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### Senate and House FY16 Budget Plans Make College Less Affordable

**Both Slash Pell Grants, Increase Student Debt**

*House Plan Also Repeals Pay As You Earn Plan and Public Service Loan Forgiveness*

“With students and families already struggling to pay for college and the federal government already profiting from federal student loans, both the [Senate](#) and [House](#) Budget Committees’ fiscal year 2016 budget plans would force millions of low- and moderate-income students to borrow even more while also increasing their cost of borrowing.

“Both the Senate and House budget plans slash funding for [Pell Grants](#), forcing millions of needy students to either borrow more, drop out, or forgo college altogether. They freeze the maximum Pell Grant for 10 years and eliminate all mandatory funding for Pell Grants, subjecting the program entirely to annual appropriations and making it vulnerable to even deeper cuts. Eighty-five percent of all Pell Grant recipients have family incomes of $40,000 or less, and 88 percent of Pell recipients who graduate from four-year colleges already have student loans and owe on average $4,750 more than their higher income peers.

“Both budget plans also make college less affordable by charging students with financial need interest on all their loans while they’re still in school. According to the Congressional Budget Office, if this change is made, students borrowing $23,000 in subsidized loans will leave school owing an additional $3,800 in [accrued interest](#)—and it could cost them [thousands of dollars more](#) over the course of repayment.

“The House plan makes college even less affordable by not only forcing needy students to borrow more and raising their cost of borrowing, but also by making it harder for students to repay their loans. For new borrowers after July 1, 2016, it eliminates [Pay As You Earn](#) and a related plan, both of which cap monthly payments at 10 percent of discretionary income and discharge any debt remaining after 20 years of payments. A borrower with $29,000 in federal loan debt who earns $35,000 a year repays in full under Pay As You Earn, but his or her monthly payments are much more manageable—[one-third less](#), initially]—than under the income-based repayment plan that would remain under the House proposal ($145 instead of $217). The House plan also repeals the [Public Service Loan Forgiveness](#) program (likely only for new loans or borrowers), which forgives any debt remaining for teachers, police officers, members of the military, and others after 10 years of public service.

“With students already struggling with rising college costs and student debt, Congress should not be making things worse.”

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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) and [www.projectonstudentdebt.org](http://www.projectonstudentdebt.org) or follow us on Twitter at [www.twitter.com/TICAS_org](http://www.twitter.com/TICAS_org).