



TO: Members & Staff, Texas Congressional Delegation

FROM: Sue McMillin, President & CEO
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RE: Budget Reconciliation and the Largest Source of Federal Student Financial Aid

The Administration's preliminary FY2010 budget proposal to the congress includes several new student financial aid proposals which seek to improve the administration of Title IV programs and deserve serious consideration.

TG commends the Administration for recognizing the need for increased support for need-based student financial assistance and a more streamlined financial aid application process.

However, the budget and reconciliation processes do not adequately provide for proper consideration of the changes being proposed to the Federal Family Education Loan Program (FFELP). Congress should separate that proposal from the entire budget process.

The FFELP has traditionally provided two-thirds of the direct student financial aid awarded annually to Texas postsecondary education students – a far greater percentage than the 54% nationally. While TG agrees that improvements to the Administration and delivery of federal student loans and student financial aid should be considered, changes as significant as those proposed in the Administration's budget proposal to a program that provides in excess of 50% of the student financial aid awarded annually should be done in a considered, policy-driven environment – not through the expedited budget reconciliation process that provides for little, or no, public input, debate, testimony, or thorough cost-benefit analysis.

By all means, the congress should consider all proposals to improve the Title IV student financial aid programs and enact legislation to make them more effective and efficient. Several professional associations are in the final stages of developing recommendations for such improvements for submission to congress.

TG agrees with the National Association of Student Financial Aid Administrators' (NASFAA) position that the congress "... consider a more deliberative approach to address the full range of issues associated with student lending throughout the country by convening a "stakeholders" meeting to provide their Committees with viable options to ensure students have the financing necessary to meet college costs for the long-term. To ensure the success of this objective, I also asked that the Budget Reconciliation process not be utilized to determine the future of student lending in our nation". (March 17th letter from NASFAA President Dr. Philip R. Day, Jr. to Chairpersons George Miller and Edward Kennedy)

Let's wait until these recommendations from the community of student financial aid professionals are submitted before making such dramatic changes to programs that are crucial to the success of the Administration's announced goal of providing the support necessary for everyone to complete college and meet a new goal: by 2020 America will once again have the highest proportion of college graduates.

Please do not hesitate to contact me if you have questions. Thank you for your consideration.