



★ FROM THE OFFICE OF THE PRESIDENT ★

September 15, 2011

The Honorable Patty Murray
Co-Chair of the Joint Select Committee on Deficit Reduction
United States Senate
Washington DC, 20510

The Honorable Jeb Hensarling
Co-Chair of the Joint Select Committee on Deficit Reduction
United States House of Representatives
Washington DC, 20515

Dear Co-Chairs Murray and Hensarling, and members of the Joint Committee:

On behalf of the National Association of Student Financial Aid Administrators (NASFAA), I would like to thank you for the opportunity to submit comments to the Joint Select Committee on Deficit Reduction. NASFAA represents more than 18,000 financial aid professionals who serve 16 million students each year at 2,800 colleges and universities throughout the country. As the Committee enters into negotiations, we ask that you consider the vital role of the federal student aid programs to our country's welfare and take efforts to shield them from any further funding cuts. Please accept and consider the following comments.

Thank you for all you do for our nation's students.

Sincerely,

Justin Draeger
NASFAA President

President Obama has called for the United States to lead the world in the proportion of college graduates by 2020. This is an important and necessary goal in order to ensure that our nation will remain competitive in an increasingly global economy. Recently, however, the Organization for Economic Cooperation and Development (OECD) found that the United States is headed in the opposite direction of this goal. The U.S. now ranks 15th among 34 OECD countries in college attainment among 25 to 34-year-olds. A crucial element to reversing this trend and raising our proportion of college graduates is the ability for those who are able and willing to attend college to have the financial means to do so.

Accordingly, we urge the Joint Committee to consider the integral role of student financial aid in our short and long term economic futures as you weigh tough fiscal decisions that must be made.

Federal Student Aid is Valuable & Vital

Last year, over 14 million students benefited from federal student aid in the form of need-based grants, loans, and employment. Student aid provides access to postsecondary education and increases graduation rates, particularly for our nation's lowest-income students. These programs also ensure that the United States will remain economically competitive for decades to come.

The cornerstone of federal student aid is the Pell Grant program, which is expected to help more than 9 million low-income students attend college in the next year. Consider these facts about Pell Grant recipients:

- Three of every four Pell recipients come from families with incomes of less than \$30,000 a year;
- Nearly half of recipients have incomes of less than \$15,000 a year.

The Supplemental Educational Opportunity Grant (SEOG), another grant provided to exceptionally needy students, also helps increase access for low-income students. The median family income of the 1.5 million SEOG recipients is \$14,000 a year. Although there is a required institutional funding match of at least 25%, more than 3,700 institutions participate in the program—a clear indicator that the program is valued and successful.

Federal Work-Study provides part-time employment for needy students who often do not have the skills or experience to obtain a job. When borrowing is necessary, the Direct Loan program provides low-cost loans with benefits and protections that are not available in the private loan market.

We encourage you to utilize our [2011 National Profile of Programs in Title IV of the Higher Education Act](#), to learn more about student aid programs, funding, and beneficiaries. We also invite you to visit another NASFAA publication, [The Faces of Student Aid](#), a document that highlights the students who receive aid and their personal stories.

Student Aid Programs Have Already Received Numerous Cuts

We understand the seriousness of the current fiscal environment; however the already underfunded federal student aid programs have borne an uneven brunt of cuts in the past year. While we are appreciative of the additional funding provided to the Pell Grant program in the Budget Control Act, it does not negate the following measurable cuts that have already occurred:

- A 0.2 percent across-the-board cut to all discretionary student aid programs in FY 2011;
- The elimination of two Pell Grants in a single award year;
- The elimination of the Leveraging Educational Assistance Partnership (LEAP) program, which used federal funds to increase State support of higher education;
- The elimination of the in-school interest subsidy for graduate and professional students and repayment incentives on student loans.

In this second stage of deficit reduction, students will be relying on Congress to preserve student aid funding.

In addition, we ask that you also protect the Administrative Cost Allowance—funds used by college and university aid offices to support the administration of student financial aid. These funds are vital to the day-to-day operations of a financial aid office and as demonstrated by a [recent national survey of colleges](#), their elimination would have a measurable negative impact on students.

Investing in Our Future

Investing in student aid funding is not just a moral imperative, but an economic one as well. Last fall, the report issued by the National Commission on Fiscal Responsibility and Reform reaffirmed this imperative through one of their ten “Guiding Principles and Values”:

Cut and invest to promote economic growth and keep America competitive.

We should cut red tape and unproductive government spending that hinders job creation and growth. At the same time, *we must invest in education*, infrastructure, and high-value research and development to help our economy grow, keep us globally competitive, and make it easier for businesses to create jobs.

*emphasis added

We urge the Joint Committee to adopt the investment of education into the fabric of your collective values. Any short-term savings gained from cuts in the student aid programs would undoubtedly undermine our long-term chances at prosperity and recovery. Investments that increase access to education represent investments in our greatest asset: the American people.

Thank you for everything you do for the students and families of this country. We are happy to answer any questions you may have about the federal student aid programs. We look forward to supporting your efforts.

CC:

The Honorable John Kerry
The Honorable Max Baucus
The Honorable John Kyl
The Honorable Pat Toomey
The Honorable Rob Portman
The Honorable Fred Upton
The Honorable Dave Camp
The Honorable Chris Van Hollen
The Honorable Xavier Beccera
The Honorable James E. Clyburn