



INVESTING IN YOUNG AMERICA: WHAT'S IN THE PRESIDENT'S BUDGET?

On March 4, 2014, the White House released the President's budget for 2015. Below we have detailed the parts of the budget that most affect young adults and our economic future, analyzing funding for youth jobs, higher education, and health care. It is important to note that all of the below are proposals, Congress may or may not accept them.

Jobs and the economy:

- » Sets aside \$500 million for grants to states and regional consortia to create and promote apprenticeships, with the goal of doubling the total number of apprenticeships in America over the next five years.
- » Invests \$2.5 billion in mandatory funding for Summer Jobs Plus, including support for summer and year-round jobs for 600,000 young people.
- » Funds Americorps State and National at existing FY14 levels, allowing for nearly 4,000 additional members.
- » Broadens the eligibility for the Earned Income Tax Credit for low-income taxpayers without children, benefiting 13.5 million workers, many of whom are young adults.
- » Funds Job Corps at \$1.69 billion, YouthBuild at \$77.5 million, and WIA Youth Activities at \$820 million, on par with with funding levels in the Bipartisan Budget Act of 2013.

Takeaway: The budget includes well-targeted investments to help address the unemployment crisis faced by young Americans.

Higher education:

- » Fully funds Pell Grants and adheres to the scheduled \$100 increase to the maximum award. A maximum Pell of \$5,830 will help nine million students attend college and reduce their total debt load.
- » Extends access to Pay As You Earn (PAYE) so that future borrowers can qualify to pay back their student loans based on their income. It also simplifies the repayment system and caps interest payments for borrowers in PAYE. However, some struggling borrowers would need to wait an additional 5 years before receiving loan forgiveness.
- » Caps Public Service Loan Forgiveness (PSLF) at \$57,500, which could lead to fewer graduate students choosing public service careers. It would not better target PSLF toward undergraduate students.
- » Pushes back against state disinvestment in higher education by providing \$4 billion to states who invest in students and families.
- » Seeks to better target aid by rewarding institutions for improving how they serve low-income students.

Takeaway: The budget is a mostly a step forward, beyond what President Obama has proposed in the past, however, some changes to repayment will hurt struggling borrowers and limit incentives for public service.

Health care:

- » Continues to fully fund implementation of the Affordable Care Act.
- » Expands mental health services for youth and families.

Takeaway: The budget provides crucial funding for key benefits in the ACA that young people can expect to see in 2015.