NASFAA
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

March 22, 2019

Honorable Rosa DeLauro, Chairman
Committee on Appropriations
Subcommittee on Labor, Health and Human Services, Education, and Related Agencies
2358B Rayburn House Office Building
Washington, DC 20515

Honorable Tom Cole, Ranking Member
Committee on Appropriations, Minority
Subcommittee on Labor, Health and Human Services, Education, and Related Agencies
1016 Longworth House Office Building
Washington, DC 20515

Honorable Roy Blunt, Chairman
Committee on Appropriations
Subcommittee on Labor, Health and Human Services, Education, and Related Agencies
131 Dirksen Senate Office Building
Washington, DC 20510

Honorable Patty Murray, Ranking Member
Committee on Appropriations, Minority
Subcommittee on Labor, Health and Human Services, Education, and Related Agencies
156 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairs DeLauro and Blunt and Ranking Members Cole and Murray:

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 increases in funding levels for the federal student aid programs in fiscal year (FY) 2020. 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

We applaud Congress for repeatedly rejecting the crippling cuts to students in President Trump's budget proposals over the past two fiscal years. We again call on Congress to increase the federal investment in students by supporting the federal student aid programs. However, Congress will need to lay the foundation for these investments by ensuring appropriate resources are available for education funding. Congress should raise the tight spending caps on non-defense discretionary spending and, once adjusted, provide an appropriate allocation to the Labor-HHS-Education appropriations subcommittee to support these necessary investments. Without raising the caps, non-defense discretionary programs face a 9% funding cut before accounting for Census funding and other obligations for FY 2020.

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. Federal student aid programs support students at the diverse institutions of higher education nationwide—from community colleges to regional public universities, private work colleges to HBCUs. Unfortunately, across the federal student aid programs, the aid dollars available to students has remained largely flat over the decades when adjusting for inflation.

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 2020 to support students in their pursuit of higher education for the sake of our economic and national security competitiveness.

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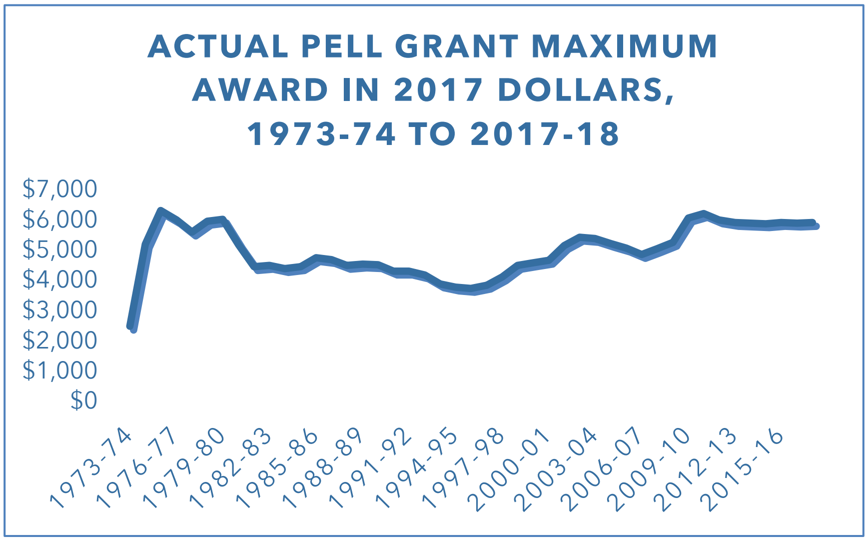
Federal Pell Grant Program:

1. **Support discretionary funding for the Federal Pell Grant Program at a level to ensure a maximum award of at least $6,655.**



Source: The College Board, Trends in Student Aid, 2018

The Pell Grant is the foundational federal student aid program, ensuring students from low-income families can access postsecondary education. Over 80% of Pell Grant recipients come from families with an income of less than $40,000.

Despite the increased attention to the importance of college affordability, today's Pell Grant maximum award remains at a level similar to FY 1975 when adjusting for inflation. Had Congress ensured the Pell Grant kept pace with inflation, FY 2020's Pell Grant maximum award would be $6,655.

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 annual congressional action, the Pell Grant maximum award will remain flat into the future. Sustained and certain investment is necessary to ensure the Pell Grant regains its purchasing power.

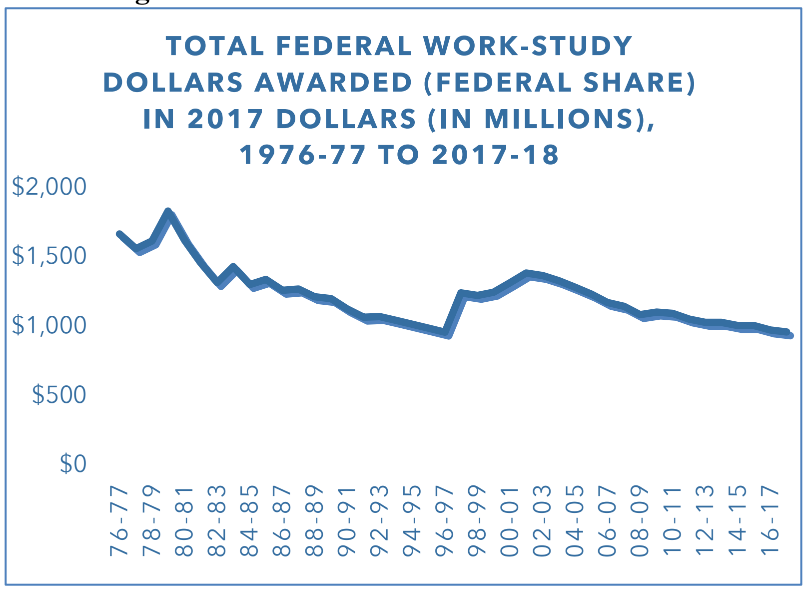
3. **Protect the unobligated balances in the program.**

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 makes accurate program cost estimations difficult. Estimates of Pell Grant spending anticipate a depletion of the program's reserves within the next five to ten years, though any economic downturn can significantly exacerbate this timeline, as displaced workers and others may pursue postsecondary education to retool, thereby increasing Pell Grant participation.

Federal Work-Study Program (FWS):

Support at least $1.434 billion in funding for FWS.

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. The $140 million increase in FWS funding in FY 2018, the first increase in funding in almost a decade, resulted in approximately 70,000 additional work-study recipients.



Source: The College Board, Trends in Student Aid, 2018

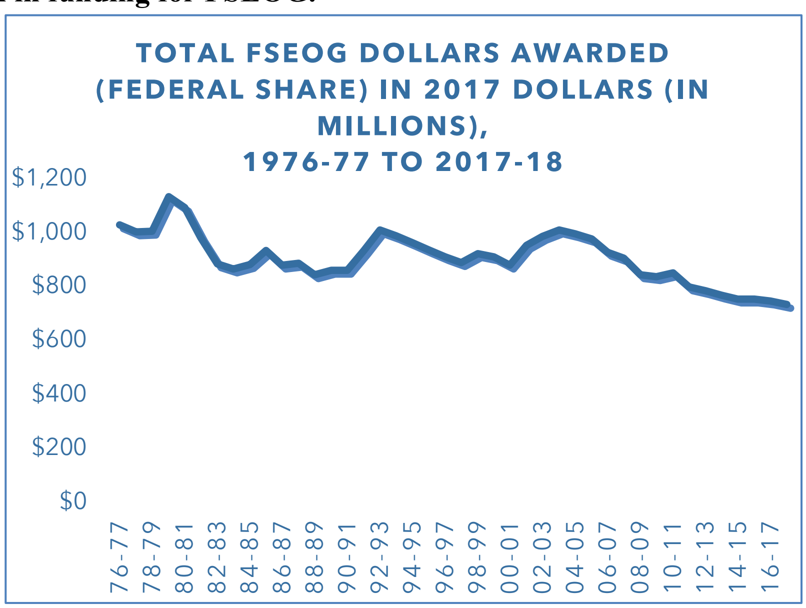
In FY 1979, Congress appropriated over $1.8 billion in FWS funding when adjusting for inflation. An appropriation of at least $1.434 billion begins to make up the gap in lost funding.

Federal Supplemental Opportunity Grant Program (FSEOG):

Support at least $1.028 billion in funding for FSEOG.

Increased funding for the program will allow institutions to boost awards to students with need. 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.

In FY 1979, Congress appropriated $1.13 billion for FSEOG when adjusting for inflation. An appropriation of at least $1.028 begins to make up the gap in lost funding.



Source: The College Board, Trends in Student Aid, 2018

In addition to these priorities, we ask Congress to support other important programs, including the Federal TRIO Programs, GEAR UP, and CCAMPIS, 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.

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

Sincerely,

Justin Draeger, President & CEO

cc: Members of the Senate and House Committees on Appropriations