ASSOCIATION OF COMMUNITY COLLEGE TRUSTEES

1233 20th STREET, NW, SUITE 301, WASHINGTON, DC 20036
866.895.ACCT (2228) 202.775.4667 FAX: 202.223.1297
www.acct.org

FACTSHEET - 2013 HOUSE BUDGET

On March 29th the US House of Representatives passed H.Con.Res. 112, a bill resolution put forth by House Budget Committee Chairman Paul Ryan (R-WI) to establish the budget for fiscal year (FY) 2013.

OVERALL FUNDING LEVELS

The Ryan Budget sets for FY 2013 spending levels, or 302(a) allocations, at a cap of $1.028 trillion. This is $19 billion less than the Senate will set their funding levels, and $15 billion less than FY 2012. The Senate is expected to set its 302(a) allocation at $1.047 trillion, which is the number agreed upon in the bipartisan Budget Control Act (BCA). The BCA was passed last summer as an agreement to cap spending levels and enact cuts in exchange for raising the debt ceiling. The BCA also created the "Super Committee," whose failure to enact $1.2 trillion in cuts has triggered a 9% across-the-board sequester of most discretionary programs in January of 2013.

The funding gap is much larger at the subcommittee level, with nondefense discretionary spending where FY 2013 funding levels are 5.4% or $27 billion below levels set by the BCA.

In FY 2014, the Ryan Budget makes a 19% cut to nondefense discretionary spending. It does so by preventing sequestration from occurring in January. Instead, the bill calls for a budget reconciliation process which would eliminate all cuts to defense and shift the burden for cuts onto nondefense programs.

CUTS TO EDUCATION

The Ryan Budget makes significant cuts to higher education, including:

- Elimination of all mandatory funding for Pell. The Congressional Budget Office projects total mandatory Pell funding between FY 13-FY 22 to be $105.8 billion. There is no increase on the discretionary side to offset this elimination.

- Elimination of all mandatory funding for the Trade Adjustment Assistance Community College and Career Training Grant Program. This would eliminate the program, as there is no discretionary increase.

- Elimination of Pell eligibility for less-than-half-time students.

- Changes to Pell's income protection allowance formula and lowering income thresholds for zero expected family contribution.

- An undefined maximum income cap for Pell eligibility, and elimination of the automatic increases in the Pell maximum above $5,550.

- Elimination of administrative fees for both Pell and campus-based aid paid to participating institutions.

- Allowance for interest rates on subsidized Stafford loans to double from 3.4 percent to 6.8 percent on July 1st, and also elimination of the in-school interest subsidy for undergraduate students.

The bill also calls for a change in the way the Congressional Budget Office calculates the cost of the federal student loan program. Moving to a fair value calculation would drastically increase the cost of the program. In effect, the interest rate for the government to break even on a loan would be calculated at a much higher rate, which some estimate to be around 12 percent. Therefore any interest rate offered below that would cost the government money.

The Office of Management and Budget (OMB) estimates that these changes to the Pell Grant program will eliminate grants for 400,000 students and cut grants for more than 9 million others in 2013 alone.