

## **SUNY Federal Relations Update Friday, May 8, 2009**

### **FY 2010 Budget Update #2: US Department of Education**

In addition to the budget information below, I thought you might be interested in several recent confirmations of individuals taking on new posts at the Department of Education. The Senate has confirmed the nominations of:

- Russlynn Ali to be Assistant Secretary for Civil Rights,
- Peter Cunningham to be Assistant Secretary for Communications and Outreach,
- Gabriella Gomez to be Assistant Secretary for Legislation and Congressional Affairs,
- Carmel Martin to be Assistant Secretary for Planning, Evaluation, and Policy Development, and;
- Charles Rose to be General Counsel

See:

[http://www.senate.gov/pagelayout/legislative/one\\_item\\_and\\_teasers/nom\\_conf/.htm](http://www.senate.gov/pagelayout/legislative/one_item_and_teasers/nom_conf/.htm)

Furthermore, President Obama announced his intent to nominate Tony Miller as Deputy Secretary of Education (see [http://www.whitehouse.gov/the\\_press\\_office/president-obama-announces-more-key-administration-posts-4-29-09/](http://www.whitehouse.gov/the_press_office/president-obama-announces-more-key-administration-posts-4-29-09/)), and Secretary Duncan named Stacey Jordan as the Department's Director of Intergovernmental Affairs.

*Below is summary information about the President's FY 2010 budget for the US Department of Education.*

The US Department of Education's budget proposal is available at: [ed.gov/about/overview/budget/budget10/summary/index.html](http://ed.gov/about/overview/budget/budget10/summary/index.html). Its budget would increase to \$46.7 billion and approximately \$2 billion would be allocated to higher education programs.

## **Major Changes Proposed for Pell Grant Program**

*As reported by APLU:*

A cornerstone of the Obama Administration higher education policy is its proposal to turn the Pell Grant Program into an entitlement program from its current status as a discretionary line item. The documents released yesterday reaffirm this proposal and calls for the maximum award to be set at \$5,550 for the 2010-2011 academic year. In addition to turning the program into an entitlement, the budget calls for the maximum to increase yearly at the same rate as the consumer price index (CPI) plus one percentage point.

The documents released yesterday also reconfirm the Administration's desire to end the Federal Family Education Loan Program (FFELP). The Administration proposes to originate all new federal student loans after July 1, 2010, through the Direct Loan (DL) program. In order to ensure that the Department has the capability to handle the new loan volume, the budget calls for the Department's student aid administration budget to increase by \$27 million to \$870 million in FY2010.

While the Pell and student loan proposals have received the most attention from the community and the press, the Administration has proposed a set of changes to the current Perkins Loan Program. While the Administration has called for the size of the program to be increased to \$6 billion, until yesterday, many of the details about the Administration's proposal were less clear.

The Department is proposing changes to the delivery mechanism of the program, moving away from the institution-based "revolving funds" model and to the same system that institutions currently use for Pell Grants and Direct Loans. The Perkins loans would be serviced by private companies that currently service the direct loans and FFEL loans acquired by the Department.

The distribution formula would be altered as well. It appears that the new proposal could include a number of new conditions that institutions must meet. The appendix states that the Administration "intends for this new formula to

encourage colleges to control costs and offer need-based aid to prevent excessive indebtedness. It may also reward schools that enroll and graduate students from low- and middle-income families." Furthermore, institutions would have the ability to determine student eligibility and the borrowers would continue to receive an interest of five percent, while the in-school subsidy would be eliminated. Institutions would be required to calculate and return to the federal government the federal share of the current revolving funds.

The budget also calls for a new mandatory five-year, \$2.5-billion college access and completion fund. Funds would go primarily to states to improve graduation rates among high need students. States would be given the flexibility to fund and support programs.

### **Other Student Aid Programs**

With respect to other student aid programs, the Administration proposes to fund the Supplemental Education Opportunity Grant (SEOG) program at \$757 million in FY2010, slightly below the current level. The budget also calls for the work-study program to be funded at \$981 million, compared to the \$1.18 billion in FY2009. The program, however, received \$200 million in the American Recovery and Reinvestment Act (ARRA) earlier this year.

### **New College Access and Completion Fund**

The Budget also proposes a new "College Access and Completion Fund" which according to OMB materials:

includes \$500 million in 2010 and \$2.5 billion over five years to fund national and State efforts to improve degree attainment rates in higher education and identify and promote what works in helping needy students get a degree. States would have considerable flexibility in the types of programs that can be funded. The proposed Fund would emphasize programs with strong evaluation components. States could also set aside a portion of their funding to continue college outreach and information activities now undertaken by guaranty agencies in the Federal Family Education Loan program. The method of allocating funds to States and national activities will be developed in consultation with Congress.

### **Also of Interest to the Higher Education Community:**

- Javits / GAANN: GAANN and the Jacob K. Javits Fellowships (Javits) are both essentially flat funded at \$31 million for GAANN and nearly \$10 million for Javits. The Department estimates it will fund 700 GAANN and 218 Javits fellowships in 2010.
- The Fund for Improvement in Postsecondary Education (FIPSE), which awards competitive grants to support exemplary, locally developed projects that are models for innovative reform and improvement in postsecondary education, would be decreased by \$86.3 million to \$47.4 million. According to the materials from the Department, this is “because of the elimination of funding for earmarks” but reflects an increase of \$5 million for competitive grants.”
- International education programs would remain at the estimated FY 09 level of \$119 million.