Increasing Access to Postgraduate Education: A Comprehensive Analysis of the Graduate PLUS Loan Program and What the Effects of Its Elimination May Be

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INTRODUCTION

Established under the Deficit Reduction Act of 2005, the Graduate PLUS loan program (GPLP) eliminated federal borrowing limits and allowed postgraduate students to borrow up to the total cost of attendance (COA) after other aid (Black and Denning 2023, 1). For two decades the GPLP defined how many postgraduate students who couldn't afford their institution's COA paid for their education. The program, however, has faced scrutiny over the years, and on July 4, 2025, President Donald Trump signed the One Big Beautiful Bill Act (OBBA), which, among many other provisions, eliminated the program entirely (NASFAA 2026, 1). Despite the GPLP's aim to prevent unmanageable debt and increase access to postgraduate education, it largely failed, as postgraduate education programs substantially increased their price in the years following the GPLP's institution, postgraduate student debt remains high, and enrollment didn't meaningfully increase among underrepresented groups. Moreover, because students shifted from relying on the once robust banking and private loan system to the GPLP over its two decades of life, the OBBA's elimination of the program may exacerbate the immediate accessibility problem for low-income students and students from underrepresented racial/ethnic groups.

THE BENEFITS OF POSTGRADUATE EDUCATION

For many in the United States, education is viewed as the primary driver of upward mobility (Opportunity Insights 2018). A college education is widely believed to serve as a ticket which can propel low-income students into the middle class, and a postgraduate degree even more so. This notion is supported by the fact that "[g]raduate degrees lead to the highest median earnings and the highest likelihood of employment among all education levels" (Gulish et al. 2024, 23). Additionally, the median annual salary of those with postgraduate degrees is $99,000, close to 27% higher than the median annual salary of $78,000 for those with Bachelor's degrees (Gulish et al. 2024, 23). Considering that the median annual salary for those with only a high school diploma is $46,000 (Gulish et al. 2024, 23), the idea that undergraduate and graduate degrees are the primary drivers of social mobility is well-founded. The idea behind the American Dream is that success and upward mobility should be accessible to everyone, regardless of their background, through hard work and determination. Therefore, a postgraduate education shouldn't be barred to only those who can afford its tuition.

BEFORE THE GRAD PLUS LOAN PROGRAM

Prior to the GPLP's institution on July 1, 2006, postgraduate students could borrow from the federal government up to the Stafford maximum of $18,500 annually for most programs (Black and Denning 2023, 1). Students would then cover any difference between the maximum federal borrowing cap and additional costs with private student loans, savings, or by working for wages (Black and Denning 2023, 1). While some students could afford postgraduate education within this cap, the cost of advanced degree programs often exceeded the federal limit. The average cost for these programs at private non-profit universities in 2005-2006 totaled approximately $42,600 for dentistry, $39,700 for medicine, and $31,700 for law in 2005 dollars (Baum and Steele 2017, 6; figures converted from 2015 dollars using the U.S. Bureau of Labor Statistics CPI Inflation Calculator). Therefore, in order to afford high tuition costs and living expenses, postgraduate students who couldn't afford the gap between the Stafford maximum and their postgraduate education (generally low-income students and/or students without financial familial support) had to turn to the private loan market.

In the years immediately preceding the GPLP, the private loan market was characterized by "increased access to credit, low interest rates, and lenient lending standards" (Cecil 2025). Private lenders pushed aggressive marketing tactics towards prospective students, and between 1996 and 2004, the total volume of private student loans rose from $1.5 billion to over $10 billion (Cecil 2025). For postgraduate students, the total volume of private student loans peaked at $5.3 billion in 2005-2006 (TICAS 2026). This amount of private lending was heavily scrutinized as "variable interest rates on high principal amounts, interest accrual in school, and deferred payments," forced students to accumulate large amounts of debt without the consumer protections that federal loans provided (TICAS 2026; Cecil 2025). Because of this, low-income students who couldn't afford to pay for a postgraduate education were forced to either take on large amounts of debt through predatory private student loans, or forgo a postgraduate education altogether.

The Grad PLUS Loan Program

By uncapping the federal borrowing limits for postgraduate education, the GPLP was designed to address postgraduate school's accessibility problem for low-income students, while simultaneously freeing these students from the need to take out unmanageable private loans. Unlike many private loans, Graduate PLUS loans offered interest rates, borrower protection plans, income-driven repayment plans, and loan forgiveness plans, designed to help borrowers manage their debt and "broaden access to graduate education for those who might have been denied private loans in the past" (Gulish et al. 2024, 11).

HOW THE GRAD PLUS LOAD PROGRAM WAS LARGELY UNSUCCESSFUL

Price Increases

While these debt borrowing protections addressed the symptoms of postgraduate students' debt problem, they didn't address their root causes. With the GPLP giving borrowers unrestricted access to postgraduate education, institutions are incentivized to capture the increase in students' ability to pay rather than keep tuition costs in line with expected earnings. As the then-secretary of education William Bennett argued in 1987, "increases in financial aid in recent years have enabled colleges and universities blithely to raise their tuitions, confident that Federal loan subsidies would help cushion the increase" (Bennett 1987). This "Bennett Hypothesis" is further supported by Black and Denning (2023), who found that for each additional dollar of federal borrowing, listed program prices increased by a dollar (3). Accounting for the increased average in grant aid, they further observed that "a program's net price increases by $0.64 per $1 increase in federal borrowing" (Black and Denning 2023, 3). Together, these findings suggest that institutions were capturing more than two-thirds of graduate federal loan aid. Despite the GPLP's intended purpose of helping mitigate unmanageable postgraduate student debt, the median cumulative graduate school debt grew from $42,000 to $50,000 between 2004 and 2020, largely in part to postgraduate programs' continued tuition increases (Gulish et al. 2024, 42).

<u>No Change in Accessibility</u>

A major pillar of the GPLP was to increase access to postgraduate education, especially for low-income students and students from historically underrepresented racial/ethnic groups to afford the more expensive programs. In order to test this, Black and Denning compared enrollments in programs that had a COA below the Stafford maximum and programs whose COA was above the Stafford maximum both before and after the GPLP's institution. If higher loan limits affected graduate program enrollment rates, then programs with a COA above the Stafford maximum, where students unable to pay the difference would have needed to take out private loans, should have seen an increase in enrollment among low-income students and students from historically underrepresented racial/ethnic groups. However, Black and Denning found no "evidence that enrollment increased among Black or Hispanic students," and concluded that "the introduction of Grad PLUS loans did not appear to increase access to graduate programs" (2023, 2). Accessibility to postgraduate degrees still remains an issue among underrepresented racial/ethnic groups as only 8% of graduate degree holders are Hispanic/Latino (compared to 17% of the adult population), and only 9% are Black (compared to 12% of the adult population)(Gulish et al. 2024, 16).

While the GPLP didn't appear to increase access to postgraduate programs, it shifted the method in which low-income students and students from marginalized racial/ethnic groups paid, as they are generally overrepresented among GPLP borrowers (Gulish et al. 2024, 47). Those completing their degrees with annual incomes of less than $30,000 comprise 68% of GPLP borrowers despite making up 46% of all graduate students completing their degree (Gulish et al. 2024, 47–48). Furthermore, while Black students only represent 12% of graduate students, they make up over 16% of all GPLP borrowers (Gulish et al. 2024, 48). These figures suggest that Grad PLUS loans currently facilitate access to postgraduate education for low-income and underrepresented students. However, considering that Black/Hispanic enrollment in postgraduate programs didn't meaningfully change after the

GPLP was introduced, and the introduction of the GPLP didn't appear to increase access to graduate programs, it stands to reason that the GPLP shifted how low-income students and students from marginalized racial/ethnic groups afforded postgraduate degrees without increasing the broader accessibility and enrollment of said programs.

THE DANGERS OF GRAD PLUS'S ELIMINATION

Although the GPLP didn't work as intended it became the primary means students from marginalized and underrepresented backgrounds paid for postgraduate degrees over its two decade lifespan (Gulish et al. 2024, 86). Overall, the GPLP's more favorable terms restructured how borrowers paid for postgraduate education as non-federal borrowing shrunk from $5.335 billion in 2005–2006 to $1.39 billion in 2024–2025 despite the growth in graduate enrollment (TICAS 2026).[1]

The signing of the OBBA threatens to cut off access to postgraduate degrees for low-income and marginalized students. Effective July 1, 2026, the OBBA will eliminate the GPLP, caps the annual federal loan limit for graduate students at $20,500 and $50,000 for professional students, and limits the aggregate loans to $100,000 for graduate students and $200,000 for professional students (NASFAA 2026). Because the new loan caps don't come with tuition caps, and colleges cannot reverse their years of price increases overnight, students going to postgraduate programs priced above these new loan caps will have to turn to the private market once again (Granville 2025). However, for many, the private market won't be attainable.

A joint 2026 study conducted by Protect Borrowers and The Century Foundation (TCF) found that over 40% of Americans would likely be denied from the vast majority of "traditional, prime lenders based on credit and income underwriting requirements" (Protect Borrowers and TCF 2026).[2] Due to the private loan market's strict requirements, many academically qualified borrowers may be denied access to loans, and as a result, be unable to attend postgraduate school. Moreover, because private loans carry variable interest rates, economically disadvantaged borrowers who manage to meet these requirements will typically be given interest rates much higher than the federal government's fixed interest rate, and without the various federal protections and benefits (Protect Borrowers and TCF 2026). Additionally, students from low-income and marginalized racial/ethnic communities will be disproportionately affected as they are the students who most rely on the GPLP to fund their postgraduate education, and "will be overrepresented among those facing sky-high interest rates or simply unable to obtain a private loan" (Gulish et al. 2024, 47–48; Protect Borrowers and TCF 2026).

CONCLUSION AND POLICY RECOMMENDATIONS

For decades, Americans viewed higher education as the ticket to upward mobility. The American

[1] Total graduate enrollment grew from 122,805 students in 2005 to 155,754 students in 2024 (NIH 2025).

[2] These requirements typically comprise credit scores of at least 640 and a household income of at least $30,000 (Protect Borrowers and TCF 2026).

Dream hinges upon the idea that as long as one works hard enough, success and upward mobility are possible. Julie Mujic (2015) argued that Americans are even willing to mortgage their futures and "postpone crucial first steps of adulthood" due to how much they value a college education. The GPLP, which was meant to address the rising postgraduate debt and increase accessibility, was largely unsuccessful as postgraduate tuition substantially increased, student debt remained high, and enrollment didn't meaningfully increase among underrepresented groups. Despite this, in the two decades of its existence, the GPLP largely replaced private loans as the primary mechanism students bridged any gaps they needed to fill between the Stafford maximum and postgraduate tuition. Because of this shift, the OBBA's elimination of the GPLP may deny access to postgraduate education to many Americans, especially for students from low-income and marginalized racial/ethnic groups who relied on the GPLP to afford postgraduate education.

There are several key changes that could address the growing postgraduate accessibility and debt problem. In a 2022 nationwide survey conducted by The Century Foundation, 75% of voters across the political spectrum supported government action to cap program tuition for colleges that receive federal funding (Fast et al. 2023). Tuition caps could range between setting a cap "equal to the costs to the institution of providing instruction and student support services, plus a limited premium on top of those costs," or setting a "tuition cap based on an estimate of what students actually pay for tuition and fees when they do not receive any federal aid" (Fast et al. 2023). A prime reason the GPLP didn't work as intended was due to universities raising their tuition to capture students' increased ability to pay. Instead of subsidizing demand, tuition caps would address one of the root causes of postgraduate education's affordability and accessibility problem.

While tuition caps may be an effective long-term policy proposal, they wouldn't address the immediate accessibility issue low-income and marginalized students are facing after the GPLP's repeal. Because many postgraduate students would be denied access to the private loan market, the government should implement a targeted uncapping of federal borrowing limits for these students with demonstrated financial need. Opponents to this policy may argue that reintroducing uncapped federal loans, even if targeted to those with demonstrated financial need, would be a regression to the ineffective GPLP. However, a large reason the program wasn't successful was due to institutions raising tuition prices. If tuition caps were implemented alongside this policy, postgraduate institutions wouldn't be able to indiscriminately raise tuition prices to capture these students' newfound ability to pay. As a result, the immediate affordability and accessibility problems for low-income and underrepresented students impacted by the OBBA would be addressed, while simultaneously restricting postgraduate programs artificially inflating their program prices.

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