

June 26, 2019

The Honorable Lamar Alexander  
Chairman  
Senate Health, Education, Labor, and  
Pensions (HELP) Committee  
428 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Patty Murray  
Ranking Member  
Senate Health, Education, Labor, and  
Pensions (HELP) Committee  
648 Hart Senate Office Building  
Washington, DC 20510

Dear Chairman Alexander and Ranking Member Murray,

On behalf of the undersigned organizations representing graduate and professional schools, programs, students, and early career professionals across the country, we write in support of the Federal Direct Graduate PLUS (Grad PLUS) Loan program. Grad PLUS provides a critical pathway for graduate and professional students to finance their degrees, and as a result, enter the U.S. workforce as highly-educated and qualified professionals. As the committee continues its bipartisan efforts to reauthorize the Higher Education Act, we respectfully urge you to preserve Grad PLUS. Doing so will help ensure that individuals, particularly those from economically disadvantaged backgrounds as well as historically underrepresented minorities (URM), can pursue graduate education and further contribute to our society and our economy.

#### **Who Are Graduate Students and Grad PLUS Borrowers?**

Collectively, graduate students are typically older, and a significant portion are married (38 percent of master's students and 45 percent of doctoral students) and/or have dependent children (collectively, 34 percent of master's and doctoral students).<sup>1</sup> In 2014, 48 percent of master's students, 45 percent of doctoral students, and 79 percent of professional students had a family income of less than \$32,000.<sup>1</sup> An increasing number of former Pell recipients are enrolled in graduate programs— a positive signal that economic diversity is continuing to grow. According to 2016 data from the Department of Education, 45.8 percent of first-year graduate and professional students received Pell Grants at some point in their previous education, up from 32.5 percent captured in 2008 data and 35.9 percent in 2012 data.<sup>2</sup>

As a nation, we strive for a higher education system where individuals, regardless of socioeconomic background, can access graduate education and thrive. The rigors of graduate education are often not conducive to working full-time, and yet many students have financial considerations in addition to their educational ones. Grad PLUS enables students to fully commit to their studies and promotes on-time graduation.

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<sup>1</sup> U.S. Department of Education, National Center for Education Statistics. (2019). *Table 1.1-B Percentage distribution of graduate students, by graduate degree program and selected student characteristics: 2015-16*. Retrieved from: <https://nces.ed.gov/pubs2019/2019469.pdf>.

<sup>2</sup> Okahana, H. (2018). *Data sources: increasing number of graduate and professional students are former pell recipients*. Retrieved from: <https://cgsnet.org/data-sources-increasing-number-graduate-and-professional-students-are-former-pell-recipients-0>.

## **Graduate Education is an Investment in our Nation's Economic and Human Capital**

Graduate education is a worthy investment for multiple stakeholders. A graduate degree can open doors to economic prosperity and help propel individuals into the middle class. Grad PLUS loans provide access for individuals to pursue graduate and professional education. Alternatively, private market loans, which typically come with higher interest rates and less protections, can increase the overall cost of attendance by thousands of dollars. This can be particularly intimidating and create a barrier to access for prospective students who may not have the same financial safety net when it comes to repayment.

Graduate education is not only a worthy investment for students; it is also of high value to employers and the public. For employers, having a strong pool of candidates with the necessary knowledge base and skill sets acquired through graduate education ensures a competitive workforce and economy. These graduates provide vital services, generate jobs through entrepreneurship, and create new technologies and innovations that improve society. Moreover, Grad PLUS is a tool that provides students the means to graduate on-time and serve in their respective fields. This is increasingly important given that careers requiring a graduate or professional degree at entry-level are projected to be among the fastest-growing in the U.S. workforce through 2026.<sup>3</sup> For example, licensure for health professions is often contingent upon having a graduate degree, and many of these professions are struggling to meet demand. Therefore, access to affordable student loans like Grad PLUS is key to ensuring that individuals can enter programs and serve in regions where they are most needed.

For U.S. taxpayers, Grad PLUS borrowers are a smart investment. Graduate student loan borrowers have very low default rates on their Grad PLUS loans (2 percent).<sup>4</sup> With a current interest rate of 7.6 percent, Grad PLUS yields significant returns that allow the government to support other federal programs that bolster the entire continuum of students, including undergraduates.<sup>5</sup>

While the total cost of attending graduate school will vary program by program, it is important to reiterate that Grad PLUS borrowing is not unlimited. In fact, Grad PLUS is currently capped at the cost of attendance, which includes the cost of tuition, books, fees, and other educational expenses associated with a graduate program.<sup>6</sup>

Any move to lower the borrowing limits runs the risk of further disenfranchising potential students from entering the graduate pipeline. Our organizations do however, support loan counseling and quality information about lending options for students, which we believe will further assist them in making the right choices on an individual basis.

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<sup>3</sup> U.S. Bureau of Labor Statistics. (2019). Occupational outlook handbook. Retrieved from: <https://www.bls.gov/ooh/>.

<sup>4</sup> Government Accountability Office. (2018). Higher Education: Characteristics of Graduate PLUS Borrowers. Retrieved from: <https://www.gao.gov/products/GAO-18-392R>.

<sup>5</sup> AccessLex Institute. (2019). Examining grad plus: value and cost. Retrieved from: <https://www.accesslex.org/resources/examining-grad-plus>.

<sup>6</sup> U.S. Department of Education, Federal Student Aid. (n.d.) Direct plus loans are federal loans that graduate or professional students can use to help pay for college or career school. Retrieved from: <https://studentaid.ed.gov/sa/types/loans/plus/grad-professional#how-much>.

We thank you for your continued work to reauthorize the Higher Education Act– an endeavor that is both timely and necessary. If you have any questions, please do not hesitate to contact Lauren Inouye, Vice President of Public Policy and Government Affairs for the Council of Graduate Schools at [Linouye@cgs.nche.edu](mailto:Linouye@cgs.nche.edu) or (202) 461-3864.

Sincerely,

AccessLex Institute  
American Association of Colleges of Nursing  
American Association of Colleges of Osteopathic Medicine  
American Dental Education Association  
American Psychological Association  
American Speech-Language-Hearing Association  
Association of American Medical Colleges  
Association of American Veterinary Medical Colleges  
Council of Graduate Schools  
Council on Social Work Education  
Equal Justice Works  
National Association of Colleges and Employers  
National Association of Graduate-Professional Students  
National Association of Social Workers  
National Education Association  
National Legal Aid & Defender Association  
Physician Assistant Education Association  
Student Veterans of America  
United Negro College Fund

Cc:

Senator Michael Enzi  
Senator Richard Burr  
Senator Johnny Isakson  
Senator Rand Paul  
Senator Susan Collins  
Senator Bill Cassidy  
Senator Pat Roberts  
Senator Lisa Murkowski  
Senator Tim Scott  
Senator Mitt Romney  
Senator Mike Braun  
Senator Bernie Sanders  
Senator Robert Casey  
Senator Tammy Baldwin  
Senator Christopher Murphy

Senator Elizabeth Warren  
Senator Tim Kaine  
Senator Maggie Hassan  
Senator Tina Smith  
Senator Doug Jones  
Senator Jacky Rosen