



# April 2010 Legislative Update



## Victory for Students: President Obama signs historic student aid reform measures into law

On March 30, after over a decade of fighting, students claimed a victory over banks as the Health Care and Education Reconciliation Act of 2010 (HCERA) was signed into law. HCERA was passed by the Senate and House on Thursday, March 25 and included monumental investment in measures to increase college affordability and decrease the debt burden students graduate with. Fashioned after the Student Aid and Fiscal Responsibility Act (SAFRA), HCERA mandates the end of the wasteful subsidies to banks such as Sallie Mae, under the Federal Family Education Loan (FFEL) program. Instead, all new federal loans will be originated under the Direct Loans program. This transition away from the FFEL program to 100% Direct Lending is a big win for students on multiple fronts. The FFEL program has been fraught with waste, fraud, and abuse for many years, leading \$61 billion in unnecessary subsidies to banks and higher loan default rates for borrowers. Ending this program allowed the federal government to shift the \$61 billion from banker's profits to aid that directly supports students.

The Health Care and Education Reconciliation Act of 2010 invested that \$61 billion in bolstering existing student aid programs and supporting institutions of higher education. The investments include;

- Infusing the Pell grant, the cornerstone of federal need based aid, with almost \$40 billion to prevent a \$3,000 cut to the maximum Pell grant award and to ensure that future increases are matched with the rate of inflation.
- Investing \$1.5 billion to strengthen an Income-Based Repayment program that currently allows borrowers to cap their monthly federal student loan payments at 15 percent of their discretionary income. These new provisions would lower this monthly cap to just 10 percent for new borrowers after 2014.
- Increasing funding by \$2.55 billion in Minority Serving Institutions and \$2 billion in Community Colleges through competitive grant programs focusing on career training programs.
- Allocating \$750 million towards college access and completion challenge grants to ensure students have the necessary support to complete their college degree.
- Cutting the federal deficit reduction by \$10 billion ensuring that this legislation would save taxpayers money and garnered the necessary support to ensure final passage.

The passage of the Health Care and Education Reconciliation Act represents a victory that was a long time coming. USSA and students across the country waged an aggressive campaign over the past year to pass student aid reform legislation, showing support through petitions, rallies, phone calls, emails, and lobby visits during the National Student Lobby Day just days before the final vote. Faced with million dollar bank lobbyists, students stood up and demanded that Congress act to put students before banks. The passage of this historic legislation is an example of student power at work. Congratulations and Thank You from the USSA Legislative Department.

## **DREAM Act**

The DREAM Act continues to garner new support from members of Congress and non profit organizations. As of April 8, there were 108 representatives and 34 senators co-sponsoring the DREAM Act. Most recent members of congress to co-sponsor include, Senator Akaka (HI) and Representative Baca (CA-43). To view an updated list of DREAM Act cosponsors click this link, <http://www.thomas.gov/cgi-bin/thomas>. USSA hosted a press conference with President of the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), Richard Trimpka, and leaders from the National Education Association (NEA) and the American Federation of Teachers (AFT) expressing support for immigration reform and showcasing the DREAM Act as a key piece of reform that addressed the need to uplift young, undocumented Americans.

Discussions around the DREAM Act, in recent months have centered around proposals for comprehensive immigration reform. In March, Senators Charles Schumer (NY) and Lindsay Graham (SC) wrote an article in the Washington Post outlining their proposal for comprehensive immigration reform legislation that is to come out of the Senate. The outline was very vague and did not specifically mention provisions of the DREAM Act. However, Senator Schumer has expressed support for the DREAM Act as a part of comprehensive immigration reform. On Tuesday, December 15, 2009 Congressman Luis V. Gutierrez (D-IL) introduced new legislation, the Comprehensive Immigration Reform for America's Security and Prosperity Act of 2009 (CIR ASAP), to the U.S. House of Representatives. CIR ASAP includes DREAM Act like provisions however, it would grant undocumented students conditional residency status for 3 years instead of the 6 years outlined in the DREAM Act.

If passed, the DREAM Act would offer undocumented students who display good moral character conditional permanent resident status. Conditional permanent resident status would be similar to lawful permanent resident status, except that it would be awarded for a limited duration—six years under normal circumstances. At the end of that six years, if a student receives a four or two year degree, remains in good academic standing for two years, or serves in the military, that conditional status becomes permanent. To qualify for benefits under the DREAM act, a student must have been in the United States for 5 years before the law is enacted and before age 16. The latest version of the DREAM Act also includes a provision that caps eligibility for benefits under the DREAM Act at age 35.

# FY 2011 Budget and Appropriations

The annual budget and appropriations process sets the funding levels for federal spending. President Obama released his budget for fiscal year 2011 on February 1, 2010 with the promise to eliminate wasteful spending and focus on a few large national funding priorities in order minimize the federal deficit. Education funding received an overall 7.5% increase over the FY 2010 budget, making educating the future of America's workforce one of those priorities. The proposed budget calls for increased mandatory funding for Pell grants and Early and Secondary Education programs. However, the Obama budget fails to recognize the importance of existing access and completion programs, particularly those listed below. USSA is advocating for increased funding for vital programs like LEAP and TRIO because of the important role they play in supporting students from low income backgrounds and communities of color.

The chart below includes information about the funding levels for the past two year for key higher education programs. The funding levels USSA is requesting for the FY 2011 budget and appropriations cycle are also included.

Program	FY 2009 Enacted	FY 2010 Enacted	President FY 11 Request	USSA Request
<i>Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)</i>	\$313.2 m	\$323.2 million	\$318 million	\$350 million
<i>Child Care Access Means Parents In School (CCAMPIS)</i>	\$16 million	\$16 million	\$16 million	\$35 million
<i>Pell Grant Max. Award (per student, per year)</i>	\$ 5, 350	\$5,550	\$5,550	\$5, 710
<i>Federal Supplemental Educational Opportunity Grant (SEOG)</i>	\$757.5 million	\$757.5 million	\$757.5 million	\$1 billion
<i>Leveraging Educational Assistance Partnerships (LEAP)</i>	\$ 63.85 million	\$63.9 million	X	\$100 million
<i>Work-Study</i>	\$980.5 million	\$980.5 million	\$980.5 million	\$1.25 billion
<i>TRIO</i>	\$848.1 million	\$910 million	\$910 million	\$1 billion
<i>Graduate Assistance in Areas of National Need (GAANN)</i>	\$31 million	\$31 million	\$ 31 million	\$35 million
<i>Javits Fellowships</i>	\$ 9.6 million	\$ 9.6 million	\$ 9.6 million	\$12.5 million
<i>Thurgood Marshall Legal Educational Opportunity Program</i>	\$3 million	\$ 3 million	\$3 million	\$5 million
* the numbers listed were reported by the U.S. Department of Education, Student Aid Alliance and USSA				

The House and Representatives and Senate are expected to debate and mark up the FY 2011 budget in the coming weeks. For more information on the FY 2011 Budget and Appropriations process visit the [U.S. Department of Education website](#) or [USSA's website](#)

For more information on federal legislation or questions about this month's update please contact Angela Peoples, Legislative Director, at [leg@usstudents.org](mailto:leg@usstudents.org) or (202) 640-6570.