

STUDENT AID IN THE PRESIDENT'S FISCAL YEAR 2018 BUDGET

Affecting award year 2018-19, President Trump's proposed fiscal year (FY) 2018 budget includes historic cuts to student aid. Overall, the President's budget proposal would cut about \$150 billion from federal student aid programs over 10 years. By eliminating or significantly cutting these programs, the White House puts in jeopardy the education of the next wave of young workers, and the future economic security of the nation. We encourage Congress to create a budget with adequate levels of support for students who count on the federal student aid programs to pay for college.

FEDERAL PELL GRANT

- **CUTS PROGRAM RESERVES:** President Trump's budget proposal would cut \$3.9 billion from the Pell Grant Program reserves. A cut of this magnitude, on top of the \$1.56 billion cut in the FY 2017 spending package passed into law in May, moves the program perilously closer to a funding shortfall. While there are reserves in the program today, the volatile nature of the program means a strong reserve fund is prudent to ensure the availability of funds for students in future years.
- **ENDS ANNUAL MAXIMUM AWARD INCREASES:** President Trump does not propose extending the annual inflation adjustment to the maximum award, meaning the Pell Grant maximum award will remain at \$5,920 in each award year moving forward, absent congressional action.

FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT (FSEOG)

- **ELIMINATES ENTIRE PROGRAM:** Trump proposes eliminating the FSEOG program entirely. The program provided \$992,874,878 in grant aid to 1,530,180 students in award year 2015-16. Since FY 2014, FSEOG has been funded at \$733 million annually.

FEDERAL WORK-STUDY (FWS)

- **CUTS THE PROGRAM IN HALF:** Trump's proposed funding level of \$500 million for FWS represents a 49.5 percent cut to the program. In FY 2017, FWS was funded at \$989.7 million. The program provided \$1,096,080,441 in aid to 634,931 students in the 2015-16 award year. If enacted, this cut would amount to the largest percentage cut and the largest dollar-for-dollar cut in the program's history. Because of the current "base guarantee" component of the campus-based aid allocation formula, which guarantees funds to institutions at the level of their award year 1999-2000 allocation, a large cut to FWS would have dramatically different implications for different institutions, leaving no institution unharmed.

FEDERAL PERKINS LOANS

- **ALLOWS PROGRAM TO EXPIRE:** Trump's budget recommends allowing the Federal Perkins Loan Program to expire on September 30, 2017. In 2015-16, \$1,045,313,129 in Perkins Loans were lent to 421,646 students.

FEDERAL DIRECT LOANS AND REPAYMENT

- **ELIMINATES SUBSIDIZED LOANS:** Trump proposes eliminating the interest subsidy for Federal Direct Loans for undergraduate students. Already eliminated for graduate and professional students in 2011, eliminating the in-school interest subsidy will result in an increase to the cost of college by thousands of dollars for undergraduate students with financial need.
- **ELIMINATES PUBLIC SERVICE LOAN FORGIVENESS:** Trump proposes to eliminate the Public Service Loan Forgiveness (PSLF) Program, which was established in 2007 to encourage students to pursue careers in public service fields.