibits the secretary from issuing draft or final regulations that add to the deficit.