

National Association of Schools of Public Affairs and Administration
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Additional Issue: The Student Aid and Fiscal Responsibility Act (SAFRA)

(This brief is informational only. Many offices may ask about it, since it is a hot issue.)

On September 17th, the House passed [H.R. 3221](#), the Student Aid and Fiscal Responsibility Act. The bill, sponsored by Rep. George Miller (D-CA), [passed](#) out of the House by a vote of 253-171. *The bill eliminates \$87 billion in subsidies to student loan companies under the Federal Family Education Loan program and shifts all student loans to a government-run system under the Direct Loan program.*

There are currently two types of loan programs: the Federal Family Education Loan program (FFELP), and the Direct Loan Program (DLP). According to Democrat talking points, the FFELP has consistently been found to be more expensive to taxpayers than the DLP, since it uses subsidies and loan guarantees to persuade loan companies to act as middlemen.

The bill would also create nine new programs from the FFELP savings. A detailed review of 181 pages of student aid provisions can be found [here](#). Main highlights include:

- \$40 billion to increase the maximum Pell grant award to \$5,550 by 2010, and \$6,900 by 2019. A [recent report](#) by US PIRG and the Institute for America's Future estimated that this would mean an additional 260,000 students receiving Pell grants, and larger grants for existing Pell recipients (*Note: graduate students are not eligible for Pell Grants*).
- Indexing the maximum Pell Grant to inflation plus 1%, which is designed to keep the value of Pell Grants steady relative to the cost of college education.
- Competitive grant program for community colleges designed to help graduate an additional five million students over 10 years.
- \$2.5 billion to state and Federal programs to improve college access and completion rates via [College Access Challenge Grant program](#).
- Simplification of the FAFSA form.
- A reengineering of the Perkins Loan Program

NASPAA's Position: *NASPAA takes no position on SAFRA.*

The bill focuses primarily using FFELP savings towards increasing college access, the bulk of which is aimed at undergraduate students, not graduates. NASPAA is concerned that the bill *could possibly* increase indebtedness without doing anything to reform costs, but withholds judgment.