

Statement of Lauren Asher
Acting President
The Institute for College Access & Success
(home of the Project on Student Debt)

CONTACT: Shannon Gallegos
510/883-7315
Gretchen Wright
202/371-1999

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President Obama's Budget Would Make College More Affordable

President Obama's fiscal year 2010 budget, released this morning, offers a bold and welcome new approach to student aid and will help make higher education more affordable for millions of students and families. It takes major steps towards aligning our financial aid system with what students really need to succeed in college. By focusing on what works best for students and for taxpayers, our nation will be well positioned to dramatically increase the number of Americans who both start and complete a certificate or degree, and who do so without excessive student debt.

President Obama's new budget includes several major proposals that are great news for America's students and families.

- ❖ **Pell Grants** – The President's budget would make sure that Pell Grants are there for students when they need them, and help protect the value of the grant from eroding as it has so dramatically before. Low- and moderate-income students ought to be able to count on getting the Pell Grants they qualify for, and they need every penny to help cover rising college costs like tuition and fees, books, housing, food, and transportation.
- ❖ **Student Loans** – The proposed revamping of the Perkins Loan program would help students cope with unexpected financial challenges and avoid risky private loans. It would also distribute the additional loan funds in ways that discourage colleges from raising tuition or reducing their own grant aid. The Institute and 12 other organizations representing students, colleges, and consumers suggested a similar approach in December 2008. The President has also proposed simplifying the federal student loan system and using the savings to increase student aid. At a time of limited resources and rising need, it makes sense to focus on cost effectiveness for both taxpayers and borrowers.
- ❖ **College Completion** – The proposal to invest in state efforts to improve both college enrollment and completion will help more low-income students get through college, while also building a much-needed research base about what really works.
- ❖ **Tax Credit** – Making the new American Opportunity Tax Credit permanent will ensure that millions of students can count on up to \$2,500 for tuition and textbook costs. It provides up to \$1,000 for low-income students who get no help from other college tax breaks. While this money is not available until after they pay the bills, it can make a big difference to family budgets in these tough times.

- ❖ FAFSA -- The President's budget includes an important but undefined commitment to streamlining the federal financial aid application process. There is broad agreement that the current Free Application for Federal Student Aid (FAFSA) is unnecessarily hard to use and understand, and Congress has already empowered the Secretary of Education to take practical steps towards simplification. With more Americans than ever struggling to pay for college, the Obama Administration must move quickly to make it easier for students and families to apply for available aid.

We urge Congress to follow the President's lead and adopt these proposals, which can help many more students go to college without mortgaging their futures.

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NOTE: The Institute for College Access & Success and our Project on Student Debt have proposed specific reforms to several aspects of the financial aid system addressed in the President's budget, including: [Student Loans](#), [College Completion](#), [Tax Credits](#), and [FAFSA Simplification](#).

An independent, nonprofit organization, the Institute for College Access & Success works to make higher education more available and affordable for people of all backgrounds. By conducting and supporting nonpartisan research, analysis, and advocacy, the Institute aims to improve the processes and public policies that can pave the way to successful educational outcomes for students and for society. The Institute's Project on Student Debt works to increase public understanding of rising student debt and the implications for our families, economy, and society. For more information see www.projectonstudentdebt.org and www.ticas.org.