

STATEMENT OF PAULINE ABERNATHY

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**House FY15 Budget Proposal Would Increase Student Debt
*Slashes Pell Grants and Increases Borrowing Costs***

“Despite bipartisan concern about rising college costs and student debt, the House Budget Committee’s [fiscal year 2015 budget](#) slashes funding for Pell Grants, forcing millions of Pell Grant recipients to borrow more, while simultaneously increasing the cost of their loans.

“Pell Grant recipients, the vast majority of whom have family incomes under \$40,000, are already much more likely to borrow and to borrow more than other students. As documented in TICAS’ new [Quick Facts on Student Debt](#), *nearly nine out of 10* Pell Grant recipients who graduate from four-year colleges have student loans, and their average debt is *\$4,750 more* than their higher income peers. Cutting their Pell Grants will force these students to borrow even more, drop out, or forgo college altogether.

“The House Budget Committee plan freezes the maximum Pell Grant for 10 years, which will reduce the share of four-year public college costs covered from an already record low of 30 percent to less than 20 percent by 2024. It also reduces eligibility for Pell Grants in several ways, including [penalizing work](#) for students who have to support themselves and their families.

“Moreover, it eliminates all mandatory funding for Pell Grants, which was paid for through student loan reforms. Subjecting Pell Grants entirely to annual appropriations makes them vulnerable to even deeper cuts than those specified in this plan. In stark contrast, TICAS and a growing number of organizations have [recommended](#) the opposite—that all Pell Grant funding be mandatory. While the plan declares that they are on “an unsustainable path,” Pell Grant costs have, in fact, declined since 2010 and are projected to [remain level](#) over the next 10 years after adjusting for inflation.

“The budget plan also charges students with financial need interest on their loans while they are still in school—increasing student debt to reduce the government’s debt. According to the Congressional Budget Office, students borrowing \$23,000 in subsidized loans would leave school owing an additional [\\$3,800 in accrued interest](#) if this change were made. At a time when higher education has never been more important or more difficult to afford, we need to do more, not less, to keep college within reach for all Americans.”

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. TICAS' [Project on Student Debt](#) works to increase public understanding of rising student debt and the implications for our families, economy, and society. Follow us on [Twitter](#).