FY 2009 Student Aid Alliance Appropriations Request and Justification

Since the G. I. Bill was enacted in 1944, the federal government has taken the lead in making the American dream of a college education possible. The combined impact of grant, work-study, and loan programs is what makes the difference for low-income students. Without the partnership between the federal government, states, institutions and families, millions of students would not be able to go to college. The Student Aid Alliance is a coalition of organizations representing students, parents, colleges and universities, and others who believe that all qualified students should be able to go to college regardless of their financial resources.

In the first session of the 110th Congress, the College Cost Reduction and Access Act (CCRAA) shifted $20 billion from student loan providers to lower student loan interest rates and additional Pell Grant increases for the next five years. CCRAA’s stated goal is to augment the discretionary appropriation for Pell in order to reach a maximum grant of $5,400 in five years. This temporary, five-year infusion of mandatory funds to the Pell Grant program should not be used to camouflage a lack of growth in the discretionary maximum award. Last year, Congress took the lead on increasing Pell Grant appropriations, but budget battles whittled away the appropriated maximum grant from $4,310 to $4,241. Instead, this $69 drop in the maximum grant caused roughly 20,000 students to lose their Pell Grant eligibility.

In the second session, Congress must recommit to increasing student aid appropriations. With a federal budget of $3 trillion, a shaky economy, and the national need to remain globally competitive, the federal government should choose to make an investment in college students’ futures.

Enrollments continue to grow each year, with recent events making more students eligible for federal student aid: first, changes in student aid eligibility enacted in CCRAA brought more low-income students into the federal student aid programs; second, as the economy weakens, unemployed workers enroll in college courses to retrain for new jobs; third, state support for higher education is eroding as budget crunches span the nation; and finally, each year, more and more academically prepared students are first-generation, low-income applicants for college.
In the FY 2009 budget, Congress should provide a $4.2 billion increase for student aid. Not only do our nation’s students deserve a college education, but our nation’s competitive and economic health depends on it.

**Pell Grants**

The maximum Pell Grant should be $5,100. Pell Grants provide basic college assistance to financially disadvantaged students. The grants are the foundation of a low-income student’s aid package. More than 5.3 million students with a median family income of less than $20,000 received Pell Grants in FY 2007.

During his 2000 campaign, candidate George W. Bush called for a $5,100 Pell Grant maximum award, saying "College is every parent's dream for their children and we should make this opportunity available to all students." As Democrats campaigned to retake the majority in Congress, a $5,100 Pell Grant was one of their “6 for ‘06” priorities. In FY 2009, Congress and the President should achieve this bipartisan goal.

To get there, the appropriated maximum grant should be increased by $369. A $4,610 appropriated maximum grant, plus the additional $490 from mandatory funds, would achieve a $5,100 Pell Grant maximum this year.

**Campus-based and state aid**

Erosion of the campus-based and state aid programs should stop. These programs were created to ensure institutions of higher education and states were partners in helping low-income students go to college. Over the last seven years, SEOG, FWS, Perkins Loans, and LEAP state grants have been cut by a cumulative $158 million. With across-the-board cuts five of the last seven years, on top of level funding patterns, additional grant aid, low-interest loans and work study opportunities have eroded for low-income college students. Those students are now borrowing more, or working more off-campus to make up for lost aid. This pattern should not continue if Congress wants our nation’s brightest students – regardless of their income – to succeed in today’s global economy.

The campus-based and state aid programs should be increased by $685 million. Campus-based federal dollars are matched at least 1 to 3 by participating institutions. LEAP federal dollars are matched by at least 1 to 1 by participating states.

**SEOG should be funded at $1 billion.** As the Pell Grant’s sister program, the Supplemental Educational Opportunity Grant (SEOG) program provides up to an additional $4,000 in grant assistance to Pell Grant recipients in order of need. SEOG expands college options for these students. At a $1 billion federal investment, over 1.3 million students would receive at least $1.3 billion in additional grant aid.
**Federal Work Study should be funded at $1.25 billion.** FWS provides students money to pay for college through jobs on campus, in the community, and in the private sector. This self-help program encourages 810,000 financially disadvantaged students to develop strong work habits and gain exposure to potential employment opportunities.

**Federal Perkins Loan Capital should be restored to $100 million.** In the pending Higher Education Act reauthorization, Congress has signaled its support of the Perkins Loan program by affirmatively reauthorizing this low-interest loan program, with the House raising the authorized contribution from $250 million to $350 million. Federal capital contributions have not been made to this program in four years. With the tightening credit market, low-income students could be unable to borrow for college without a renewed investment in the Perkins Loan program. Capital invested in Perkins loans is matched by schools and recycled again and again to help future generations.

**Perkins Loan cancellation reimbursements should be increased to $120 million,** to fully reimburse colleges for loans forgiven for students who pursue public service careers. Years of under-funding is depleting campuses’ Perkins Loan revolving funds, hurting future generations of students who may want to take a public service job. Higher Education Act reauthorization legislation is expected to add three additional public service jobs eligible for forgiveness, putting further strain on Perkins Loan funds.

**LEAP should be funded at $100 million.** The LEAP program encourages states to continue to expand their own grant programs and improve college access for low-income students. States match each federal dollar with at least one state dollar. In FY 2005, federal funding of $65.6 million generated more than $840 million in matching state funds, and made nearly 800,000 awards to students. Since then, LEAP funding has declined to $63 million. Funding at $100 million would generously improve state grant funding.

**Early intervention programs**

The early intervention programs, TRIO and GEAR UP, should be increased by $167 million. As aspirations for college-going continues to grow in our society, so do the number of first-generation college students. These students need extra help to prepare for, enter, and graduate from college.

For years, TRIO and GEAR UP have placed higher education within reach of our nation’s most historically underrepresented students and families. TRIO and GEAR UP provide students with academic assistance, mentoring, financial aid awareness and other support services to ensure they are prepared both academically and financially to succeed in and graduate from college. TRIO and GEAR UP help bridge the transition between K-12 and higher education for the most disadvantaged students, many of whom will rely on continuity of services, Pell grants and other federal financial aid throughout their postsecondary education.

Despite the accomplishments of TRIO and GEAR UP, funding for these programs has remained stagnant over the past five years, resulting in a decrease in the number of students being served. To continue building upon the success of these programs in encouraging low-income, first-generation
students to stay on the path towards obtaining a college degree, adequate funding must be allocated to support these programs.

**TRIO should be funded at $948.2 million.** The TRIO programs help first-generation, low-income students overcome non-financial barriers to higher education by providing academic tutoring, personal counseling, and other vital support services. Two-thirds of TRIO students come from families with incomes of less than $24,000 and in which neither parent graduated from college. As TRIO has not had an increase since 2004, the programs can only serve 7 percent of the eligible population. The TRIO programs currently serve over 870,000 students in all 50 states and many U.S. territories. An increase of $120 million would allow for approximately 85,600 additional students to be served in 2009.

**GEAR UP should be funded at $350 million.** GEAR UP provides students and families from low-income communities with the necessary academics skill and aspirations to successfully prepare for and succeed in college. GEAR UP fosters cooperation among K-12 schools, institutions of higher education, state higher education entities, businesses and community-based organization; and leverages private matching resources to supplement the federal investment in pre-college awareness and preparation. Since its enactment in 1998, GEAR UP has served millions of students in 48 states, the District of Columbia and four territories.

Recent data from the U.S. Department of Education shows that 89.8 percent of the first class of GEAR UP students graduated from high school in 2005. This remarkable graduation rate is well above those of other low-income students (64.1 percent) and all students nationally (73.9 percent). Despite GEAR UP’s demonstrated success in improving high school graduation rates, college enrollment rates and college readiness among low-income learners, the program is only serving a fraction of eligible students. An appropriation of $350 million in FY 2009 would allow GEAR UP to serve an additional 175,000 college-aspiring students.

**Graduate Programs**

**Graduate level programs should be increased to $49.5 million.** Graduate Assistance in Areas of National Need strengthens U.S. economic competitiveness by supporting graduate student traineeships in critical fields of study. GAANN should be funded at $32 million. The Jacob Javits Fellowship program recognizes superior academic ability and is the only federal program that supports graduate students in the humanities and arts. Javits should be funded at $12.5 million. The Thurgood Marshall Legal Educational Opportunity Program, which should be funded at $5 million, helps disadvantaged students gain access to, and complete law school. Additionally, the Ronald E. McNair Postbaccalaureate Achievement Program (funded under the TRIO programs) prepares undergraduates from disadvantaged backgrounds for doctoral studies. McNair should be funded at $50 million. Our nation needs highly skilled professionals to ensure continued innovation and prosperity. All these programs have been flat-funded or cut for at least six years; adjusting for inflation, their buying power has been severely compromised.
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