

AMERICAN COUNCIL ON EDUCATION



OFFICE OF THE PRESIDENT

April 21, 2009

U.S. Senate  
Washington, D.C. 20510

Dear Senator:

This week, conferees will begin work to resolve the differences between the House and Senate versions of the Fiscal Year (FY) 2010 Concurrent Budget Resolution. As this process begins, the higher education associations listed below strongly urge the adoption of a budget resolution that moves funding for the Pell Grant Program from the discretionary to the mandatory side of the budget ledger. We ask the conferees to embrace the House version of the resolution and to instruct the authorizing committees to work to achieve this important goal.

We believe that Congress has been given a once-in-a-lifetime opportunity to breathe new life into the Pell Grant Program and renew its goal of assuring that every student who has, in the words of former President Lyndon Johnson, "the grades, the desire, and the will, but not the money, can still get the best education possible." That goal can only be reached by creating a Pell Grant entitlement that would bring important stability and predictability to the program for low- and middle-income students. In addition to benefitting students who already have college in their sights, an entitlement would reach well beyond them to others at risk of dropping out of high school by allowing them to know the size of the Pell Grant they could expect to receive in a future year.

The opportunity to convert to a full mandatory program this year is most advantageous as the projected savings from the conversion to a Direct Loan Program and the projected costs of Pell are at their most optimal levels. The confluence of these factors has not happened before and is not likely to happen again. The Congressional Budget Office has identified \$94 billion in savings that could be derived from ending the Federal Family Education Loan (FFEL) program and allowing the Direct Loan Program to assume the full federal student loan portfolio. As you are aware, this proposal has sparked controversy and debate because it asks colleges and universities to forgo longstanding lending arrangements that have worked successfully in favor of a system with which they are unfamiliar. Enthusiastic testimonials from institutions that have happily made the switch to the Direct Loan Program have helped, but have not entirely assuaged these concerns. However, although many of our institutions remain wary of this change, they are open to considering it in order to secure an authentic Pell Grant entitlement—a realization that is heightened by the knowledge that the program's annual infusion of mandatory funding is set to expire in 2012. Unless the program is made a true entitlement, it will face a funding cliff in FY 2013 that will put tremendous pressure on the appropriations process to find \$4-5 billion above the usual and necessary appropriated level to ensure that a significant reduction in the maximum award does not occur.

A program redesign of this magnitude will require extensive changes to the federal grant and loan programs that have effectively served students for several decades, and the nature of

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these changes is of great interest to our colleges and universities. We would welcome the opportunity to assist you in the development of policies that will best meet the needs of students and their families. We urge the conferees to adopt an agreement that instructs the authorizing committees to give further consideration to creating a Pell Grant entitlement, and we look forward to an ongoing dialogue with you and your staff on these issues in the coming months.

Sincerely,

A handwritten signature in black ink that reads "Molly C. Broad". The signature is written in a cursive style with a large initial "M".

Molly Corbett Broad  
President

MCB/ldw

On behalf of:

American Association of Community Colleges  
American Association of State Colleges and Universities  
American Council on Education  
Association of American Universities  
Association of Public and Land-grant Universities