AAU URGES CONGRESS TO INCREASE INVESTMENTS IN STUDENT AID PROGRAMS IN FY11 TO HELP MILLIONS OF STUDENTS AND DISPLACED WORKERS THIS YEAR

AAU supports the President’s proposal to increase the maximum Pell Grant to $5,710 in FY11. AAU also encourages Congress to provide $4.3 billion for other federal student aid programs in FY11, including: Supplemental Educational Opportunity Grants $1 billion; Perkins Loans Capital $300 million; Perkins Loan Cancellations $125 million; Federal Work-Study $1.28 billion; LEAP $200 million; TRIO $1 billion; and GEAR UP $400 million.

FEDERAL INVESTMENT IN STUDENT AID IS CRITICAL TO ECONOMIC RECOVERY AND COMPETITIVENESS

Investing in the ability of students to attend college, regardless of economic status, is one of the most important actions that can be taken by the federal government to boost the economy in the short term and strengthen the economy and society in the long term. Our country needs to increase the share of its workforce holding college or advanced degrees in order to strengthen our global economic competitiveness. Moreover, as the nation continues to experience high unemployment, federal student aid is an important element of economic recovery because it enables low- and middle-income students to attend college and current workers to retrain for new careers.

AAU supports a broad array of student aid programs in the Department of Education, as most students rely on a combination of financial aid programs to fund their college educations. Investments in federal student aid programs complement the student aid that colleges and universities provide from their own resources – more than $24 billion in undergraduate student aid and $7 billion in graduate student aid in 2008-9. AAU universities alone awarded $3.5 billion in institutional aid to undergraduate students (2007-8).

PREDICTABLE AND STABLE FUNDING FOR THE PELL GRANT

AAU and its member universities greatly appreciate the funding increases provided for the Pell Grant through the College Cost Reduction Act, the American Recovery and Reinvestment Act, and the annual appropriations process. Building on these investments, AAU supports the President’s FY11 proposal to: 1) make Pell Grant funding mandatory, which would help secure a stable funding stream and address perennial yearly shortfalls, and 2) increase the maximum Pell Grant to $5,710 in FY11, thereafter increasing it by inflation plus one percent to reach $6,900 by 2019. Strong and steady funding for Pell Grants is fundamental to achieving the Administration’s goal of the U.S. having the highest proportion of college graduates in the world by year 2020.