NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

March 28, 2018

Honorable Rodney Frelinghuysen
Chairman
Committee on Appropriations
The Capitol, Room H-305
Washington, DC 20515

Honorable Nita M. Lowey
Ranking Member
Committee on Appropriations, Minority
1016 Longworth House Office Building
Washington, DC 20515

Honorable Richard Shelby
Chairman-Elect
Committee on Appropriations
The Capitol, Room S-128
Washington, DC 20510

Honorable Patrick Leahy
Vice Chairman
Committee on Appropriations, Minority
The Capitol, Room S-146A
Washington, DC 20510

Dear Chairman Frelinghuysen, Chairman-Elect Shelby and Ranking Members Lowey and Leahy:

On behalf of the National Association of Student Financial Aid Administrators (NASFAA), I write to urge you to support students and families across the country through meaningful funding levels for the federal student aid programs in fiscal year (FY) 2019. NASFAA represents more than 20,000 financial aid professionals at nearly 3,000 colleges, universities, and career schools across the country. All told, NASFAA members serve nine out of every ten undergraduate students.

Since their inception, the federal student aid programs have served the important role of opening the doors to educational opportunity to support the needs of the nation's increasingly knowledge-based economy. As a country we must ensure all qualified students have access to higher education not only for the sake of our economy, but for our continued national security. We applaud Congress for recognizing the value of these programs, particularly in the FY 2018 omnibus spending package, which included meaningful boosts to need-based federal financial aid programs.

President Trump's FY 2019 budget proposal, "An American Budget," includes several crippling cuts to the federal student aid programs. We are again alarmed to see the elimination of the Federal Supplemental Opportunity Grant (FSEOG) Program and a 50% cut to Federal Work-Study (FWS), among other harmful reductions in other education programs.

The President's proposal places priority in the defense and national security programs, which are vital to our security. But history shows us that investments in higher education are also investments in national security and defense. We urge Congress to reject the draconian cuts proposed by the President again this year and instead adopt the following proposals for federal student aid funding for FY 2019:

Opening Doors of Educational Opportunity

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Federal Pell Grant Program:

1. **Support discretionary funding for the Federal Pell Grant Program at a level to support a maximum award of $6,230.**

   Almost 70% of Pell Grant recipients receiving the full maximum Pell Grant award come from families with an income of less than $20,000. A small increase to the maximum award of $135 over the FY 2018 level to $6,230, an estimate of what continuing the annual inflation adjustment to the maximum award would provide, could make the difference between a student finishing a degree and dropping out.

2. **Increase certainty for low-income students and families by reinstating the automatic inflation adjustment to the maximum award.**

   From FY 2014 to FY 2017, the Pell Grant maximum award was indexed to the Consumer Price Index for All Urban Consumers (CPI-U); however, that small boost, which averaged only $69 per year, expired at the end of FY 2017. Absent congressional action, the Pell Grant maximum award will remain at $6,095 into the future. Even more problematic, the delays in the congressional budget and appropriations process have seriously hindered the efficacy of the earlier availability of the Free Application for Federal Student Aid (FAFSA), as institutional financial aid offices must increasingly provide estimates of federal aid to students and families looking to prepare financially for college without certainty of a final award level. Reinstating an automatic inflation adjustment would allow the Department of Education to provide earlier information to institutions to ensure accurate financial aid award letters.

3. **Protect the unobligated balances in the program.**

   Rescinding unobligated balances from the Pell Grant Program puts a vital program in jeopardy of fiscal instability. As recently as 2011, Pell faced a shortfall requiring congressional action to remedy. It is prudent to ensure adequate funds are available for a program that is difficult to estimate program costs accurately.

Federal Supplemental Opportunity Grant Program (FSEOG):

**Support funding for FSEOG at $1.028 billion.**

Increased funding for the program will allow institutions to boost awards to students. FSEOG represents a worthy use of federal dollars, as the program requires contributions from institutions to leverage federal support, an existing and effective form of institutional risk-sharing. Like FWS, FSEOG stretches the federal dollar further in support of the neediest students. Some in Congress have expressed interest in student aid program consolidation to help simplify the financial aid system. While that may be a worthy conversation, it should happen in the context of a comprehensive reauthorization of the Higher Education Act, not through a piecemeal cut through appropriations that will leave students worse off. In FY 2005, Congress appropriated $779 million to FWS, $1.028 billion in 2018 dollars.

Federal Work-Study Program (FWS):

**Support work-study funding at $1.434 billion.**

The Federal Work-Study Program enjoys broad, bipartisan support—and rightly so. Work-study supports needy students while also providing valuable work experience to prepare students for the workplace. In a period of financial austerity, FWS stretches federal investments further by requiring matching funds from institutions and work-study employers. In FY 2002, Congress appropriated $1.011 billion to FWS, $1.434 billion in 2018 dollars.

Federal Perkins Loan Program:

**Provide $250 million for Perkins loan cancellations.**

The federal government provides a number of options for loan cancellations in the Perkins Loan Program, but has not provided reimbursements to institutions for these cancellations since FY 2009, meaning for almost 10 years institutions have absorbed the loss of their own dollars put into their institution's Perkins revolving loan funds, thereby decreasing the ability of the institution to support students. We are also concerned about the upcoming expiration of the Perkins Loan program without Congress taking additional action to adjust loan limits accordingly.

In addition to these priorities, we ask Congress to support other important programs, including the Federal TRIO Programs and GEAR UP, and provide the necessary funds for student aid administration.

Now, more than ever, robust funding to support the federal student aid programs should continue to remain a bipartisan priority for the sake of the nation's economic and national security competitiveness.

We look forward to working with you as the appropriations process moves forward.

Regards,

Justin Draeger, President & CEO

cc: Members of the Senate and House Committees on Appropriations