

The Honorable John Boehner
Speaker of the
House of Representatives
Washington, DC 20515

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Democratic Leader
House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Republican Leader
United States Senate
Washington, DC 20510

February 26, 2013

Dear Speaker Boehner, Senator Reid, Senator McConnell, and Representative Pelosi:

As organizations working to ensure America's students have access to and can succeed in higher education we urge you to protect vital investments in student aid. Recent Congressional decisions have created a series of pitfalls for this generation of students: 1) sequestration's automatic cuts to higher education beginning March 1st; 2) the looming interest rate hike on Subsidized Stafford loans on July 1; 3) and the need for continual investment in Pell Grants. Without action, college costs will soar for millions, ultimately hurting our nation's economic and financial future. We ask you to avoid these dramatic consequences and maintain investment in higher education.

Although we must address our nation's long-term fiscal challenges, these short-sighted cuts to post-secondary education could do serious economic harm. The country needs 22 million new college degrees by 2018 to meet changing workforce needs, but at our current pace, we will fall short by at least 3 million degrees.

Even as attaining a postsecondary degree is more important than ever, the cost is growing further from reach. Tuition has tripled at the typical 4-year public school over the past three decades, forcing students and families to borrow more to make up the difference. Americans now owe more on their student loans than on their auto loans and credit cards, with total debt hitting \$1 trillion earlier this year. This heavy burden threatens individual solvency and could create drag on our economic recovery.

Now, lack of Congressional action will make matters worse in three ways. First, sequestration's automatic cuts to student aid threaten to make college more expensive for millions. For example, the Supplemental Education Opportunity Grant could shrink by \$38 million for as many as 1.4 million students. Another 680,000 students could see their Federal Work Study hours or wages fall. Increasing origination fees on federal Direct Stafford loans could increase costs for over 10 million borrowers. Allowing these cuts to go through would irresponsibly reduce investment in higher education.

Second, in July 2012, Congress agreed to extend the current 3.4% interest rate on subsidized Stafford loans for another year. Under law, this rate is now scheduled to double to 6.8% for new loans disbursed after July 1, 2013. The hike will cost students an additional \$1,000 per year of school, or about \$4,000 more for a four-year undergraduate education. Students and their families cannot afford greater increases in the cost of college and need a comprehensive fix to the student loan system.

Finally, funding for the Pell grant program must be maintained. New Congressional Budget Office projections show there is no immediate threat of shortfall, but it is critical to remember that this year's over-allocation is the result of significant eligibility cuts in previous years. While further cuts will reduce opportunity for students already burdened with debt, keeping Pell funded will significantly strengthen the future of the program.

If Congress fails to act, the above outcomes could spike the cost of college for millions of Americans and their families. We urge you to avoid irresponsible cuts to higher education through sequestration and Pell Grant funding, and to prevent interest rates from rising on over 7 million student borrowers.

Sincerely,

American Association of University Professors
American Medical Student Association
Asian Pacific American Labor Alliance
California State Student Association
Generational Alliance
Minnesota State College Student Association
Minnesota State University Student Association
National Education Association Student Program
Our Time
Rock the Vote
The Roosevelt Institute
United Council of University of Wisconsin Students
United States Public Interest Research Group
United State Student Association
University of California Student Association
Young Democrats of America
Young Invincibles
Young People for Action