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CONTACTS:
[Johanna Díaz](#)
202/371-1999
[Shannon Gallegos](#)
510/318-7915

House FY2012 Spending Bill Eliminates Pell Grants for More than 100,000 Students Next Year

Proposed immediate retroactive time limit disproportionately harms African-American students and transfer students including those near graduation

(Oakland, CA) – The House FY2012 appropriations bill filed last night includes an immediate *retroactive* limit on Pell Grant eligibility that would eliminate access to these crucial grants for more than 100,000 students nationwide, including those near graduation. The proposed limit would disproportionately harm African-American students and transfer students, including those near graduation.

“With college costs and student debt at record levels, cutting access to Pell Grants adds insult to injury for students and families already struggling to make ends meet,” said TICAS president Lauren Asher. “The more than 100,000 students who would lose their Pell Grants will be forced to either abandon their education or take on more debt just as interest rates double on some federal student loans.”

While the House bill maintains the current maximum Pell Grant of \$5,550 for school year 2012-13 and avoids some of the other severe Pell Grant cuts proposed by the House Appropriations Committee in September, it contains several troubling provisions. The most harmful provision is this immediate and retroactive change to the lifetime limit on Pell Grants, from nine years to six. Instead of a prospective or phased-in lower limit, the six-year cap would be imposed immediately on all students, whether they are within one semester of graduating or starting school for the first time. As a result, based on CBO data, more than 100,000 Pell recipients, including those nearing completion, would lose their Pell eligibility beginning next summer.

“An immediate retroactive time limit is like changing the rules in the middle of a game—and then scoring the entire game based on the new rules. After years of studies, students who are depending on Pell Grants to cross the finish line will suddenly be sidelined,” said TICAS vice president Pauline Abernathy.

An abrupt, retroactive time-limit change would disproportionately hurt African-American students, transfer students, and others nearing completion at public and nonprofit four-year colleges. The proposed lower lifetime limit also fails to exempt any time for remedial coursework, further reducing the odds of completion for students whose high schools did not prepare them for college-level work. Forty percent of Pell Grant recipients take remedial courses to set themselves up for academic success.

“Eliminating students’ Pell Grants is both unwise and unnecessary,” said Abernathy. “The student aid changes made as part of last August’s debt ceiling agreement provided more than enough savings to fully fund the Pell Grant program in FY12 and FY13 without cutting the maximum grant or student eligibility.”

The House bill also temporarily suspends the grace-period interest subsidy on some student loans. For students who borrow subsidized Stafford loans in school years 2012-13 and 2013-14, interest would start to accrue immediately after leaving school, rather than after the six-month grace period. The interest rate on these loans is already set to double next year from 3.4% to 6.8%, increasing the cost of borrowing by [thousands of dollars](#) for those who can least afford it.

Pell Grants help nearly 10 million low- and moderate-income Americans attend and complete college and are the cornerstone of our nation's student aid system. Even after recent increases, the current maximum grant is projected to cover less than one-third of the cost of attending a four-year public college in 2012, the lowest share in the history of the program. As recently as in the 1980s, the maximum grant covered more than half of that cost.

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