



STATEMENT OF LAUREN ASHER
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House Budget Committee FY 2012 Budget Plan Cuts Pell Grants by 62%

The fiscal year 2012 federal budget plan reported by the House Budget Committee says it would cut Pell Grant funding to “pre-stimulus levels.” Assuming no other changes in the program, this would slash the maximum Pell Grant to \$2,090—the same level it was in 1985 when college costs were about a quarter of what they are today. This unprecedented 62 percent cut in the maximum Pell Grant—from \$5,550 in school year 2011-12 to \$2,090 in 2012-13—would eliminate or slash grants for more than nine million students, making it impossible for many to start or stay in school.

Most Pell Grant recipients have family incomes under \$40,000 and already have to borrow more than other students to complete college. Nearly nine out of ten Pell Grant recipients who graduate from four-year colleges have student loans, and their average debt is \$24,800—\$3,500 more than their higher income peers. The House Budget Committee plan would widen that gap by thousands of dollars more. At the same time, this plan would make permanent \$700 billion in tax cuts for the very wealthiest Americans, which far exceeds the cost of maintaining and even increasing the current maximum Pell Grant for families who cannot otherwise afford college.

The House Budget Committee FY12 plan is even more extreme than the House-passed FY11 budget proposal, which would cut the maximum Pell Grant by \$845 this year, forcing colleges to retract financial aid offers that students and families are counting on for this fall. The current maximum Pell Grant of \$5,550 only covers about a third of the average cost of attending a four-year public college, rather than the majority of the cost that it did in the 1980s. Under the House Budget Committee plan, assuming no other policy changes, the maximum grant would cover an estimated 12 percent in academic year 2012-13—the lowest by far in the program’s history. The only way to achieve the proposed cut without such a drastic reduction in the maximum Pell Grant would be to eliminate grants entirely for potentially millions of students.

We urge Congress in the strongest possible terms to preserve this lifeline to opportunity and economic prosperity. We need to make it easier, not harder, for Americans to get the education and training that our workforce needs to succeed.

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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>. Follow us on Twitter: http://twitter.com/TICAS_org.