

# Overview of Federal Changes to Higher Education

House Emergency Committee on Federal Workforce and  
Funding Reductions

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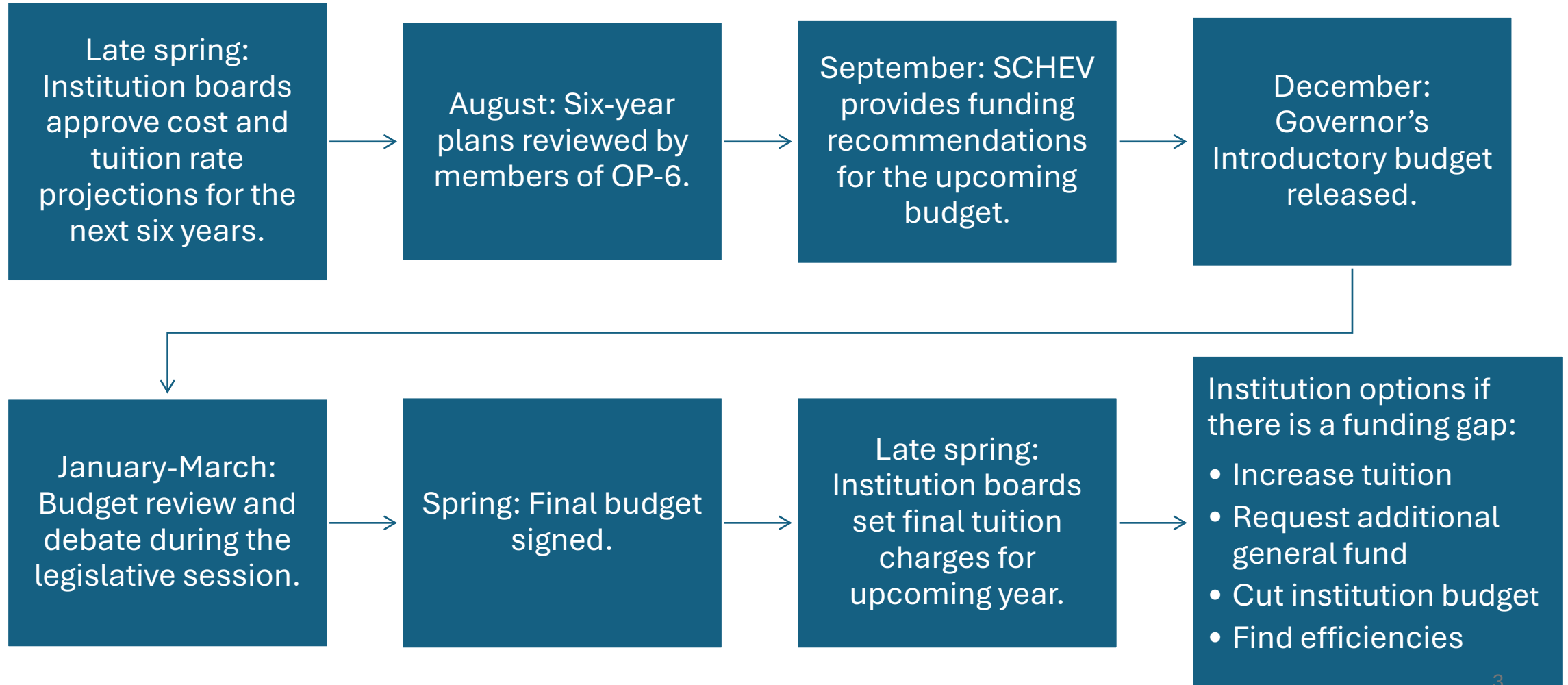
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# Presentation Overview:

- Institution budget cycle
- Budget pressures
- Tuition & Fee ranking
- Student affordability measures
  - Unmet need
  - Borrowing
  - Retention and Graduation
- Enrollment pressures
- One Big Beautiful Bill Act – potential impact on enrollment

# Budget Process



# Institutional Budget Pressures

Inflationary  
pressures: CPI  
and HEPI

Salary increases  
(typically covered  
50/50 by the  
state)

Increases in  
health insurance  
premiums

Enrollment  
decline: increase  
tuition to cover  
fixed costs

Inflation for on-  
campus room and  
board costs

Non-E&G costs:  
athletics, student  
union building,  
etc.

Price elasticity  
and affordability  
concerns for  
students

# Tuition & Fees

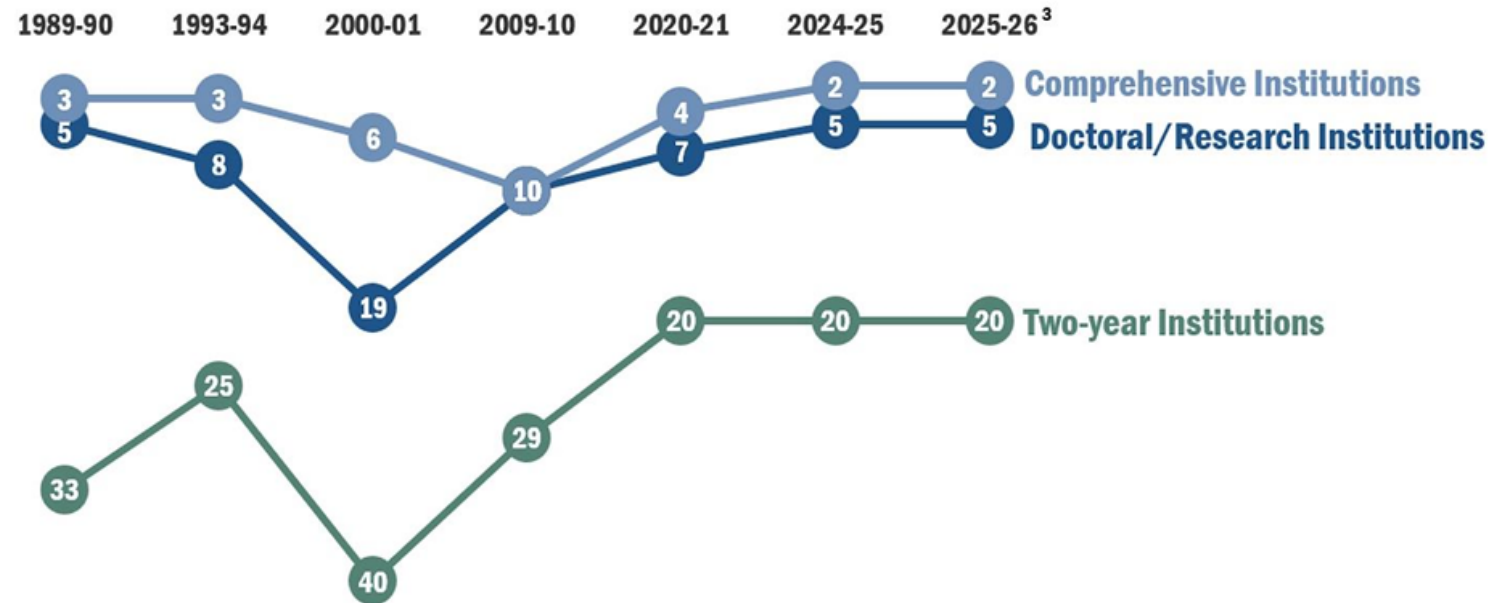
Virginia tuition & fee national rankings:

- Comprehensive institutions – 2<sup>nd</sup>
- Doctoral/Research institutions – 5<sup>th</sup>
- Two-Year institutions – 20<sup>th</sup>
- Virginia general fund per FTE – 27<sup>th</sup>
- Virginia total revenue per FTE – 28<sup>th</sup>
  - (GF and NFG)
- Tuition concerns are raised annually in attempt to balance increased state revenue with institutional efficiencies. Institutions have maintained lower increases in tuition and fees, as an agreement with the Governor.

Rankings for general fund and total revenue from SHEEO.

Chart copied from page 18 of SCHEV's 2025-26 Tuition and Fees Report.

**Chart 8: Ranking of Virginia's In-State Undergraduate Tuition and Fee Charges Nationally**



**Notes:**

- (1) Based on full-time in-state undergraduate 2024-25 tuition and fees in the Integrated Postsecondary Education Data System (IPEDS).
- (2) Ranking is from highest cost to least cost.
- (3) Virginia charges are actual tuition and fees in FY 2026. Charges in other states are estimated by applying 2024-25 national increase rates of 2.7% for doctoral, 2.4% for comprehensive institutions, and 2.5% for public associate-degree-granting colleges published in "Trends in College Pricing 2024" by the College Board.

**Sources:** IPEDS Institutional Characteristics and College Board.

# Trendlines in General Fund and Tuition

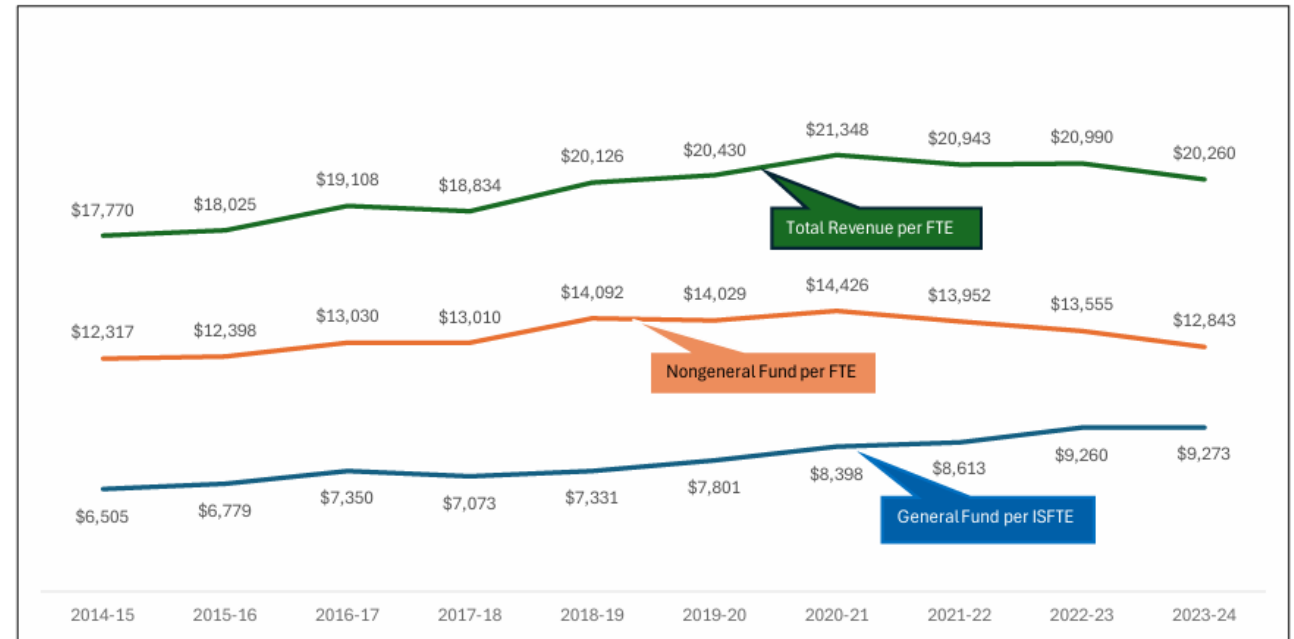
As state investment has increased since FY2022, the inflation adjusted tuition & fees per FTE has declined.

**Figure E-1**  
State appropriations have grown significantly since FY19 (\$ millions)



SOURCE: JLARC analysis of institutions' audited financial statements, FY23.  
NOTE: Shown in constant FY23 dollars.

**Funding per FTE by Fund FY2015-FY2024**  
in 2024 Constant Dollars



Note: Total Revenue per FTE is not the sum of General Funding per ISFTE and Nongeneral Fund per FTE as two measures use different denominators.

# Affordability –

High unmet need and debt may deter students from enrolling or completing affordably

## Unmet need (Public four-years)

- Low income: \$14,454
- Middle income: \$12,531
- Upper income: \$3,549

## Unmet need (Public two-years)

- Low income: \$10,956
- Middle income: \$7,819
- Upper income: \$1,030

## Student Debt (Public institutions)

- BA/BS: 52% of graduates borrow an average of \$30,307
- AA/AS: 26% of graduates borrow an average of \$14,552
- AAS: 29% of graduates borrow and average of \$23,011

# Borrowing Trends

Student loan borrowing continues to be a focus of many affordability discussions.

Borrowing is heavily dependent on student choices and debt tolerance. It is not a dependable measure of affordability as students often borrow more than they need and high-income students can borrow, on average, larger amounts.

The decline number of borrowers demonstrates the growing wariness of accumulating student debt.

The decline in number and percent of borrowers is more meaningful than the relative stagnation in average borrowing.

Grand Total, All Reporting Institutions  
Four-Year Bachelor's Degree  
Graduates from 2019-20 to 2023-24  
Student Loans

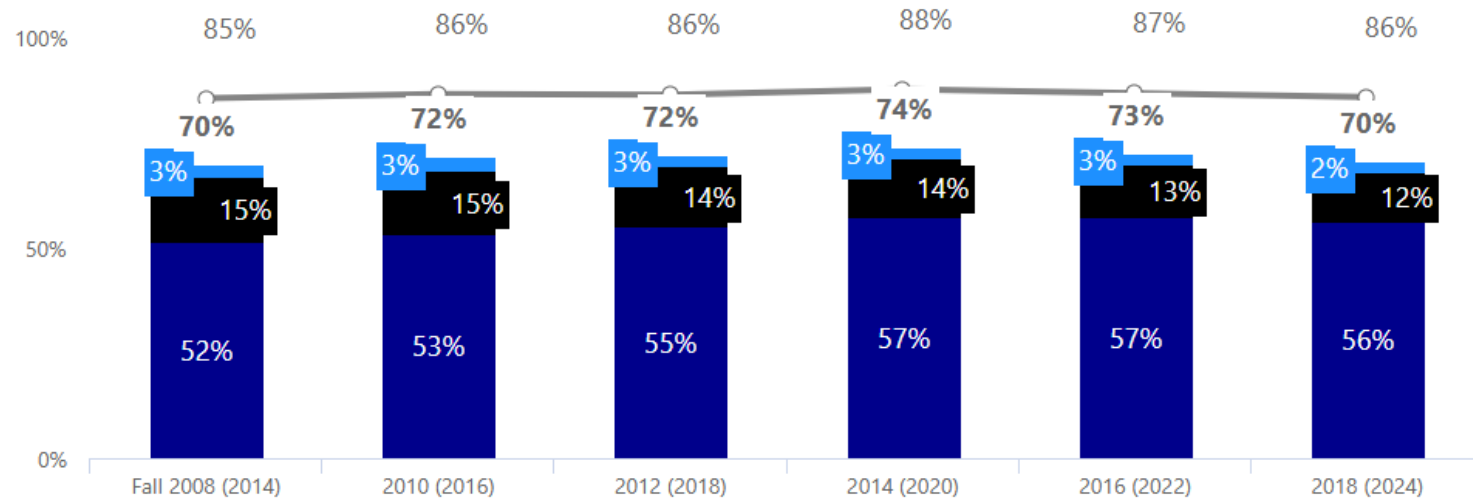
Borrowers		
Year	#	% of grads
2019-20	35,516	59%
2020-21	36,283	59%
2021-22	33,331	56%
2022-23	32,467	55%
2023-24	31,373	52%

Known Debt at Graduation of Student Borrowers				
Year	25th Percentile	Median	Mean	75th Percentile
2019-20	\$17,250	\$26,718	\$30,543	\$37,000
2020-21	\$16,646	\$26,175	\$30,294	\$36,830
2021-22	\$15,935	\$25,944	\$30,239	\$35,722
2022-23	\$15,000	\$25,733	\$30,339	\$35,244
2023-24	\$14,844	\$25,000	\$30,307	\$35,210

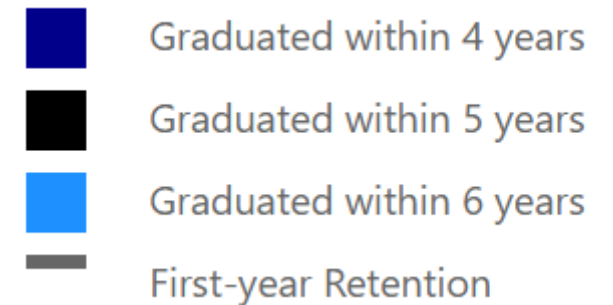
From SCHEV's EOM-01 Student Debt Report



# Retention and Graduation – tailing off in recent years



**Retention and Graduation Rates**  
**Public Four-year Institutions**  
 First-time in College, Full-time,  
 Fall Entry only



## Time-to-Degree (all completers in the specified year)

Student Group and Measure	2013-14	2015-16	2017-18	2019-20	2021-22	2023-24	Annual Growth (2013-2023)
FTIC: Median	4.0	4.0	4.0	4.0	4.0	4.0	0.00%
FTIC: Mean	4.4	4.4	4.3	4.3	4.3	4.2	-0.63%
Transfer: Median	3.0	3.0	3.0	3.0	3.0	3.0	-0.05%
Transfer: Mean	3.3	3.3	3.3	3.3	3.3	3.0	-0.80%

# Retention and Graduation at VCCCS

% of Cohort		Rates for 2020-21 Freshman Cohort				% Growth <sup>3</sup> 2015-20 Freshman Cohorts		
		Category	Retention	2YR Grad	3YR Grad	4YR Grad	Retention	4YR Grad
Graduated within 4 years	30%	Category 1 (0 - 1,499 Annual FTE)	62.9%	24.7%	34.4%	38.1%	-1.0%	2.2%
	5%	Category 2 (1,500 - 2,499 Annual FTE)	64.8%	19.8%	29.3%	34.8%	-0.7%	4.6%
	10%	Category 3 (2,500 - 4,999 Annual FTE)	67.9%	13.0%	24.4%	30.1%	-0.8%	3.9%
	15%	Category 5 (10,000 -17,499 Annual FTE)	62.8%	9.2%	20.3%	25.3%	-0.5%	7.4%
		Category 6 (17,500 - 29,999 Annual FTE)	72.8%	13.9%	23.9%	29.3%	-0.9%	4.5%
		Virginia Community College System	68.2%	14.7%	25.1%	30.4%	-0.7%	4.6%

2020-21

# Retention and Graduation – non-completion costs students, institutions, and the Commonwealth

- Degree completion can be seen as an affordability measure as borrowers with a college degree, even if having higher debt levels, *default* at a lower rate than those with student debt but no college degree.
- From March 2020 to September 2023, federal student loan repayments were paused, so current data is limited.
- 2024 report: “...nearly 6 in 10 borrowers who reported not completing the degree or certificate for which they took out loans ended up experiencing default. Default was more than twice as likely among this group than among those who completed their degree or certificate (59% versus 23%, respectively).”  
[Pew Research Center](#)
- In Virginia, 13% of first-year students at public four-years do not return the following fall, compared to 18% nationally. Of these, 28% have debt greater than \$10k.

## Public Four-Year Institutions

### Graduation Rates by Economic Subcohort

Cohort Year	All FTIC	Lower Income	Middle Income	High Income	Income Not Reported
2009-10	70%	57%	69%	77%	73%
2010-11	70%	58%	68%	77%	74%
2011-12	70%	58%	68%	77%	74%
2012-13	70%	57%	70%	78%	76%
2013-14	71%	59%	70%	78%	75%
2014-15	72%	61%	71%	78%	76%
2015-16	72%	59%	71%	79%	76%
2016-17	71%	57%	69%	79%	77%
2017-18	70%	55%	69%	79%	76%
2018-19	69%	55%	69%	77%	75%

First-time, Full-time Students Entering at any semester

From SCHEV's GR-SC01: Six-Year Graduation Rate Trends

# Enrollment Pressures

*Institutional revenue is heavily dependent upon enrollment. Any loss of enrollment can have profound impact on the institutional budget.*

Stagnation/decline of available high school graduates in Virginia and increased competition from other states.

Student concern of return on investment and increasing borrowing resistance.

Increasing availability, emphases, and affordability of short-term credential programs.

Reduction in international students – recent national estimate is 15% decrease.

Reports of Undocumented students increased distrust of system.

Potential reaction to OBBA Act: reduced loan availability, increased cost of loan repayment, and changes to Pell eligibility.

## Top States Sending Undergraduate Students to Virginia Public Four-years

		%
	Fall 2024	Change by 2031
State Unknown	1,117	-3%
Maryland	1,106	-2%
New Jersey	1,105	-1%
Pennsylvania	859	-8%
New York	796	-13%
North Carolina	576	-3%
Massachusetts	322	-3%
Connecticut	271	-4%
California	241	-10%
Texas	232	3%
Florida	231	4%
District of Columbia	205	54%

*Virginia can expect fewer enrolled students from these states through 2031.*

# OBBB Act Changes

## Changes to Pell Eligibility

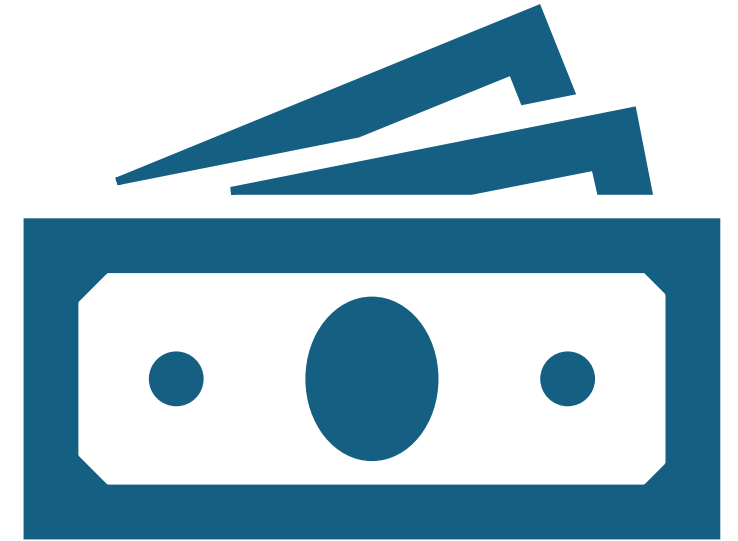
*Student Aid Index (SAI) recognizes income and assets (not including primary home).*

- Removes Pell eligibility if the SAI is greater than twice the maximum Pell award (7,395).  
(2024-25: Pell available to families at 175% or less of FPL, despite large assets.)
- Includes foreign income as part of the AGI to calculate SAI and Pell eligibility.
- Prohibits Pell award if total non-federal grant aid covers full cost of attendance.
- Restores the exemption of small business and farms assets from SAI calculation.
- Expands Pell eligibility to certain Workforce programs. Impact to be determined.

# OBBB Act Changes

## Student loan caps

- Undergraduate
  - No change to undergraduate annual and aggregate limits.
  - Caps loans for parent PLUS at \$20k annually and \$65k aggregate per dependent student – previously, borrow up to COA
- Graduate
  - Caps Direct Loans at \$20,500 annually and \$100,000 aggregate for graduate students
  - Caps Direct Loans at \$50,000 annually and \$200,000 aggregate for professional students
  - Ends Grad Plus loans
  - Previously, borrow up to full COA
- Caps total borrowing at \$257,500 on all federal student loans
- Loans to be prorated for less than full-time enrollment.
- Legacy borrowing provisions passed for Grad PLUS and Parent PLUS.



# Impact of new federal loan limits (23-24 data)

	Student Status	Unique Students Enrolled and/or Graduated	Graduate Students exceeding \$257.5K	First Professional Students exceeding \$257.5K	Graduate Students Exceeding \$100K	First Professional Students Exceeding \$200K
Total Public Four-Year Institutions	Enrolled	10,153	23	57	856	289
Total Public Four-Year Institutions	Completed	3,962	5	156	316	198
Total Private, Four-Year Institutions	Enrolled	37,499	1,154	140	8,503	428
Total Private, Four-Year Institutions	Completed	6,370	165	360	1,444	425

# OBBB Act Changes

## **Loan repayment**

- New loans after July 1, 2026, two plans:
  - Standard plan with fixed monthly payments for 10 to 25 years
  - One Repayment Assistance Plan has balance forgiveness after 30 years.
    - Unpaid interest is waived (eliminates negative amortization).
    - Provides matching payment of up to \$50.
    - Repayment term up to 30 years.
    - Payment is 1% - 10% of income based on AGI (minimum \$10 monthly).
    - Full transition by July 1, 2028.
- Previously,
  - Up to nine different loan repayment plans.
  - Balance forgiveness after 20 to 25 years.



# OBBB Act Changes

## Accountability:

- Creates a new “low earnings outcome” accountability measure.
- Academic programs failing prescribed earnings measures in 2 out of 3 years lose Direct Loan eligibility.
  - Undergraduate Programs
    - Median earnings of completers 4 years after program completion.
    - Compared to “working adults” with only a high school diploma or GED and who are not enrolled in higher education.
  - Graduate Programs
    - Median earnings of completers 4 years post-enrollment.
    - Compared to “working adults” with only a bachelor’s degree who are not enrolled in higher education.
- Using Virginia data and conservative assumptions of methodology across all institutions, it is estimated that:
  - 123 of 374 associate programs are at risk (39%)
  - 174 of 1,110 bachelor’s programs are at risk (16%)

# OBBB Act Impact on Enrollment

- Actual impact is indeterminate at this time and will vary by institution.
- Much depends in the details in regulations and guidance from the federal department.
  - Which students are exempted due to prior borrowing (Legacy provisions).
  - Definition of professional student.
  - Implementation of new accountability rules.
- Impact on student decisions will vary depending on whether:
  - Students can adjust without having to borrow more.
  - Private lenders step into the gap.
  - Parents can qualify for the private loans, which have more stringent credit standards than federal loans.
  - Institutions offer payment plans.

# SCHEV Enrollment Initiatives

- Working with institutions to create realistic enrollment expectations.
- Nominating representatives to serve on federal negotiated rulemaking for two OBBA initiatives: RISE and AHEAD.
- Initiatives to encourage students to complete the federal FAFSA
  - FAFSA Help Desk - Students/families can text 434-478-4003 for live financial aid support.
  - FAFSA Completion Portal - School divisions access student-level data for targeted outreach.
  - FAFSA Postcard Campaign - 29,500 postcards sent annually to low-income Virginia families with high school seniors.
  - Financial aid webinars – student-facing, co-presented with Virginia Association of Student Financial Aid Administrators (VASFAA).
- Level Up Virginia
  - Events at 140 Virginia high schools - College exploration, application assistance, FAFSA help and decision-making celebrations.
  - Middle School Campus Visit Project – 8,000 middle schoolers visit Virginia colleges annually.
  - Digital Outreach - LevelUpVirginia.org website (75% of traffic is to financial aid section), active newsletter and social media.
  - Professional development for school counselors and access providers statewide.
- Pell Initiative for Virginia
  - Institution-wide Review of Barriers for Pell-eligible student success.
  - Fund initiatives to increase enrollment and retention of Pell-eligible students.
- Pathways to Adventure for Virginia
  - Scheduled for release in fall 2025, this is a user-facing portal to help high school students create a path to higher education. This will also pave the way for institutions implementing Direct Admission.
- Gear Up Virginia:
  - \$24.7 million, federally funded, seven-year program tracking specific cohort from 7<sup>th</sup> grade to 1<sup>st</sup> year of postsecondary
  - 22 middle schools and 20 high schools
  - 8,119 students tracked
  - Tutoring, campus visits, summer camps, postsecondary advising, financial aid advising, \$2500 GEAR UP scholarships
- Support college access initiatives that demonstrate that college is a viable option and encourage students to be prepared academically and financially for higher education.

# Questions?

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# APPENDIX

# Additional Content

- Planning Reference Guide & College Outcomes, includes:
  - **The Virginia Plan & Progress Tracker** for meeting the goals under the plan.
  - **Fact Packs & Comparison Pages**: A statewide cooperative effort among key policymakers and stakeholders has produced a set of fact packs providing longitudinal data on a wide variety of higher education metrics.
- The Joint Legislative Audit & Review Commission has a webpage - **JLARC | Reports by Topic: Education** – providing reports on various higher education topics, including:
  - **Spending and Efficiency in Higher Education**
  - **Higher Education Institutional Viability**

# Changes in Unmet Need (with slide 5)

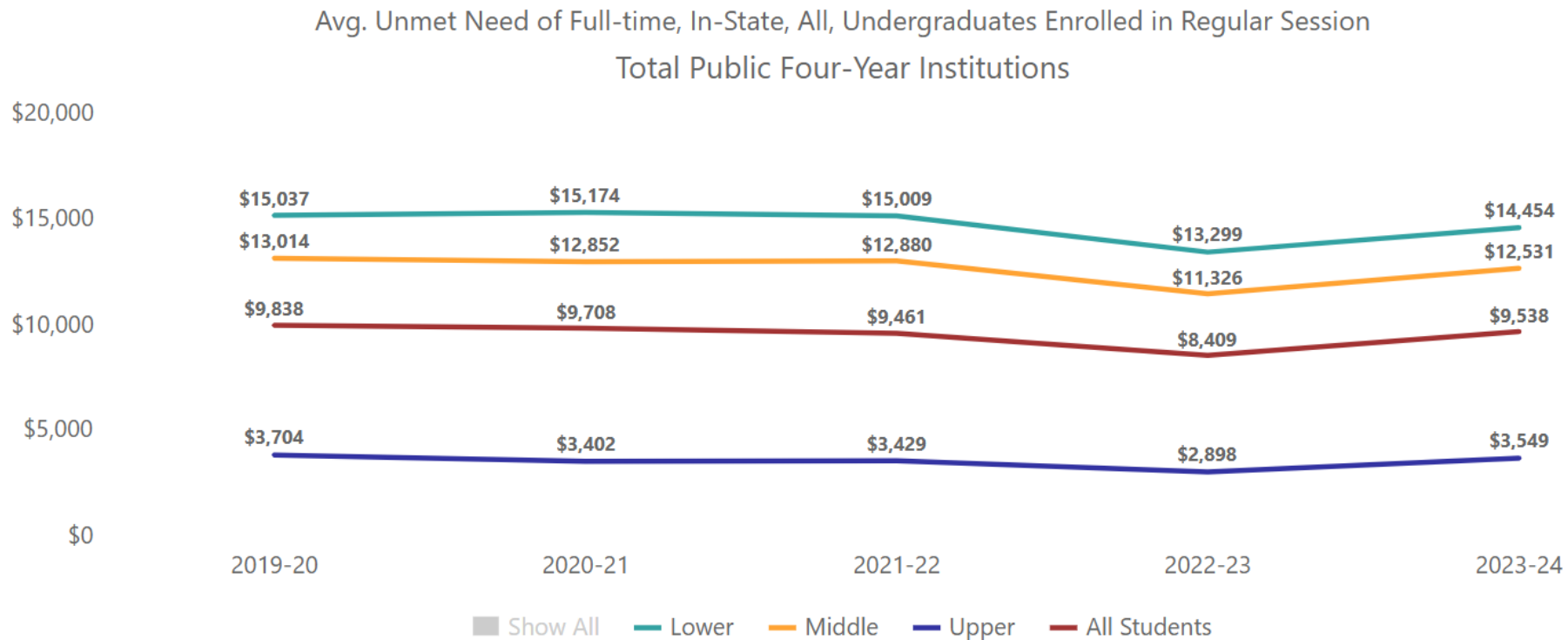
## Four-Year Public Institutions

Full-time, In-State, All, Undergraduates Enrolled in the Academic Year							
Academic Year	Income Range	# Cohort	Avg. COA	Avg. Gift Aid	Avg. Net Price	Avg. EFC	Avg. Unmet Need
2019-20	All	87,333	\$27,370	\$7,019	\$20,353	\$11,366	\$9,605
2019-20	Lower	29,745	\$26,001	\$11,353	\$14,654	\$728	\$13,947
2019-20	Middle	23,866	\$27,258	\$7,420	\$19,840	\$7,561	\$12,445
2020-21	All	84,268	\$27,996	\$7,245	\$20,759	\$11,783	\$9,513
2020-21	Lower	29,152	\$26,533	\$11,787	\$14,763	\$720	\$14,062
2020-21	Middle	22,675	\$27,869	\$7,779	\$20,094	\$7,957	\$12,305
2021-22	All	83,346	\$29,326	\$7,717	\$21,613	\$12,664	\$9,513
2021-22	Lower	27,920	\$27,729	\$12,735	\$15,002	\$709	\$14,308
2021-22	Middle	21,653	\$29,210	\$8,744	\$20,469	\$8,067	\$12,578
2022-23	All	84,074	\$30,436	\$8,922	\$21,519	\$13,561	\$8,659
2022-23	Lower	28,940	\$28,548	\$14,605	\$13,951	\$945	\$13,030
2022-23	Middle	22,160	\$30,126	\$9,875	\$20,259	\$9,243	\$11,261
2023-24	All	85,528	\$33,662	\$10,061	\$23,607	\$13,824	\$10,521
2023-24	Lower	30,295	\$32,568	\$15,940	\$16,640	\$890	\$15,768
2023-24	Middle	23,019	\$33,547	\$11,119	\$22,434	\$9,517	\$13,169

Data indicates that the COA increases are due largely to, in order of impact: room & board, personal expenses, transportation, and non-E&G cost increases.

# Unmet Need is Rising (with slide 6)

- Unmet Need is Cost of Attendance less gift aid and Student Aid Index.
- Growth in Unmet Need fueled by increases in the indirect costs associated with Cost of Attendance.





# Retention and Graduation (with slide 10)

- [EOM 07: Dropouts, Debt and Wages](#)

First-Time in College Students Enrolled in Fall 2021-22															
		Dropped-out after First Term of Enrollment							Dropped-out after First Year of Enrollment						
Inst.	# Enrolled Fall Term	% Dropped Out	% w/Debt	Avg. Debt	% w/Debt Wages in Drop Year	Avg. Wages in Drop-Out Year	% w/Debt Wages Next Year	Avg. Wages in the Next Year	% Dropped Out	% w/Debt	Avg. Debt	% w/Debt Wages in Drop Year	Avg. Wages in Drop-Out Year	% w/Debt Wages Next Year	Avg. Wages in the Next Year
Grand Total, All Institutions															
TOTAL	72,787	10%	20%	5,145	27%	13,385	27%	21,798	11%	34%	11,046	34%	9,547	27%	19,210

First-Time in College Students Enrolled in Fall 2021-22															
		Dropped-out after First Term of Enrollment							Dropped-out after First Year of Enrollment						
Inst.	# Enrolled Fall Term	% Dropped Out	% w/Debt	Avg. Debt	% w/Debt Wages in Drop Year	Avg. Wages in Drop-Out Year	% w/Debt Wages Next Year	Avg. Wages in the Next Year	% Dropped Out	% w/Debt	Avg. Debt	% w/Debt Wages in Drop Year	Avg. Wages in Drop-Out Year	% w/Debt Wages Next Year	Avg. Wages in the Next Year
Four-Year Public Institutions															
PUB4	34,667	3%	44%	6,626	30%	11,693	27%	19,124	6%	55%	13,168	42%	7,887	33%	17,115

# Undergraduate Loan Changes (with slide 14)

Prior to July 1, 2026

	Dependent	Independent	Both
Year	Total Sub and Unsub	Total Sub and Unsub	Max Sub
Freshman	\$5,500	\$9,500	\$3,500
Sophomore	\$6,500	\$10,500	\$4,500
Junior	\$7,500	\$12,500	\$5,500
Senior	\$7,500	\$12,500	\$5,500

Status	Total Sub and Unsub	Max Sub
Dependent	\$31,000	\$23,000
Independent	\$57,500	\$23,000

After July 1, 2026

Annual loan limit:

- No changes in the maximum amounts
- Loans must be prorated in direct proportion to the percentage of full-time status the student is enrolled (no date on when this goes into effect)
- Institutions may impose lower annual loan limits on a program-by-program basis, but must apply to all students in the program, and not on a student-by-student basis.

Aggregate limit:

- The total limit is \$257,500 borrowed from all federal loan programs (undergraduate, graduate, and professional)
- The limit is not impacted by the amount of prior loans forgiven, repaid, canceled, or discharged

# Other OBBB Act Changes

## 529 College Savings Plan

- Adds dual enrollment and credential programs.

## Trump Accounts

- Tiered access providing \$1,000 government match to \$5,000 in annual contributions

## Workforce Pell Grant program

- For credit programs only
- Minimum 8 weeks but less than 15 weeks
- Stackable and portable