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Statement on Trump Administration's FY19 Budget for Higher Education

"The Trump Administration's proposed budget would push the cost of college even further out of reach for millions of students. It would raise student loan payments by more than $200 billion over the next decade. Additionally, it would cut the Department of Education's annual funding by almost $4 billion, while intentionally and unnecessarily leaving tens of billions of dollars on the table despite the bipartisan agreement on overall spending levels reached just last week.

"Pell Grants are the cornerstone of federal efforts to make college more affordable for millions of low- and moderate-income students, but this budget ignores the critical investments needed to strengthen the grant. The share of college expenses covered by Pell Grants is already at a historic low, and under the Administration's budget it would sink even further. Allowing the Pell Grant's purchasing power to continue to erode will exacerbate disproportionate debt burdens faced by our nation's financially neediest students. The budget also proposes to eliminate the Supplemental Educational Opportunity Grant program, which cuts a billion dollars in scholarships next year alone.

"The budget also increases the cost of loans for millions of students who need to borrow to get to and through college. Streamlining the number of income-driven repayment (IDR) plans is an excellent idea with bipartisan support, but the Administration's proposal would cost students over $100 billion over 10 years. The Trump IDR plan would shorten maximum repayment periods from 20 years to 15 years for many undergraduates, but substantially lengthen repayment periods for borrowers working in public service and those with debt from graduate school, as well as increase required monthly payments by 25 percent for all borrowers in IDR. Under this plan, borrowers with even a dollar of graduate debt would make payments for up to 30 years. Lengthening repayment periods disproportionately harms the lowest-income students and makes it harder for borrowers to start a business, buy a home, or save for retirement and their own children's education. Under this IDR plan, for example, a teacher who borrowed for graduate school would pay more than three and a half times the amount required than if they had access to Public Service Loan Forgiveness (PSLF).

"By eliminating subsidized loans to millions of students a year, the Administration's budget would allow interest to accrue while students are enrolled and increase the cost of college by thousands of dollars for millions of undergraduates. This, together with the changes to IDR and the elimination of PSLF would increase costs for borrowers by over $200 billion over ten years.

"These proposals to raise the cost of student loans come alongside a proposal to roll back restrictions on which programs and providers are eligible to receive Pell Grants. Unless strong quality assurance provisions are put in place to avoid abuses of the past, allowing Pell Grant dollars to flow to unproven programs and providers will undermine students' ability to complete meaningful credentials. While the Administration proposes including 'sufficient guardrails' for these newly Pell-eligible programs, the fact that it has illegally delayed and is currently gutting regulations designed to ensure colleges deliver on their promises to students makes opening up Pell Grants in this way all the more risky.

“These massive cuts eclipse otherwise worthwhile ideas to modernize and improve federal aid processes. For example, the Administration proposes allowing taxpayers to give permission for the IRS to share limited tax data directly with the Department, which would substantially reduce the current burden of annually submitting income documentation in order to stay in an IDR plan and continue making affordable payments. It would also automatically enroll severely delinquent borrowers into IDR. Both of these changes are included in the bipartisan SIMPLE Act, and would significantly help struggling borrowers avoid default. The budget also supports efforts to improve student loan servicing through a single, user-friendly platform, which could help students successfully repay their loans. These are important steps forward but within a budget that would take giant leaps backward.

“Student debt is at an all-time high and more than a million students default on their loans every year. The last thing students need is to raise the cost of student loans by $200 billion, freeze the size of Pell Grants in the face of rising college costs, and bulldoze protections against low-quality programs. We need a real plan to make college loans pay off for students by investing in scholarships, making loans simpler and more affordable, and closing low-quality programs that leave students with debts and no jobs.”

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