



ACCREDITING COMMISSION FOR  
COMMUNITY AND JUNIOR COLLEGES

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**Date:** June 12, 2005

**To:** Chancellors, Superintendents, Presidents, and Accreditation Liaison Officers of ACCJC Member Institutions; Other Interested Parties

**From:** ACCJC President Mac Powell *MP*

**Subject:** Federal Budget Reconciliation Update – Senate HELP Committee Proposes Changes to Higher Education Funding

As many of you may be aware, the U.S. Congress is going through a budget reconciliation process, a fast-track legislative process that allows Congress to quickly enact legislation related to spending, revenue, and the debt limit. Last month, the House passed a sweeping reconciliation bill with provisions related to higher education funding, student aid, and Medicaid rollbacks that would directly impact institutions and students. This bill is now under Senate consideration.

On June 10, 2025, the Senate Health, Education, Labor, and Pensions (HELP) Committee released its portion of the Senate’s budget reconciliation bill. The bill proposes significant updates that would affect federal student loans, Pell Grants, and institutional eligibility for loan programs. The [bill text](#) and [press release](#) are available on the Senate’s website.

Below is a summary of the text, important takeaways for member institutions, and advocacy opportunities in which you may like to participate. ACCJC is monitoring these developments closely and engaging with C-RAC members and federal partners to advocate for higher education, peer-review accreditation, member institutions, and students. We will keep you apprised of relevant updates as they become available.

## **Federal Student Loans – Major Overhaul Starting July 1, 2026**

- **New Repayment Options:**

- New borrowers (after 7/1/2026) will repay loans through a standard plan or a new income-driven repayment (IDR) plan with loan forgiveness after 30 years.
- Existing borrowers (before 7/1/2026) will keep access to a version of Income-Based Repayment, with forgiveness after 20–25 years, depending on when they borrowed.

- **Loan Limits:**

- Grad PLUS Loans eliminated.
- Borrowing caps for graduate students.
- Parent PLUS Loans capped at \$20,000/year and \$65,000 total per student.

- **Loan Adjustments:**

- Loans will be prorated based on how many credits a student takes.
- Loan rehabilitation (for those who default) will be allowed twice, with minimum \$10/month payments.
- \$1 billion allocated to improve loan servicing and administration.

## **New Standards for Program Eligibility Based on Graduate Earnings**

- Undergraduate programs will lose access to federal loans if graduates earn less than the median high school graduate in their state.
- Graduate programs face the same rule—compared to median bachelor’s degree earners in the same field.
- Programs will be disqualified if they fail these earnings benchmarks for 2 out of 3 years.

## **Changes to Federal Regulations**

- Borrower Defense to Repayment and Closed School Discharge rules from the prior administration would be repealed.
- The Secretary of Education would be limited in issuing new economically significant regulations or those that increase costs.

## **Pell Grant Updates – Expanded Access, Stricter Eligibility**

- Pell eligibility will now include foreign income and exclude high-income students.
- Students who receive other grants covering full cost-of-attendance will no longer be eligible for Pell.
- Pell expanded to short-term Workforce Pell programs (150–600 clock hours) – great news for career and technical training.
- \$10.5 billion in new mandatory funding for Pell Grants.

## **What This Means for ACCJC Member Institutions**

- Short-term programs may benefit from the new Workforce Pell.
- Loan limits and eligibility changes could affect how students finance their education.
- Pell eligibility rules are tightening, but new funding may increase access for those who qualify. Compared to the House bill, the Senate bill does not include the 30 credits per year provision and does not exclude students that are less than half time.

Programs must meet graduate earnings benchmarks to retain loan access—something to watch closely.

**Advocacy Opportunities** The American Council on Education (ACE) has put together a toolkit of information and advocacy opportunities related to the 2025 Budget Reconciliation Bill. Please visit the ACE website for more information: <https://www.acenet.edu/policy-advocacy/pages/2025-reconciliation-toolkit.aspx>.

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