

Federal Student Financial Aid Programs.

The Pell Grant and Stafford Direct Student Loan programs, operated by the U.S. department of Education, provide college access and affordability for thousands of Idaho students. Students from low and middle income Idaho families have relied on these programs to obtain their college degrees and add significant value to the workforce in Idaho. Goals are to:

- Provide college opportunities for students from low-income families who otherwise would not be able to attend college.
- Assist Idaho in developing a trained workforce for future economic development.
- Assist Idaho in retraining their workforce to meet new and changing job needs.

\$17 million in Pell Grants support over 4,000 low income students at the University of Idaho this year. \$56 million in Stafford Direct Student Loans assist over 7000 University of Idaho undergraduate and graduate students.

Students combine grants with work and loans to pay for college. Pell Grant students endured reductions in federal funding in 2011-12. Discontinuation of ACG and SMART federal grants would cost Idaho's Pell Grant recipients over \$1.6 million.

Financial Need of Idaho Students and Benefits to the State.

Idaho families struggling with the loss of jobs and business income need Pell support to assure college access for their children. Pell Grant funds go to students from very low income families with average family income less than \$24,000.

Pell Grants support the future of Idaho citizens. They increase future earnings, reduce unemployment, and increase citizen voting. Pell Grant recipients populate a trained workforce for Idaho. Idaho college attendance ranks low when compared to other states. Pell Grants support efforts to enroll Idaho students in higher education.

University of Idaho is doing more to support the enrollment of promising low income students by designating institutional scholarships to support low income students. Academic support programs are in place to assist low income students in transition to higher education. The University is increasing private scholarship support for students. Budget and finance education is provided for students. And, the University provides public information sessions to encourage the enrollment of all Idaho students. But, Pell Grants as well as Stafford Direct Student Loans remain substantial and essential.

Consequences of Reduced Funding.

Enrolled undergraduate students at the University of Idaho are already short \$60 million in proven financial need beyond what the student and family can contribute. Reduction in Pell Grant funds would heighten this financial hurdle for low income students.





A 10% reduction in Pell Grant funds mean over 400 students could completely lose their grants while thousands of others would experience a collective loss of \$1.6 million in funding opportunity. This cut would eliminate college access for many deserving students and reduce the number of college graduates prepared for Idaho's work force.

Stafford Direct Student Loan Interest Rate Change.

7000 students at the University of Idaho rely on over \$56 million in Stafford Direct

Student Loans to obtain their degree and enter the Idaho workforce. Interest rates for Stafford Direct Student Loans are scheduled to double starting July 1, 2012. These student loans go to many financially challenged students and families in Idaho. This change, coupled with the loss of the 6 month interest subsidy after graduation, will significantly increase loan repayments for Idaho college graduates. These increased loan payments will decrease a graduate's discretionary income that can be used to enhance the economic growth in Idaho.

During a time when interest rates are at historic lows, it is unreasonable to ask Idaho citizens to pay 6.8% interest on federal student loans. Student loan interest should be variable, based on a defined federal measurement, while having a set maximum ceiling to protect students from temporary interest spikes.

For more information, please contact:

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