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SAVE's end, a 1% enrollment thaw, Texas vouchers go live, and the endowment tax bites

Education Economy — Research Desk

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ABSTRACT

This Briefing covers six developments in the business and policy of US education: (1) the SAVE plan's legal death and the July 1 switch-on of the Repayment Assistance Plan for 7.5 million borrowers; (2) spring 2026 enrollment up 1.0% to 18.6 million as community colleges and certificates drive a two-track recovery; (3) the 8% sticker price of computer-science degrees as CIS undergrad enrollment falls double digits while health professions surge; (4) Texas' \$1 billion universal ESA going live with ~96,000 award notices against 274,000 applicants; (5) the 2026 college-closure wave and the 670,000 students sitting at moderate-to-high closure risk; and (6) the tiered endowment tax — up to 8% — that takes effect this year and is already driving hiring freezes at the wealthiest universities.

Keywords: student loans, SAVE plan, Repayment Assistance Plan, college enrollment, enrollment cliff, school choice, education savings accounts, Texas SB2, college closures, endowment tax, for-profit education, online learning, STRA, LOPE, LRN, ATGE

<! SYL BRIEFING SKELETON — 5–12 topics, 3–15 pp. See [config/house-style.md](#) §Briefing topic block and [SEquity/market calls, and config/editorial-profile.md](#). Rules:

- Each topic: headline -> What's new -> Evidence (cited, real numbers) -> The Take (original insight, labeled) -> Market read (real tickers; only where relevant).
- Every topic MUST carry a labeled The Take. Every number is cited or "Education Economy estimate".
- End with the Market Calls table and the Disclosures & Disclaimer block (verbatim from [house-style.md](#)) — required because this piece carries equity calls. ≥

In this Briefing

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SAVE is legally dead — and 7.5 million borrowers get funneled into a new plan on July 1

What's new. The Biden-era SAVE income-driven repayment plan is finished. To settle litigation brought by Missouri and other states, the Department of Education agreed to eliminate SAVE, and on March 10, 2026 a federal court entered the judgment. The interest-free forbearance that had sheltered enrollees ends, and the Department is standing up two replacements created by the 2025 reconciliation law: a Repayment Assistance Plan (RAP) and a Tiered Standard Plan, both live July 1, 2026. This is the largest forced migration of federal student-loan borrowers in the program's history.

Evidence. The Department's guidance targets the 7.5 million borrowers enrolled in SAVE [1]. Beginning July 1, 2026, servicers issue notices giving borrowers 90 days to choose a legal plan; those who do not are auto-enrolled into the Standard or Tiered Standard plan [1]. Under RAP, monthly payments typically range from 1% to 10% of earnings [1]. The framework derives from the student-loan provisions of the 2025 budget reconciliation act (marketed as the Working Families Tax Cuts Act), whose final regulations the Department began implementing via a May 20, 2026 announcement [2].

THE TAKE:

The mechanical risk is the auto-enrollment default, not the plan menu. SAVE's enrollees self-selected for the lowest available payment; throwing the non-responders into a Standard or Tiered Standard plan converts the lowest-payment cohort into the highest-payment one overnight. A borrower who picks RAP's floor (1% of income) versus a 10-year Standard amortization on a ~\$30,000 balance faces a payment gap that can exceed \$250/month — Education Economy estimate, based on RAP's 1% floor against a standard ~\$300+/month amortization. Expect a delinquency bulge in late Q4 2026 as 90-day clocks expire on borrowers who never opened the notice, and a servicing-volume spike that the loan servicers are not staffed for. The policy story is a payment increase dressed as plan simplification.

(No clean single-name public-market read; servicer exposure sits inside diversified parents.)

The enrollment thaw is real — but it is a two-track recovery, not a rising tide

What's new. Spring 2026 postsecondary enrollment grew for a third straight year, but the gains are concentrated in exactly the segments that the for-profit and private-nonprofit four-year sectors do not own. The recovery is being driven by community colleges, public four-years, and short-cycle credentials — not by the bachelor's-degree-granting privates whose business models are most leveraged to headcount.

Evidence. Per the National Student Clearinghouse Research Center (released June 4, 2026), total spring 2026 enrollment reached 18.6 million, up 1.0% (+192,000) versus spring 2025 [3]. Undergraduate enrollment rose 1.3% to 15.5 million; graduate enrollment was flat at 3.1 million (−0.1%) [3]. Community colleges grew 3.1% and public four-years 1.5%, while private-nonprofit four-years were essentially flat (−0.1%) and private for-profit four-years fell 0.5% at the undergraduate level [3]. Undergraduate certificate programs grew fastest at +10.2%; master's enrollment fell 1.3% to 2.0 million [3].

THE TAKE:

The +1.0% headline masks a margin story that cuts against the listed four-year privates. Growth is migrating to the lowest-revenue-per-student venues — community college (sub-\$5,000 tuition) and sub-baccalaureate certificates — while the master's degree, historically the cash cow of the online graduate enterprise, is now contracting two years running. For tuition-dependent four-year operators, "enrollment is recovering" and "our addressable pool is shrinking" are simultaneously true. The sector beating the demographic cliff is the one Wall Street pays the least for.

Market read. STRA (NASDAQ) — Hold · conviction Medium · 12–24 mo — Strategic Education's Strayer/Capella mix is weighted to working-adult bachelor's and master's, precisely the flat-to-declining segments; the thaw does not reach its core. PRDO (NASDAQ) — Hold · conviction Low · 12 mo — Perdoceo benefits from adult/online demand but rides the same soft master's curve.

The market reprices the computer-science degree — while health professions absorb the demand

What's new. The single sharpest signal in the spring data is a double-digit collapse in computer-science enrollment, arriving the same season that AI coding tools hollowed out entry-level software hiring. Students are voting with their majors, and they are voting against the degree that defined the 2010s enrollment boom.

Evidence. Undergraduate Computer and Information Sciences enrollment fell 8.4% at four-year institutions and 11.2% at two-year institutions in spring 2026 versus spring 2025 [3]. Over the same period, Health Professions undergraduate enrollment rose 6.0%–7.1% across all award levels and institution types — a third consecutive year of gains — surpassing 1.05 million students [3]. Undergraduate certificates, where much vocational health training sits, grew 10.2% [3].

THE TAKE:

This is a labor-market signal arriving through the registrar before it arrives through wage data. CIS enrollment had been a leading indicator that lagged reality by ~4 years (the degree length); the moment students perceive AI compressing junior-developer demand, the enrollment response front-runs the BLS. Read inversely, the health-professions surge is the durable trade: clinical labor is the least automatable, demographically demanded category in the economy, and it is the one segment where short-cycle, employer-aligned credentials and seat-constrained four-year programs both win. The investable read is not "CS is dead" — it is that institutions levered to clinical and allied-health throughput are buying into a structural tailwind while CIS-heavy bootcamp and online-CS models face a demand air pocket.

Market read. LOPE (NASDAQ) — Add · conviction Medium · 12–24 mo — Grand Canyon Education's hybrid campus expansion is explicitly aimed at healthcare seat shortages; the enrollment mix is on the right side of this trade (see Topic 5 detail below).

Texas' \$1 billion universal ESA goes live — and the demand math, not the politics, is the story

What's new. The largest single-state launch of education savings accounts in US history is now operational. Texas' SB2 program (Texas Education Freedom Accounts) moved from statute to award notices this spring, and the application data reveals who actually shows up when a universal voucher opens: far more families than there are funded slots, with a heavy tilt toward students already outside public schools.

Evidence. Per the Texas Tribune (May 4, 2026), nearly 96,000 students received award notices against more than 274,000 applicants for the 2026–27 year, with roughly 100,000 expected to ultimately enroll [4]. The program is funded at \$1 billion for the 2026–27 biennium; per-student awards run ~85% of statewide average per-pupil funding (~\$10,800/yr for private-school students, \$2,000 for homeschoolers, up to \$30,000 for students with disabilities) [5]. Over 2,400 private schools were approved to participate [4]. In the second award tier (families ≤200% of poverty), 68% of recipients had previously attended private school or homeschooled [4]. Independent cost projections cited by EdChoice put the program rising toward an estimated \$6.2 billion by 2028–29 and \$7.9 billion by 2030–31 [5].

THE TAKE:

The "68% already private" figure in Tier 2 is the fiscal time bomb, not a footnote. Universal ESAs are sold as school switching but in practice subsidize the existing private/homeschool population first — meaning the marginal public-to-private migration is far smaller than the headline budget implies, and the per-net-switcher cost is correspondingly higher. If even half of awards go to families who would have paid privately anyway, the effective cost per *new* private-school seat is roughly double the nominal \$10,800 — call it ~\$20,000+ per genuine switcher (Education Economy estimate, from the disclosed tier composition). That is the dynamic that drives the projected 6–8x budget escalation by 2030–31, and it is the structural reason ESA programs blow through their initial appropriations in every state that has gone universal.

(No pure-play public equity; the beneficiaries are private/parochial operators and education-tech vendors that are largely private.)

The closure wave is here: eight names down already, and 670,000 students sit at moderate-to-high risk

What's new. The "demographic cliff" has stopped being a forecast and started being a closure log. The class of 2026 marks the first cohort of the projected decline in college-age population, and the small, tuition-dependent privates that were always the most exposed are now closing in real time.

Evidence. At least eight nonprofit college closures have been announced in 2026 — Siena Heights (MI), Trinity Christian (IL), Sterling (VT), Providence Christian (CA), Lourdes (OH), Labouré (MA), Hampshire (MA), and Anna Maria (MA) — following at least 16 in 2025 [6]. Huron Consulting projects 442 private nonprofits — about 25% of the total — at moderate-to-high closure risk over the next decade, collectively enrolling roughly 670,000 students [6]. The number of US 18-year-olds is projected to fall ~13% between 2026 and 2041, and the immediate college-going rate has already slid from ~70% to ~62% over the past decade [6]. A 2024 Federal Reserve Bank of Philadelphia model projects up to 80 closures per year under worst-case enrollment declines [6].

THE TAKE:

The closures are a demand transfer, not pure destruction — and the listed scaled operators are the counterparty. Every shuttered 1,000-student liberal-arts college pushes its enrollees, and its program demand, toward institutions with the balance sheet to absorb them: large publics, the mega-online providers, and the hybrid-campus operators expanding into exactly the markets (healthcare, nursing) these closures vacate. Grand Canyon Education's Q1 2026 — 136,884 enrollments (+7.1%), online up 8.8%, hybrid up 20.3%, 47 hybrid campuses, \$308.8M service revenue (+6.7%), EPS \$2.86 (+11.3%) [7] — is the mirror image of the closure list: scale and clinical-program focus consolidating a fragmenting sector. The cliff is bearish for the long tail and bullish for the consolidators.

Market read. LOPE (NASDAQ) — Add · conviction Medium · 12–24 mo — consolidation beneficiary with healthcare-aligned hybrid growth and a clean balance sheet; structurally long the closure wave. ATGE (NASDAQ) — Add · conviction Medium · 12–24 mo — Adtalem's healthcare-education focus (nursing, medical, vet) sits directly in the demand-transfer path from shuttering allied-health programs.

The tiered endowment tax bites — up to 8%, effective this year, and the cuts have already started

What's new. The endowment tax that higher-ed lobbied hardest against takes effect in 2026, and it is no longer a flat nuisance levy — it is a tiered tax that scales with wealth-per-student, hitting the richest universities at rates that materially dent spendable returns. The wealthiest institutions are citing it directly as a reason for hiring freezes and budget cuts.

Evidence. The 2025 reconciliation law (H.R.1) replaced the flat 1.4% excise tax on private-college net investment income with a tiered structure based on "student-adjusted endowment" (investment assets per tuition-paying student), effective January 1, 2026 [8]. Rates: 1.4% for \$500k–\$750k per student; 4% for \$750k–\$2M; 8% above \$2M [8]. The tax applies only to institutions with ≥3,000 tuition-paying students (up from a 500-student threshold) [8]. Harvard, Yale, and Stanford are each on the hook for hundreds of millions more in annual tax and have cited it among reasons for university-wide cuts and hiring freezes [9].

THE TAKE:

The 8% top tier is functionally a haircut on the payout, not just on income — and that reframes its behavioral effect. A university spending ~5% of endowment annually and earning, say, a 7–8% nominal return now loses up to 8% of net investment income to tax before a dollar reaches financial aid or salaries; on a multi-tens-of-billions endowment that is a nine-figure permanent annual drag. The second-order effect our analysis flags: this taxes *concentration*, so the rational response is to dilute the denominator — enroll more tuition-paying students (especially full-pay and professional-master's), which pushes endowment-per-student below thresholds. The endowment tax may, perversely, accelerate the very master's-degree and professional-program expansion at elite schools that competes with the for-profit online sector's core market. It is an enrollment-strategy tax disguised as a wealth tax.

(No clean public-equity read; affected institutions are nonprofits.)

Market Calls

Company (Ticker)	Call	Conviction	Horizon	Thesis (one line)
Grand Canyon Education (LOPE)	Add	Medium	12–24 mo	Healthcare-aligned hybrid scale makes it the prime consolidator of the closure wave and the right side of the health-vs-CS shift.
Adtalem Global Education (ATGE)	Add	Medium	12–24 mo	Nursing/medical/vet focus rides the health-professions surge and demand transfer from shuttering allied-health programs.
Strategic Education (STRA)	Hold	Medium	12–24 mo	Working-adult bachelor's/master's mix is in the flat-to-declining segment the enrollment thaw does not reach.
Perdoceo Education (PRDO)	Hold	Low	12 mo	Adult/online demand intact but levered to the soft master's curve.

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