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September 4, 2014

Honorable Paul Ryan  
Chairman  
Budget Committee  
United States House of Representatives

Dear Mr. Chairman:

The Council of Graduate Schools (CGS) appreciates the opportunity to provide comments on the discussion draft titled, *Expanding Opportunity in America*, released by the House Budget Committee in July. CGS membership includes over 500 universities in the United States that annually award more than 92 percent of all U.S. doctorates and over 78 percent of all U.S. master's degrees. As the sole membership organization representing master's and doctoral education, these comments focus primarily on provisions within the proposal that impact graduate education and students pursuing these degrees.

CGS shares the overarching goal of the Committee's discussion draft – refining the federal role in higher education through improving accessibility, affordability, achievement and simplicity for students and families. We agree that education is an essential tool for the creation of a stable economy and that education provides students with foundational knowledge and work skills, offering graduates a wide range of employment opportunities. More specifically, graduate education in America plays a critical role in the success and long-term stability of the U.S. workforce and economy.

CGS believes that continued federal investment in graduate education is critical if we are to grow our domestic talent and build the educated and skilled workforce, which is critical to remaining competitive in a global economy. Jobs that require a master's degree at entry level, for example, are expected to grow at a rapid rate into the next decade. Demand for these master's degree holders is expected to grow even faster in certain occupational areas, including healthcare and social services.

However, in the last few years federal support for graduate students has been scaled back through the loss of the in-school interest subsidy and the increased distinction between undergraduate and graduate students with respect to Stafford loans. Additionally, proposals that the House Ways and Means Committee included as part of tax reform earlier this year, such as repealing the lifetime learning credit and not including the above the line deduction for education expenses, have the potential to further reduce federal support for graduate students. These actions could make graduate education less affordable for many master's and doctoral students, and could have a chilling effect, especially for low-income students, on their decision to pursue an advanced degree.

Some of the suggestions in *Expanding Opportunity in America*, when coupled with the changes made to federal student loans over the past few years, could even further reduce the federal financial support available to master's and doctoral students. As advanced knowledge and skills are becoming ever more necessary to be successful in an increasing number of fields and careers, the U.S. can ill afford to discourage talented individuals from pursuing these degrees.

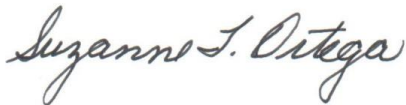
CGS appreciates the Committee's emphasis upon streamlining the federal student loan program, as CGS agrees it has become increasingly complex. That being said, CGS is concerned that the discussion draft calls for the elimination of the PLUS Loan program, in particular GradPLUS. In Academic Year (AY) 2011-12, 51% of GradPLUS loan recipients were master's and doctoral (PhD and EdD) students, a disproportionate percentage of whom are low-income students. CGS believes that eliminating GradPLUS would severely limit the ability of these students to pursue graduate education without resorting to private loans.

GradPLUS loans were included in the Higher Education Act to supplement the financial needs of master's and doctoral students in addition to unsubsidized Stafford loans, and to reduce reliance on private education loans -- that goal has been achieved. In AY2007-08, 11% of master's degree and 9% of doctoral degree students borrowed from private lenders. However, Department of Education data show that in AY2011-12, only 4% of master's degree students and 2% of doctoral degree students borrowed from private lenders – a sizeable reduction. Further, master's and doctoral degree students have demonstrated that they are responsible stewards of federal dollars, as they are less likely to default on their loans.

Contrary to the belief that graduate students can borrow without limit under the GradPLUS program, the amount that can be borrowed is capped at the cost of attendance. Students can only borrow up to the cost of attendance minus estimated financial assistance from other sources, such as fellowships, grants and unsubsidized Stafford loans. Even though tuition and fees are increasing, the rate of increase for graduate education is less than that for undergraduate education. Between AY2003-04 and AY2011-12, the average tuition and fees charged for master's and doctoral degree students increased by 16% in comparison to 29% for baccalaureate students.

The 21st century economy demands that our workforce have the education and skills needed to be competitive globally. CGS believes that graduate education is a critical component to achieving this goal and that public policy should encourage the pursuit of education beyond the undergraduate level. Going forward, CGS is ready to be a resource for you, your staff and the Committee as these and other issues of importance to graduate education are considered.

Sincerely,



Suzanne T. Ortega  
President

CC: The Honorable John Boehner  
The Honorable John Kline