



STATEMENT OF LAUREN ASHER  
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## **Statement on Trump Administration's Full FY18 Budget for Higher Education**

"The Trump Administration's fiscal year 2018 [budget](#) for higher education is a recipe for higher student debt, greater inequality, and a weaker economy. President Trump has [said](#) that student debt should not be an 'albatross' around students' necks, yet the almost \$150 billion in cuts to grant aid, work study, and student loans in this budget would force millions of students to take on even *more* debt and make it harder for many to repay.

"The Administration's budget undermines Pell Grants, which help more than seven and a half million low- and moderate-income students pay for school. The budget raids \$3.9 billion from the program's reserve, even as the current maximum grant covers the lowest share of college costs in over 40 years. The budget preserves the restoration of year-round access to Pell Grants that was included in the fiscal year 2017 [budget agreement](#) but fails to adjust Pell Grant awards for inflation for the first time in six years. As a result, the value of the Pell Grant will [decline](#) this year, both in real terms and as a share of college costs.

"Today's budget also eliminates the campus-based grant program for needy students (SEOG), guts the already underfunded federal work study program, and slashes the TRIO and GEAR UP college access programs for low-income, first generation students. These cuts, combined with the weakening of Pell Grants, take away billions of dollars that students depend on to get to and through college.

"To make matters worse, the budget increases the cost of borrowing for millions of students. Changes to income-driven repayment and the elimination of subsidized student loans and Public Service Loan Forgiveness together generate a whopping \$143 billion in government savings over the next 10 years. Eliminating subsidized student loans alone without reinvesting the savings to make college more affordable will increase the cost of college by [thousands of dollars](#) for many of the six million undergraduates who receive these loans each year.

"There is bipartisan support for streamlining the multiple income-driven repayment (IDR) plans for federal student loans, and TICAS [strongly supports](#) doing so, but what the Administration has proposed is not the way to do it. The proposed changes generate \$76 billion in savings to the government. They will require borrowers to pay higher monthly payments than under current plans and require some borrowers to make payments for up to 30 years.

"The proposed new IDR plan would lower the total amount many undergraduate borrowers pay by providing forgiveness after 15 years of payments, rather than after 20 years, but it would require 25% higher monthly payments than under existing plans. For many other students, the plan would *dramatically* increase borrowing costs. In addition to higher monthly payments, students working full time in public service would have to pay for 15 years rather than today's 10 years, and students with graduate-school debt would be required to make payments for up to *30 years* on all their loans. This extended repayment period disproportionately harms the lowest-income students. Those with higher earnings are less likely to be affected by the extension because they will likely repay before the end of the repayment period. It is borrowers with continued low earnings relative to their debt who will pay

much more than under current law. Requiring borrowers to make payments for 30 years may also make it harder to start a business, buy a home, or save for retirement and their own children's education.

“Consider, for example, that teachers typically have \$44,200 in student loan debt (if they have a master's degree) and a starting [salary](#) of \$36,100. Under the proposed new IDR plan with a 30-year repayment period for students with graduate debt, teachers may pay *more than twice as much (over \$50,000 more)* than if they only had to repay for 15 years, and *more than three and a half times more (over \$70,000 more)* than under the current Public Service Loan Forgiveness program, which requires only 10 years of payments. Combined, the proposed student loan changes would likely make it much harder to recruit and retain teachers, police officers, doctors, and other professionals, particularly in underserved rural areas.

“We call on Congress to reject this reckless budget and instead work on a bipartisan basis to make college more affordable, not less.”

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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](http://www.ticas.org) or follow us on [Twitter](#) and [Facebook](#).*