



Office of the President

July 21, 2009

The Honorable George Miller
Chairman
Education and Labor Committee
U.S. House of Representatives
Washington, DC 20515

Re: H.R. 3221, the Student Aid and Fiscal Responsibility Act

Dear Chairman Miller:

I write on behalf of the associations listed below regarding H.R. 3221, the Student Aid and Fiscal Responsibility Act. We appreciate the efforts you have made to produce this legislation and your ongoing work on behalf of America's college students. H.R. 3221 contains a number of important provisions that will help students and institutions of higher education.

When President Obama outlined his Fiscal Year 2010 Budget proposal, he called for the elimination of the Federal Family Education Loan (FFEL) Program and recommended that almost all of the funds saved be redirected to helping low- and lower-middle income students finance higher education through the establishment of a Pell Grant entitlement. We believe that Congress should adopt the president's priorities and use a substantial majority of any savings derived from the student loan program to directly assist college students and their families.

As introduced, the bill includes \$40 billion in funding for the Pell Grant Program that will provide a steady increase in the maximum grant award over the next 10 years. The bill simplifies the Free Application for Federal Student Aid (FAFSA), revitalizes the Perkins Loan Program, and keeps subsidized student loans affordable in future years by modifying the interest rate increase scheduled to take effect in 2012.

The inclusion of the Community College Initiative clearly recognizes the central role that community colleges play in American higher education. Last week, President Obama established an ambitious goal of producing an additional 5 million community college graduates by 2020. Such a step will be essential if America is once again to have the highest college graduation rate in the world.

We are pleased that the bill provides over \$1 billion dollars in funding for Historically Black Colleges and Universities (HBCUs), Hispanic-Serving Institutions and Tribal Colleges to ensure that they do not suffer a funding cut because of the expiration of the initiative authorized under the College Cost Reduction and Access Act of 2007. Continuation of this funding will enable these institutions to enhance and expand their efforts to serve students.

We believe that several provisions in the bill would benefit from additional consideration. Most notably, several aspects of the College Access and Completion Innovation Fund will be difficult to implement as drafted. We would like to work with you to ensure that any authorized initiatives can be quickly and smoothly put in place. In addition, the extensive changes in the Perkins Loan Program raise a number of important technical and policy issues that need to be clarified. We appreciate your willingness to work with us on changes to this venerable loan program.

We strongly support FAFSA simplification; however, we think that some of these provisions may conflict with other language in the bill. For example, the legislation sets a needs analysis asset cap of \$150,000 at the same time that the FAFSA simplification provisions appear to delete the asset questions from the form.

We believe additional legislative language is necessary to ensure that Tribal Colleges will benefit from all the provisions of this legislation.

Finally, we have a broader concern about the provisions making significant funding available for higher education reform to state governments. As you know, state support for public higher education has steadily declined in recent years and is, in many places, falling precipitously this year, and in some states even need-based student aid is being slashed. We are concerned that a decision to give federal funds to states for higher education initiatives at the same time that many of them are disinvesting in their colleges and universities may only hasten further reductions in state support of higher education.

We believe that further review of these provisions would strengthen the promise of this bill for students and institutions and we stand ready to work with you to help address these particular issues and others that may arise. We look forward to working with your staff in the coming weeks to refine and enhance this important legislation.

Sincerely,



Molly Corbett Broad
President

MCB\ksm

On behalf of:

American Association of State Colleges and Universities

American Council on Education

American Indian Higher Education Consortium

Association of American Universities

Association of Public and Land-grant Universities

EDUCAUSE

Hispanic Association of Colleges and Universities

National Association for Equal Opportunity in Higher Education

The Student Aid and Fiscal Responsibility Act (H.R. 3221)

July 21, 2009

Page 3

National Association of Student Financial Aid Administrators

UNCF

cc: Ranking Member John Kline
House Education and Labor Committee Members