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Republican Budget Cuts Education

The Republican conference agreement on the fiscal year 2016 budget resolution makes many cuts in support for education.

Guts investments — The budget agreement maintains the post-sequester non-defense discretionary funding cap for 2016, slashing the 2016 funding level by \$37.3 billion below the comparable President's request. But after 2016, the cuts get worse. Over ten years, the budget cuts non-defense funding by \$496 billion below the cap levels, leading to a 21 percent loss of purchasing power by 2025. In addition to the cuts shown for education programs, the budget has another \$575 billion of unallocated discretionary cuts that could fall on education programs or any other non-defense program.

Effect on pre-K, elementary, and secondary education in 2016 – House Republicans have not yet produced their 2016 education funding bill but they have cut its allocation by \$3.7 billion below last year's enacted level, and by \$14.6 billion (8.7 percent) below the President's request. If cuts are spread proportionately under that allocation, the Administration estimates that the Republican funding bill will cut 46,000 children from Head Start, cut \$1.3 billion from Title I, and cut \$450 million from special education relative to the President's request.

Increases student debt — Even though student loan debt already exceeds \$1.3 trillion – more than the total of all credit card debt – the conference agreement on the budget guts current policy support for higher education by about \$200 billion over ten years.

- **Student loans** – In total, the conference agreement cuts mandatory spending in the education function by almost as much as the House-passed budget. Although the agreement does not specify which higher education cuts it intends, the House budget made the following cuts:
 - **Eliminated in-school subsidies for student loans** for needy undergraduates. The Congressional Budget Office has estimated that this would add \$3,800 to the debt of a student borrowing \$23,000 in subsidized loans. Many students who get these subsidized loans also rely on Pell grants to pay for college. Eliminating subsidized loans cuts student support by \$34 billion over ten years.
 - **Eliminated public service loan forgiveness** which forgives borrowers' remaining balance owed on Direct Loans after working full time in public service and making 10 years of on-time payments. Eliminating the program will cut about \$10 billion in student loan debt relief designed to help graduates afford to work

in public service, including as teachers, law enforcement, or in military service or other government employment.

- **Eliminated existing expansion of income-based repayment.** This program generally caps the monthly repayment amount at 10 percent of the borrower's discretionary income for 20 years. Eliminating this program cuts about \$16 billion from student debt relief efforts.
- **Pell grants** – Section 6209 of the conference agreement makes it the policy of the House to freeze the maximum Pell grant for the next ten years, erasing the already-enacted inflationary increases that will raise the maximum grant by \$225 by 2017. Congress already offset the cost of this increase and of maintaining it thereafter. The House budget made clear that it intended to eliminate all the mandatory funding Congress has already enacted for Pell grants, which eliminates nearly \$85 billion in Pell grant aid over the next ten years.
- **College tax credits** – The budget agreement lets the American Opportunity Tax Credit expire after next year, eliminating a \$2,500 tax credit that helps more than 10 million low- and moderate-income students pay for college each year. Extending the tax credit costs \$80 billion over ten years.

Federal student aid by state – The table on the next page shows the number of students who received Pell grants and subsidized student loans in each state in the 2013-14 school year¹. All of these students could receive less federal support for their education under the policies behind the Republican budget, at a time when a college degree is increasingly necessary for a good-paying job, and when student debt continues to grow.

¹ The recipient totals are based on institutions, so students who received aid at more than one college or who received both Pell grants and subsidized loans could appear more than once in this tabulation.

State	Pell Grant Recipients	Subsidized Stafford Loan Recipients
Alaska	12,298	10,710
Alabama	152,528	120,427
Arkansas	81,351	63,495
Arizona	431,593	367,464
California	1,099,989	558,162
Colorado	143,955	140,433
Connecticut	83,516	75,711
District of Columbia	40,742	46,231
Delaware	18,555	19,074
Florida	612,621	413,617
Georgia	296,457	225,834
Hawaii	23,069	14,911
Iowa	124,916	137,670
Idaho	49,018	41,318
Illinois	345,581	292,557
Indiana	246,178	231,535
Kansas	83,547	82,728
Kentucky	118,552	107,606
Louisiana	110,733	87,803
Massachusetts	141,345	159,623
Maryland	122,557	94,443
Maine	30,285	33,018
Michigan	285,582	265,434
Minnesota	161,732	187,400
Missouri	166,541	146,674
Mississippi	91,446	60,112
Montana	20,815	21,477
North Carolina	254,953	172,393
North Dakota	12,652	17,079
Nebraska	42,924	41,872
New Hampshire	35,519	51,865
New Jersey	180,100	137,893
New Mexico	61,092	32,427
Nevada	43,328	28,946
New York	513,276	396,722
Ohio	279,047	299,804
Oklahoma	95,234	74,523
Oregon	115,596	104,558
Pennsylvania	277,655	353,419
Rhode Island	30,790	37,272
South Carolina	118,100	103,309
South Dakota	29,348	34,284
Tennessee	161,741	125,896
Texas	633,168	435,272
Utah	114,259	90,948
Virginia	206,823	184,713
Vermont	12,452	17,129
Washington	134,811	100,802
Wisconsin	124,482	149,870
West Virginia	70,807	64,192
Wyoming	10,590	8,664
<i>Total</i>	<i>8,654,249</i>	<i>7,069,319</i>

Source: Calculations by The Institute for College Access & Success on data from the U.S. Department of Education, Federal Student Aid Data Center, <https://studentaid.ed.gov/about/data-center/student/title-iv>. Totals are for the 2013-14 academic year.