



# Financial Aid Directors Respond to HELC Survey on PLUS/Grad PLUS

## May 2017

The Federal PLUS Program was developed to provide a borrowing option for the parents of dependent students when the student's borrowing options were insufficient or if the family determined that parental borrowing was preferred to meet the cost of attendance.

Credit requirements for PLUS loans are less restrictive than those in the private sector and borrowing is capped at the institutional cost of attendance. The Grad PLUS Program offers similar options and benefits for graduate students.

Federal Direct PLUS and Grad PLUS Programs provide:

- access and institutional choice for graduate and undergraduate students
- borrowing options with federal loan benefits that are reasonable and safe for borrowers; and
- the federal government with a reasonable rate of return and proven positive repayment experience.

Current federal loan limits for both undergraduate and graduate students have been stagnant for over 20 years while educational costs have risen. Suggestions to establish a cap on the amount parents or graduate students can borrow or eliminate these programs will:

- impact middle and low income students and families disproportionately and severely restrict choice or eliminate access to higher education
- force borrowers into the private educational loan market where access will be more restrictive, with higher interest rates and reduced borrower benefits and protections; and
- undermine the competitive position of the country by restricting educational choice and access at all levels but especially at the graduate level.

### Key Findings

577 financial aid directors responded to HELC's recent survey and indicated strong support for continuation of the PLUS and Grad PLUS Programs with the current limit set at institutional cost of attendance.

- 70% of respondents indicated that elimination of these programs would have significant or disastrous effects on their students.
- 60% indicated that imposing a cap on the amount Grad PLUS borrowers can obtain would have significant or disastrous effects on their students.
- 25% of respondents provided additional comments—many expressed similar opinions to these commenters:
  - *“These types of federal funds are essential for access and completion for undergraduate students whose federally defined need we are unable to meet, and graduate students who have relatively few funding options.”*
  - *“For most students these are access-to-college programs, not just financing programs.”*
  - *“We should not place any additional burden between a student and their education. We should be making it easier not harder to compete with the rest of the world's higher education rates.”*