March 31, 2017

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

The Honorable Thad Cochran, Chairman
Senate Committee on Appropriations
The Capitol, Room S-128 Washington, DC 20510

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

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

Dear Chairmen Frelinghuysen and Cochran 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) 2018. 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 undergraduates.

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 high school students have access to higher education not only for the sake of our economy, but for our continued national security as well, something the president's budget lists as a priority.

President Trump's initial budget proposal, "America First: A Budget Blueprint to Make America Great Again," includes several crippling cuts to the federal student aid programs. We are alarmed to see a large proposed rescission to the Pell Grant Program, the elimination of the Federal Supplemental Opportunity Grant (FSEOG) Program, and a proposal to "significantly" cut Federal Work-Study (FWS), among other harmful cuts to other education programs. While we are interested in exploring the best ways to utilize student aid dollars, we cannot tolerate cuts to funding masquerading as program streamlining.



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The president's proposal calls for large increases to defense and national security programs, all at the expense of domestic non-defense spending. This is penny wise and pound foolish, and we urge Congress to reject these troubling proposed cuts to student aid and maintain parity between defense and non-defense discretionary programs. History shows us that investments in education are investments in our national security and defense.

NASFAA asks Congress to adopt these proposals for the federal student aid programs in FY2018:

<u>Federal Pell Grant Program:</u>

1. **Extend the inflation adjustment in the Federal Pell Grant Program to support an estimated maximum award of $6,085 in FY2018, award year 2018-19.**

   In FY2018, the annual inflation adjustment to the maximum Pell Grant award expires, leaving the Pell Grant maximum award at the FY2017 level of $5,920. The existing unobligated balances in the program support this modest $165 increase, which represents a very small step toward maintaining the purchasing power of the program.

2. **Restore year-round Pell.**

   Providing access to a second scheduled Pell Grant award (dubbed "year-round Pell"), as proposed in the bipartisan FY2017 Senate Labor-HHS-Education bill, would encourage students to continuously enroll in their program, thereby decreasing time to completion, lowering costs to students, and potentially lowering overall use of Pell Grant funds due to shorter program length. To avoid the implementation challenges financial aid offices experienced in the last short-lived iteration of year-round Pell, Congress should exclude any enrollment intensity and acceleration requirements and allow institutions to determine the assignment of crossover periods. These corrections were made in the Senate Labor-HHS-Education bill language, and we encourage you to use that text as a guide.

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

   Rescinding unobligated balances from the Pell Grant Program puts this vital program in jeopardy of fiscal instability. Recently, Pell faced a shortfall requiring congressional action to remedy. It is prudent to ensure adequate funds are available for a program that makes accurate estimates of program costs difficult; however, we would support using these dollars for the two minor programmatic changes outlined above.

Federal Work-Study Program (FWS):

**Support work-study funding at $990 million.**

The Federal Work-Study Program enjoys broad, bipartisan support—and rightly so. Work-study supports needy students while also providing valuable work experience. With that said, federal support for FWS remains relatively flat with annual appropriations still hovering around FY2001 levels. In a period of financial austerity, FWS stretches federal investments further by requiring matching funds from institutions and work-study employers.

Federal Supplemental Opportunity Grant Program (FSEOG):

**Support funding for FSEOG at $757 million.**

After adjusting for inflation, average FSEOG award amounts have declined by approximately 47 percent since award year 1993–94. 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. Many in Congress have expressed interest in student aid program consolidation to help simplify the financial aid system. While that may be a worthwhile conversation, it should happen in the context of a comprehensive reauthorization of the Higher Education Act, not through a piecemeal appropriations cut that will leave students worse off.

Federal Perkins Loan Program:

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

The federal government provides a number of options for loan cancellations in the Federal Perkins Loan Program, but has not provided reimbursements to institutions for these cancellations since FY2009. 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.

While FY2017 remains unsettled, we call on Congress to keep the above priorities in mind when considering a final agreement on this year's budget. Changes to any student aid funding in FY2017 will result in broken promises to students as a significant number of financial aid awards have already been made for the 2017-18 year. 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.

Sincerely,

Justin Draeger,
President and CEO, NASFAA

cc: Members of the Senate and House Committees on Appropriations