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Senate Budget Makes College Affordability a Priority;  
House Budget Slashes Pell Grants and Student Loans

The Senate’s fiscal year 2014 budget resolution, which the full Senate is expected to vote on this week,  
invests in our nation’s families and economy by focusing on college affordability. Crucially, it ensures  
funding for Pell Grants, which help more than nine million students get to and through college and reduce  
how much they need to borrow. These days, the maximum Pell Grant covers less than a third of what it  
costs to go to a public four-year college, and Pell recipients are much more likely to have loans than other  
undergraduates.

This budget also takes important steps to keep federal student loans affordable, recognizing that it is getting  
harder for students of all backgrounds to graduate without debt. For example, it eliminates the fee increase  
caused by sequestration, facilitates legislation to prevent interest rates on subsidized Stafford Loans from  
doubling this July, and preserves the additional income-based repayment relief scheduled for new  
borrowers starting next year. We commend the Senate for prioritizing these key investments in our  
economic recovery and future workforce.

The House budget resolution, which the full House begins debating today and will vote on this week, stands  
in stark contrast. It cuts Pell Grants while doing nothing to protect students from higher borrowing costs. It  
then uses the savings from cutting grants and charging more for loans for deficit reduction, shifting the  
government’s debt onto students struggling to afford college and pay down their student loans.

Despite multi-billion dollar surpluses for Pell Grants this year and no projected increase in real costs for the  
next decade, the House budget plan justifies harmful cuts by claiming that Pell Grants are “unsustainable.”  
It freezes the maximum grant at the current level for 10 years (at which point Pell Grants would likely cover  
just 17 percent of the cost of attending a public four-year college, roughly half what they cover today). The  
House budget plan also reduces eligibility for grants and repeals all mandatory funding, ensuring even more  
cuts as Pell Grants are forced to compete for dramatically reduced discretionary funding.

In addition to cutting Pell Grants, the House budget plan significantly increases the burden of student debt. It  
lets loan fees rise and interest rates double from 3.4 to 6.8 percent this July while eliminating interest  
subsidies for even the lowest income students. It reverses upcoming changes to Income-Based Repayment  
that would give new borrowers access to lower monthly payments and forgiveness of any remaining debt  
after 20 rather than 25 years of payments.

With the country producing fewer college graduates than the economy needs and so many Americans  
struggling to keep up with college costs and student loan payments, it’s clearly time 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  
and www.projectonstudentdebt.org or follow us on Twitter at www.twitter.com/TICAS_org.