

March 12, 2010

Dear Representative:

On behalf of the undersigned organizations committed to helping Americans realize the dream of higher education, we urge you to **support passage of the Student Aid and Fiscal Responsibility Act (H.R. 3221) through budget reconciliation.** This legislation will make college more affordable by investing billions of dollars in student aid at no new cost to taxpayers. Students and schools need information about financial aid for this coming school year, Congress must act. As the skill requirements of jobs continue to increase, so too should access to postsecondary education for all students.

Under the legislation, all federal loans will be moved to the Direct Lending program by 2010. It also ensures that there is a role for private industry in providing loan servicing. The bill will establish a competitive bidding process that allows the Department of Education to select lenders based on how well they serve borrowers, educate them financially, and prevent loan defaults. The Congressional Budget Office (CBO) estimated that under the House passed bill, moving all loans to the Direct Lending program will save the federal government and taxpayers almost \$87 billion over the next 10 years.<sup>1</sup> CBO has also estimated the savings of similar provisions in the President's budget at around \$67 billion.<sup>2</sup> The change in score does not diminish the importance of these savings and their potential for critical reinvestments in education. We support many of the programs in the Student Aid and Fiscal Responsibility Act, including but not limited to the following, in no particular order:

- **Increase funding for early childhood education.** The bill includes almost \$1 billion per year for competitive grants to states to increase the number of low-income children in high-quality early learning programs.
- **Improve school infrastructure and create jobs.** Provide funding to modernize, renovate, or repair deteriorating public school facilities through an expedited formula grant allocation to the nation's school districts for safe, healthy, environmentally-conscious, and technologically up-to-date infrastructure improvements.
- **Provide funding to improve community colleges.** The bill will create a new competitive grant program for community colleges to improve instruction, work with local employers, improve student support services, and implement other innovative reforms that will lead to a college degree, certificate, or credential to fulfill local workforce needs. The initiative will increase the number of students graduating with degrees.
- **Strengthen the Pell grant program.** In 2006-2007, nearly 60 percent of Pell grant recipients had incomes below \$20,000.<sup>3</sup> Of the almost \$87 billion in savings created by moving to the Direct Lending program, \$40 billion will be used to increase Pell grant funding. In future years, the maximum award would automatically increase by an amount equivalent to the Consumer Price Index (CPI) plus 1 percent. At this rate, the maximum Pell award is estimated to increase to \$6,900 by 2019.
- **Keep student loan interest rates low.** Currently, these interest rates are set to jump from 3.4 percent to 6.8 percent in 2012. Approximately 5.5 million students borrow these types of loans each year.<sup>4</sup>
- **Simplify the process for applying for financial aid.** The legislation would eliminate some questions on the Free Application for Federal Student Aid (FAFSA) form which is used to determine a student's financial aid eligibility, and allow the Department of Education to efficiently and reliably determine award eligibility. This will make it easier and less burdensome for students to apply for financial aid.
- **Assist nontraditional students and veterans returning to school.** Low-income, first-generation, older students, and students with dependents would receive priority for competitive educational grants. In addition, the legislation would forgive any loans military members incur while on active duty and give service members more freedom to attend their college of choice under the G.I. bill.

- **Increase the number of women and underrepresented minorities entering science, technology, engineering, and math (STEM) careers.** Under the Innovation in College Access and Completion National Activities section of the legislation, improving postsecondary access and success for women and underrepresented students in STEM should be a focus when awarding grants.

Again, we urge you to **support the passage of the Student Aid and Fiscal Responsibility Act (H.R. 3221) through budget reconciliation**, which will make college more affordable for millions of students. If you need any additional information, please contact Lisa Maatz, Director of Public Policy and Government Relations at the American Association of University Women (AAUW), at [maatzi@aauw.org](mailto:maatzi@aauw.org) or 202-785-7720.

Sincerely,

American Association of University Women (AAUW)  
 American Association of Colleges for Teacher Education  
 American Federation of Teachers  
 American Speech-Language-Hearing Association  
 Association for Career and Technical Education  
 Campaign for College Affordability  
 Campus Progress Action  
 College Democrats of America  
 Council of Chief State School Officers  
 Council of the Great City Schools  
 Demos  
 Education Development Center, Inc.  
 Lawyers' Committee for Civil Rights Under Law  
 Myra Sadker Foundation  
 NAACP  
 National Alliance for Partnerships in Equity  
 National Association of Federally Impacted Schools (NAFIS)  
 National Center for Lesbian Rights  
 National Education Association  
 National Organization for Women  
 National PTA  
 NCLR (National Council of La Raza)  
 Rock the Vote  
 School Social Work Association of America  
 Southeast Asian Resource Action Center (SEARAC)  
 United Church of Christ Justice & Witness Ministries  
 United States Public Interest Research Group  
 US Students Association  
 US Women's Chamber of Commerce  
 Women's Law Project  
 Young Democrats of America

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<sup>1</sup> House Committee on Education and Labor. (2009). "Legislation to Make Landmark Investments in College Affordability Clears House Committee." Retrieved July 22, 2009 from <http://edlabor.house.gov/newsroom/2009/07/legislation-to-make-landmark-i.shtml#more>

<sup>2</sup> Congressional Budget Office. March 5, 2010. Preliminary Analysis of the President's Budget Request for 2011. <http://cbo.gov/ftpdocs/112xx/doc11231/03-05-apb.pdf>

<sup>3</sup> U.S. Department of Education. (2007). *2006-2007 Federal Pell Grant Program End-of-Year Report*. Retrieved December 24, 2008, from <http://www.ed.gov/finaid/prof/resources/data/pell-2006-07/pell-eoy-06-07.pdf>

<sup>4</sup> House Committee on Education and Labor. (2009). "The Student Aid and Fiscal Responsibility Act: A Landmark Investment in America's Economic Future." Retrieved 22, 2009 from <http://edlabor.house.gov/documents/111/pdf/publications/SAFRA-CollegeLoanReform.pdf>