TALKING POINTS ON
SUPER COMMITTEE ISSUES

- We agree that reducing the deficit and the controlling our national debt is important, but this goal cannot be accomplished if we don’t help more low-income students become self-sufficient by getting them through college.

- We appreciate the infusion of funds to maintain the $5,550 Pell Grant maximum. We know the economic downturn has caused the Pell program to grow for good reason – helping students whose families have lost jobs to stay in college; and, helping displaced workers train for the new economy – but paying for this program has not been easy. Your efforts are making a real difference in the lives of many Americans.

- We are concerned, however, that other student aid programs could be sacrificed to keep the Pell program whole. We support ALL the core student aid programs. We lost the LEAP program this year (which incentivized states to match Pell Grant funding), and already have had more than $30 billion in total cuts to student aid programs.

- In light of cuts that have already been made to the student aid programs in recent budget deals – most importantly the removal of the in-school interest subsidy for graduate students on federal student loans – we are especially concerned about the fate of the undergraduate in-school interest subsidy.

  ✓ Only undergraduate students from families that do not have the resources to pay for college (as determined by a federal needs test) receive this subsidy.

  ✓ The subsidy is only provided to students while they are in school. In essence, the federal government doesn’t charge needy students interest while they are studying. They do start to charge them interest six months after they graduate or leave school.

  ✓ If the in-school interest subsidy is taken away, the federal government will be making a substantial profit on low-income students, by charging them 6.8 percent interest while they are in school. This is truly a hidden tax, on students who would be charged above-market rates, to raise money for deficit reduction. We do not think this is a fair group to tax. The government already makes about $20 billion annually through student loans to middle-income students and families. They should not make the same profit on low-income students.
In addition, we ask that you protect the education tax benefits set to expire at the end of this year and next. The current higher education tax benefits help both our institutions and our students. Students and families can utilize these benefits throughout the life of their education – from saving for college, to paying for college, to paying back student loans. It would be very difficult for middle-class families if these tax benefits were to expire during the next year.

Thank you for all you have done to help the low-income students at (my institution) succeed. I know how difficult things are in Washington, and your commitment to these students has made a huge difference. We appreciate your continued support.