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**House FY18 Budget Plan is Recipe for a Weakened Economy and Increased Inequity
*Slashes Pell Grants and Increases Student Debt, Makes it Harder to Repay Loans***

“The House Budget Committee’s fiscal year [2018 budget resolution](#) lays out a plan more extreme than the deep budget cuts [proposed by the Trump Administration](#), and would force millions of students to borrow more, raise their cost of borrowing, and make it harder to repay their loans. The Budget Committee plan comes at the same time that House appropriators are voting to cut \$3.3 billion from Pell Grants in the fiscal year [2018 education appropriations bill](#). This House agenda is wholly out of step with the fundamental goal of our nation’s federal financial aid system: to help make a quality higher education accessible to all qualified students, regardless of their financial background.

“The House plan cuts Pell Grant funding so deeply that it would force millions of low- and moderate-income students to borrow more, drop out, or forgo college altogether. Eighty two percent of Pell Grant recipients have family incomes of \$40,000 or less, and they are already [more than twice](#) as likely as other students to borrow to pay for college. The House plan eliminates all \$78.5 billion of mandatory funding for Pell Grants. Mandatory funding currently covers over \$1,000 (nearly one-fifth) of the current maximum grant. The plan also appears to freeze the maximum grant at its current level, plunging its purchasing power to a new historic low as college costs continue to rise. However, cutting mandatory funding while maintaining the current maximum grant would require [drastic cuts](#) to student eligibility.

“As was made clear during markup today, the House budget plan cuts more than \$200 billion in mandatory funding for education and training, most of which comes from cuts to student loans. While the committee has not yet provided details on which cuts they are proposing to student loans, a cut of this magnitude forces the same, if not deeper, cuts than contemplated in previous House budget plans. For example, previous House plans have proposed charging students with financial need interest on all their loans while they’re still in school, with no plan to invest the savings in policies that reduce debt or increase college affordability. Congressional Budget Office (CBO) data [show](#) that this change could add thousands of dollars to students’ loan bills.

“Previous House plans have also cut income-driven repayment plans and eliminated for new borrowers the Public Service Loan Forgiveness program, which forgives any debt remaining after 10 years of payments by those working for government or a nonprofit, including teachers, police officers, and members of the military.

“At a time when Congress should be [making college more affordable](#) to help grow an educated workforce and stronger economy, the House FY18 budget resolution takes brazen steps to set the nation on a path toward increased inequity and economic decline.”

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An independent, nonprofit organization, The Institute for College Access & Success (TICAS) works to make higher education more available and affordable for people of all backgrounds. Our 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.ticas.org or follow us on [Twitter](#) and [Facebook](#).