

FACTSHEET: The Fiscal Showdown and Young Americans

Congress continues to negotiate over the so-called “fiscal cliff,” mandatory spending cuts and expiring tax breaks that are set to take effect Jan. 2. We must protect critical programs and tax breaks that help the middle class as young people and their families work hard to succeed. Doing this strengthens our economy and prepares our generation to succeed.

▪ Our First Priority Should Be Increasing Revenue to Strengthen Critical Programs

- * A stronger middle class will help the millions of families working to send their children to college as well as the young people who have already graduated and are getting on their feet early in their careers and saving for their own futures.
- * Investing in critical programs is the way to make this happen and making sure the wealthiest pay their fair share will ensure we have the revenue to do that.
- * Young Americans Support Strengthening that Revenue:
 - In a 2012 survey, young Americans (18-39) have made clear that more revenue is essential to growing the economy. [\[Americans for Tax Fairness\]](#)
 - Overall, **52 percent** of young Americans say the tax system needs to be made more fair.
 - Young People support a more fair tax system and investments in the middle class:
 - **60 percent** strongly agree that we should raise taxes on the richest 2 percent of households.
 - **50 percent** say it’s very important to ensure enough revenue for investments (such as education) that strengthen the economy.

▪ Renewing Tax Breaks for Middle Class Families Helps College-Bound Young People

- * Families Could See an Average Tax Hike of \$2,200 if Middle Class Tax Cuts Expire
 - Extending middle class tax cuts for 98 percent of Americans is critical. A typical middle class family of four would see its taxes increase by \$2,200 if Congress doesn’t act. [\[White House\]](#)
 - The effect of this tax hike would be felt by both families helping their children pay for college and many young people themselves who have graduated and have pay taxes themselves.
- * Families Could Pay an Extra \$2,500 a Year For College [\[New America Foundation\]](#)
 - Giving families a tax credit of up to \$2,500 per year for up to four years to help cover college expenses is a big help. Without a deal, savings for families sending their kids to college will be cut back to a maximum of \$1,900 per year for only two years. President Obama has supported making the credit permanent. [\[Smart Money\]](#)

▪ Critical Programs that Help Young People Go to College Are In Danger

- * Federal Student Loans
 - Last spring Congress passed and President Obama signed a bill to keep interest rates on subsidized Stafford loans from doubling. [\[Campus Progress\]](#)
 - However, that extension was only for a year and will expire next June. Even worse, the subsidized federal student loan program could be eliminated completely in a budget deal. [\[Smart Money\]](#)
- * Pell Grants
 - More than 9 million low-income college students rely on federal Pell Grants to help them pay for college. [\[Center for American Progress\]](#)
 - However, 2011 legislation reduced the number of semesters students could qualify for Pell Grants from 18 to 12. This means that many students going to school part-time and working part-time will now have fewer Pell Grants to help afford education expenses. [\[Kent State University\]](#)
 - Previously, families with \$32,000 or less in income could qualify for the full Pell Grant amount—\$5,500 this year—that eligibility threshold has been lowered to families with \$23,000 or less in income. [\[Smart Money\]](#)

▪ Larger Impact of the Fiscal Cliff for Young People

- * If Congress fails to reach a deal, the economy is projected to lose up to 3.4 million jobs. [\[Associated Press\]](#)
 - With millions of young people set to graduate from college next spring and millions more already in the workforce, this would be a huge roadblock to the economic success of Millennials.
- * Congress must reach a deal to keep the economy growing and ensure that all young people working toward their education and beginning their careers have every opportunity to succeed.