


National Association of Student
Financial Aid Administrators

The State of Student Aid



PRASFAA Conference



Once we considered education a public expense, we know now it is a public investment.

—Lyndon B. Johnson

Agenda

1. **Washington Political Climate**
2. **Trends in Financial Aid**
3. **Predictions for Future Funding**
4. **Campus Impact/Takeaways**
5. **What's Going on at NASFAA?**

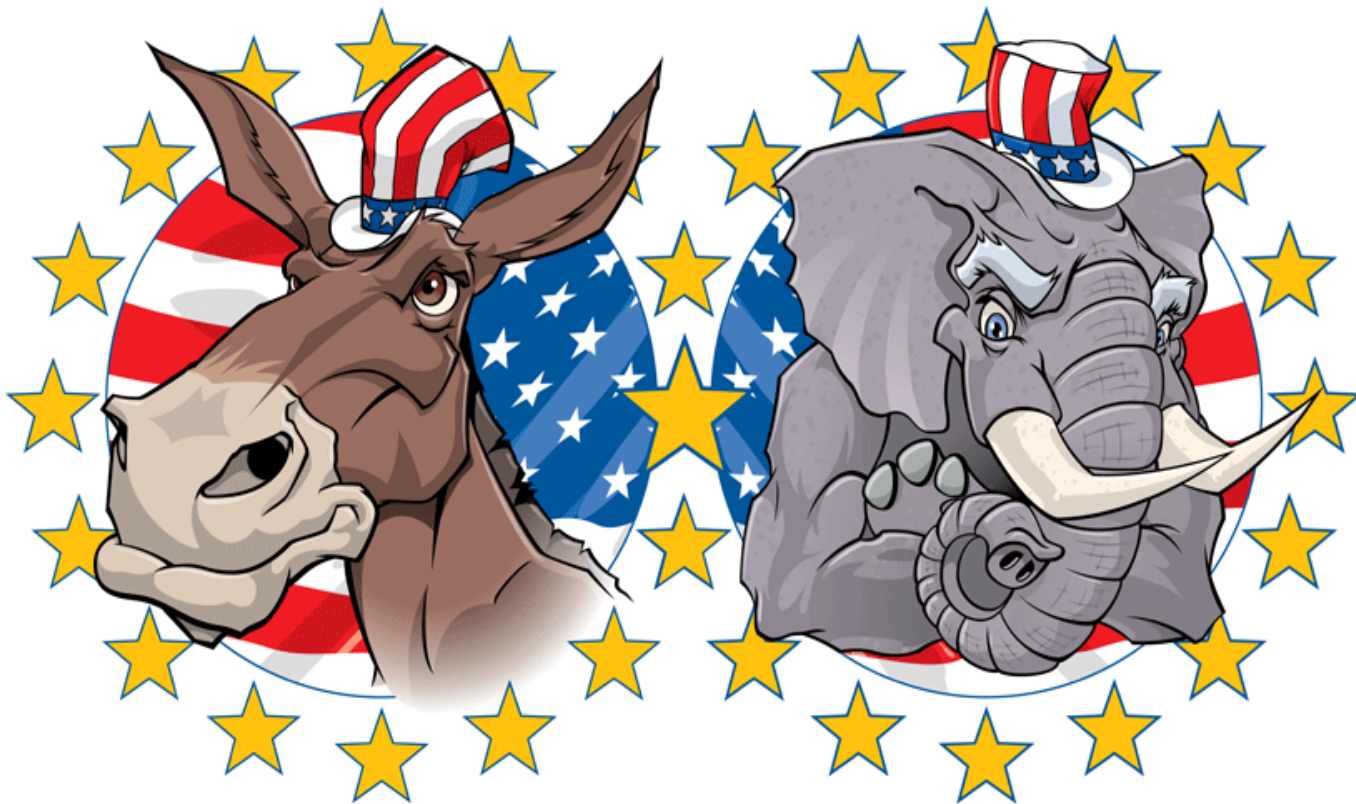
Washington Political Climate



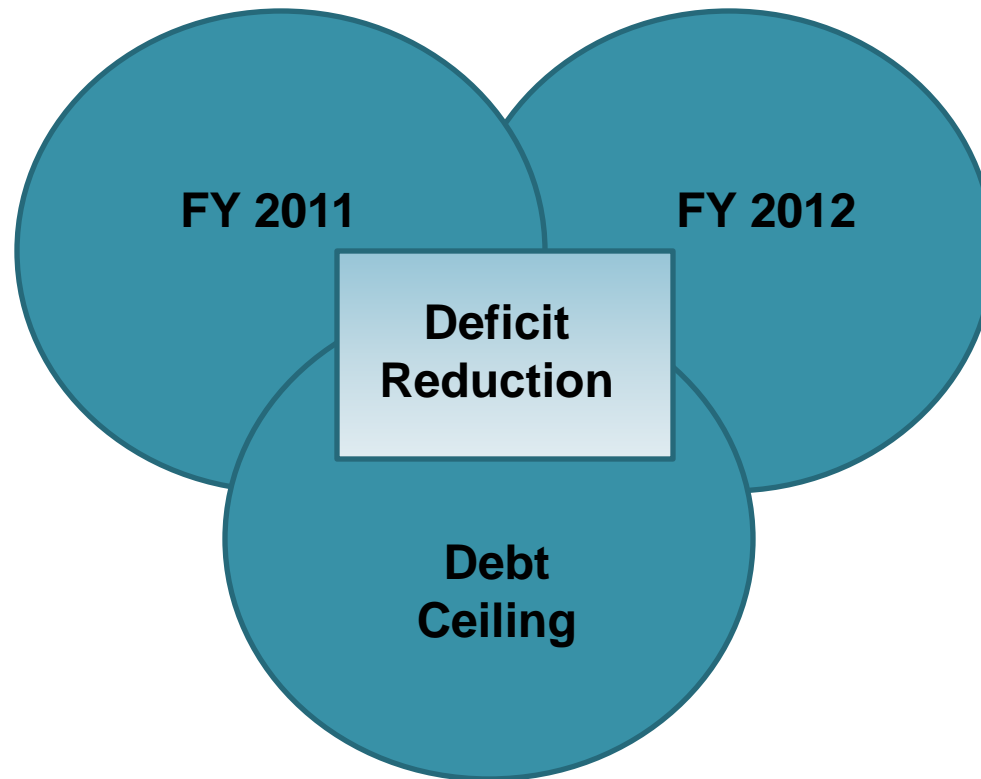
Political Climate

Three climate drivers:

1. Partisanship & Brinkmanship
2. Budget Politics Dictating Policy
3. Election Season has Begun



Budget, Budget, Budget



Budget, Budget, Budget

**PUBLIC
SAYS DON'T
TOUCH
EDUCATION!**

Which if any, should have their budgets [cut]/ [maintained or increased]? Please check all that apply.

	Cut	Maintained or increased
<i>Education</i>	16%	60%
<i>Clean energy technologies</i>	24%	40%
<i>Medical research</i>	14%	53%
<i>High-speed rail transportation</i>	63%	13%
<i>High-speed internet connections to almost all U.S. households</i>	53%	14%
<i>None of the above</i>	13%	7%

As for Congress itself, Americans don't see much action: just 11% say it has accomplished more than usual in its first three months; three times as many say it has accomplished less than usual. Hardly any have a lot of confidence in either party's Congressional leadership. And when it comes to evaluating Congress overall, just 13% approve. Republicans are only a little happier: 23% of them approve of how Congress is handling its job. Nearly half of Republicans disapprove.

YouGov Poll

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Slide 8

We've **ALREADY** Taken our Fair Share

Student Aid Cuts

Elimination of Year-Round Pell

Elimination of Graduate Student Interest Subsidy

Elimination of LEAP

0.2 Percent Across-the-Board Cuts

Sunsetting of ACG/SMART

**Future: Next year interest rate rises to 6.8 percent*

Budget & Appropriations 101

What is *supposed* to happen...

- President releases budget in February
- House & Senate pass Budget Resolution in April
- Appropriations Committees draft bills
- Appropriations bills voted on and passed before Oct. 1

Budget & Appropriations 101

But what *usually* happens...

- Omnibus spending bill—combines all 12 spending bills into one
- Continuing resolution (CR)

FY 2011, in Review

- Congress passed long-term CR, 4/14/2011
- Major Student Aid Provisions
 - Maximum \$5,550 Pell Grant award for award year 2011-12
 - Elimination of Year-Round Pell (crossover reg lifted for summer 2011)
 - SEOG cut by \$20 million; cuts to TRIO, GEAR UP
 - 0.2 percent cut across-the-board
 - Eliminate LEAP, Byrd Scholarships

Budget Control Act

Result of “debt ceiling” negotiations

- Congress passed on Aug. 2
- Two stage process:
 - \$1 trillion in deficit reduction through spending caps; \$900 billion debt ceiling increase
 - Establishment of “Super Committee” to come up with additional \$1.2 trillion in cuts before end of calendar year

Budget Control Act

- Main provisions for student aid:
 - Eliminate in-school interest subsidy for graduate students
 - Eliminate Direct Loan repayment incentives
 - Provide \$17 billion for Pell Grants for FYs 12 and 13
- The math:
 - BCA Pell funding reduces FY 12 shortfall to \$1.3 billion, down from \$11 billion. Also will provide some additional Pell funding for FY 13
 - \$4.6 of the savings went toward deficit reduction

Budget Control Act

- The “Super Committee”
 - Bipartisan, bicameral
 - 12 members, 2 co-chairs
 - Must come up with \$1.2 trillion in cuts by December, if not an automatic across-the-board cutting mechanism—sequestration—goes into effect
 - Committee failed to come up with package

FY 2012

- FY 2012 fiscal year began 10/1
- Neither House or Senate completed their 12 spending bills
 - Both chambers put forth Labor-H bills
- CR passed to temporarily fund government through November 18

FY 2012

- Senate Labor-H spending bill
 - Provides maximum \$5,550 Pell Grant
 - Eliminates interest subsidy during grace period
 - Saves \$2.43 billion over five years, this would plug remaining \$1.3 billion Pell shortfall
 - Level funding for all other student aid programs
 - Bill marked-up and approved by entire Appropriations Committee

FY 2012

- House Labor-H spending bill
 - Provides maximum \$5,550 Pell Grant
 - Limits eligibility to 6 years
 - Revoke Pell eligibility for less than half-time
 - Eliminate Ability to Benefit option
 - Reduce student income protection allowances (IPA)

FY 2012

- House Labor-H spending bill, con't.
 - Reduce auto-zero income threshold
 - Reduce minimum award
 - Reinstate previously excluded forms of untaxed income
 - Bill dropped but not marked-up or approved by Committee

What next???

- Omnibus spending bill likely
 - Will combine, or “bundle”, all 2-3 appropriations bills into one
 - Both House and Senate Labor-H bills will serve as starting points for negotiation
 - Recent Updates
 - *****Important to remember*** Super Committee negotiations will be going on simultaneously and could very easily impact any FY 12 bill**

Takeaway: Student aid is caught up in a much larger political dysfunction & ideological impasse.

Takeaway: Student aid changes will likely continue to come through the budget process

Takeaway: Everything is still “on the table” and there very well could be some additional student aid changes into the next year

Takeaway: The maximum Grants (\$5,550) appears to be in pretty good shape for the immediate future, although there is still a risk

NASFAA Advocacy

- Comments to Super Committee
- Save Student Aid Facebook campaign
- Partnering in advocacy campaigns with other organizations
- Individual visits to key Hill staff—appropriators, authorizers, Super Committee

Advocacy and You

- Visit our Facebook Page!
- Write letters to your delegation and to Super Committee members
- Encourage your students to do the same
- Visit our “Take Action” page and “Budget Center” to stay up to date on the latest news and to learn about ways for you and your campus to get involved

Other than the Budget...

- Award Letter Conversations
- Several Research Projects
- Reauthorization
- Forum

Question and Answer Segment



Questions?

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