



*Testimony of*

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*before the*

**U.S. House of Representatives  
Committee on Appropriations  
Subcommittee on Labor, Health and Human Services,  
Education and Related Agencies**

*on behalf of:*

**American Association of Community Colleges  
American Association of State Colleges and Universities  
Association of American Universities  
Association of Community College Trustees  
Association of Jesuit Colleges and Universities  
Coalition for International Education  
Council of Graduate Schools  
National Association of Independent Colleges and Universities  
National Association of State Universities and Land-Grant  
Colleges  
National Association of Student Financial Aid Administrators**

*March 28, 2007*

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Dear Chairman Obey and Ranking Member Walsh:

On behalf of the American Council on Education and the more than 1,800 two- and four-year, public and private colleges and universities it represents, I appreciate the opportunity to testify before you today on the student aid recommendations in the President's 2008 Budget and what they mean for American higher education and the nearly 11 million college students who receive federal aid.

With the notable exception of the recently enacted 2007 Continuing Resolution, federal support for student aid has remained stagnant or been effectively cut over the past five years. This trend has persisted in the face of surging demand for higher education, and an increasingly widespread recognition that postsecondary work is a prerequisite for the fastest growing jobs in our knowledge economy and a necessary ingredient for maintaining America's competitiveness in the global marketplace of the 21<sup>st</sup> century.

Members of this Committee now have the opportunity to reverse that trend. I encourage you to seize that opportunity and to make the investments necessary to prepare our citizens for a productive and prosperous tomorrow. Towards that end, I am attaching a comprehensive list of specific student aid recommendations from the Student Aid Alliance, a coalition co-chaired by the American Council on Education and the National Association of Independent Colleges and Universities. While I want to underscore our wholehearted support for the entire list of recommendations, ranging from federal work-study to the Javits and Graduate Assistance in Areas of National Need (GAANN) programs, the subcommittee has asked that I focus today's testimony in three primary areas: Pell Grants, the key partnership programs targeted for elimination in the president's budget, and international education and foreign language studies.

## **Pell Grants**

Since 1973, the Pell Grant program has been the cornerstone of the federal government's commitment to expanding access to higher education. Last year, over 5.2 million students from families with a median income of less than \$20,000 went to college with the assistance of a Pell Grant. Stakeholders from across the political spectrum now agree that any credible, forward-looking higher education policy must include a reinvigorated Pell Grant program.

It was therefore with great enthusiasm that institutions of higher education and the 17 million students they serve greeted this Congress' recent decision to increase the maximum Pell award by \$260, from \$4,050 to \$4,310 in the 2007 Continuing Resolution effective July 1 of this year. We commend you for decisively ending the five-year freeze on the maximum Pell award and for prioritizing this down payment on college affordability.

Furthermore, we welcomed President Bush's call for a \$4,600 maximum Pell award in his 2008 Budget – although we do not believe Pell increases should as a matter of course hinge on future savings in mandatory programs and do not endorse the accompanying misguided program eliminations in the President's budget.

The Pell Grant program is predicated on the goal that every qualified student should be able to go to college, regardless of family income. In order to keep faith with that historic goal, we recommend that the committee increase the maximum Pell award to \$5,100 in FY 2008. A \$5,100 Pell Grant would be a significant achievement and represent the highest constant dollar value in the maximum Pell award since 1975.

Unfortunately, what the President's 2008 Budget gives with one hand, it takes away with the other. While we applaud the President's Pell proposal, we do not believe its objectives are ultimately well-served by strip-mining other important student aid programs in the federal budget – especially when those programs enable the federal government to leverage additional new non-federal dollars during this period of acknowledged fiscal constraint.

### **Preserving the Partnership Programs: SEOG, Perkins Loans and LEAP**

As in past budget years, the President's 2008 Budget proposes to eliminate Perkins loans and the Leveraging Educational Assistance Program (LEAP). Additionally, for the first time, the President's 2008 budget calls for terminating the Supplemental Educational Opportunity Grant (SEOG) program. To date, bipartisan majorities in both chambers of Congress have wisely rejected the President's calls to dismantle Perkins Loans and LEAP. We believe this Congress would be similarly well served by also reaffirming the value of SEOG.

The Supplemental Educational Opportunity Program (SEOG) provides up to \$4,000 in additional grant assistance to Pell Grant recipients in order of financial need. Importantly, college and universities provide 25 percent of all SEOG dollars spent. Ninety percent of SEOG recipients are also Pell recipients and 80 percent have family incomes below \$30,000, with an average family income of roughly \$19,000.

Of the 1.3 million low-income students who received an SEOG this year, more than 1 million would be adversely affected under the President's plan to eliminate the program because the \$290 increase in the maximum Pell award would not make up for the loss of the average \$760 SEOG award. As a result, many of these students would be forced to spend more time working rather than studying – or, in the alternative, borrow more -- in order to pay for college.

Rather than eliminating SEOG, we ask that Congress increase SEOG funding by \$230 million in FY 2008, from \$770 million to \$1 billion. Because of the institutional match, this \$1 billion federal investment would leverage \$1.25 billion in grant aid to expand support for some of our nation's neediest students.

Perkins loans were originally authorized as the National Defense Student Loan Program by the National Education Act of 1958. They offer low fixed-rate loans to students at institutions of higher education with exceptional financial need through campus-based revolving funds, which are capitalized by federal contributions and a minimum 25 percent institutional match. Since 1958, \$7.9 billion in federal capital contributions have leveraged over \$28.8 billion in loans to students through almost 6 million aid awards. More than 500,000 students financed their education with the help of a Perkins loan in the last academic year, with an average loan amount of \$2,100. Some of these low- and middle-income beneficiaries will take advantage of the Perkins program's loan forgiveness benefits by going on to pursue public service careers in one of twelve designated high-need public service professions, such as teaching, nursing or the military.

We believe the Perkins loan program represents one of the most effective public-private partnerships in the federal government and request that Congress provide a \$100 million capital contribution and \$125 million for Perkins loan cancellations in FY 2008. A \$100 million contribution would effectively generate \$125 million in new loan capital through the institutional match, assisting an additional 59,500 low-income students attend college. Additionally, the \$125 million for loan cancellations would fully reimburse schools for loans cancelled under the Perkins' public service loan forgiveness program, thereby replenishing campus revolving funds so they can continue to originate new loans for students.

The Leveraging Educational Assistance Partnership (LEAP) program makes awards to states in order to encourage the retention and expansion of existing state grant programs, as well as community service programs that help financially needy students pay for college. Federal LEAP funds are matched by the states on a minimum 50 percent basis, leveraging over \$1.2 billion in state spending for need-based student grants. In 2003, the LEAP program provided an average student-supported grant of \$1,245 to over 1 million students, more than half of whom had family incomes below \$20,000.

We appreciate Congress' continued support for LEAP and recommend that this highly successful partnership be funded at \$100 million in FY 2008. This \$100 million would continue to fully engage the states in the access equation and leverage a total of \$270 million in need-based grant aid.

**Title VI and Fulbright-Hays:  
International Education and Foreign Language Studies**

Although the Title IV student aid programs have historically received the lion's share of the federal government's attention and resources, the importance of Title VI and Fulbright-Hays international education funds has been increasingly highlighted as our nation continues to adapt and respond to our post-9/11 world. In that regard, I am sure many of you were as dismayed as I was to read the Iraq Study Group's finding that, until recently, only 6 staff members at the U.S Embassy in Iraq were fluent in Arabic. Title VI/Fulbright-Hays funding is one of the vital tools Congress has at its disposal to begin effectively addressing these issues.

Unfortunately, Title VI/Fulbright-Hays funding has been effectively reduced by 10 percent over the past four years due to a combination of across-the board cuts and inflation. Grants to National Resource Centers, Language Resource Centers and Centers for International Business Education have been especially hard hit — affecting outreach, teacher training, critical foreign language materials development, and the ability to hire new critical foreign language instructors enabling the expansion of course offerings and enrollments. Additionally, Foreign Language and Area Studies (FLAS) fellowships have experienced a cumulative loss of over 340 academic year grants since FY 2003. The number of overall FLAS awards is 33 percent below the FLAS fellowship high water mark in 1967.

In light of the United States' challenges in the world, this underinvestment in international education clearly cannot continue. The American Council on Education and the Coalition for International Education therefore request \$132.6 million for Title VI, Fulbright-Hays and the Institute for International Public Policy (IIPP) in FY 2008. This level of appropriations would enable Congress to increase the total number of FLAS fellowships to 85 percent of their 1967 high water mark while restoring the aforementioned center grants to their FY 2003 inflation-adjusted levels. Additionally, these funds would strengthen 5 other supporting programs — such as international research and studies and the critical language curriculum development it supports — as well as increase the number of students achieving advanced foreign language proficiency by studying and conducting research overseas. Finally, the number of IIPP fellows would expand by roughly 50 percent and in so doing bolster the pipeline of diverse graduate students focusing on strategic languages and related issues. The Coalition for International Education will be submitting a more detailed proposal in their written testimony.

Again, I thank the committee for the opportunity to testify today and would welcome any questions you may have.