



STATEMENT OF PAULINE ABERNATHY
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Final Bipartisan Debt Deal Provides \$17 Billion for Pell Grants

“Like the 1997 bipartisan balanced budget agreement, this bipartisan debt ceiling package recognizes the critical role that Pell Grants play in ensuring college access and providing economic opportunity, mobility, and a competitive national economy. It averts a default and provides \$17 billion in funding for Pell Grants at no additional cost to taxpayers by eliminating the in-school interest subsidy on subsidized loans for graduate students.

“The agreement also eliminates the current student loan interest rate reduction for on-time loan payments. Together, the two student loan changes generate \$22 billion in savings, with \$17 billion allocated for Pell Grants and the remaining \$5 billion going for deficit reduction. This \$17 billion in dedicated mandatory funding for Pell Grants helps close the program’s funding gap, protecting Pell Grants from harmful cuts without impairing other critical discretionary programs.

“More than nine million students depend on Pell Grants to attend and complete college. Even with a Pell Grant, recipients are more than twice as likely as other students to have to take out student loans, and they graduate with significantly more debt than other students.

“A broad coalition of 62 education, student, civil rights and public policy organizations [urged](#) the President to preserve the maximum Pell Grant award of \$5,550 and protect the program from harmful cuts in the debt negotiations. Even after the recent increases in the maximum Pell Grant, it will cover less than a third of the cost of attending a four-year public college next year—the smallest share in the history of the program. Full funding for Pell Grants is absolutely essential to fulfilling the President’s goal of the U.S. once again having the highest proportion of college graduates in the world by 2020.”

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An independent, nonprofit organization, The Institute for College Access & Success works to make higher education more available and affordable for people of all backgrounds. For more about our programs and initiatives, including the Project on Student Debt, see <http://ticas.org>.