

# Student Aid Alliance



November 12, 2008

The Honorable Edward M. Kennedy  
Chairman  
Committee on Health, Education, Labor  
and Pensions  
U.S. Senate  
Washington, DC 20510

Dear Chairman Kennedy:

As Congress works on a plan to stimulate the American economy, we ask that assistance to students and families paying for postsecondary education be an integral part of such a bill. We believe that an immediate \$500 increase in the maximum Pell Grant will directly stimulate the economy, ease the transition of displaced workers by helping them retrain for their next job, and keep the foundation of the federal student aid programs solid.

History shows that during economic downturns and periods of job loss, Americans turn to postsecondary education. Displaced workers return for more training and job-seekers enroll for additional skills, while current college students strive to stay in college to complete their degrees with fewer family resources on which to draw. Of the 6.2 million Americans who are 25 and older and were unemployed as of September 2008, 81 percent have no bachelor's degree and 53 percent have never been to college. Grant funding for these students is one of the best capital investments the federal government can make. The better-educated and better-trained the United States workforce is, the faster our nation will come out of its current economic distress. Moreover, we will emerge with a workforce better equipped to face future challenges.

An immediate \$500 increase in the Pell Grant maximum would be easy for the financial aid system to distribute, since qualified students are either already matriculated or are finalizing enrollment for the spring semester. A \$5,300 maximum Pell Grant would cover 80 percent of the average tuition and fees of a public 4-year institution and help ease the growing strains on cash-strapped private colleges that have already substantially increased their student aid funds to help keep students in school. This would help over 5 million Americans make the choice between unemployment or re-training, between dropping out of college or continuing their education.

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**Invest in futures.  
Theirs and ours.**

As more students apply for and receive Pell Grants, the program continues to grow in size and in cost. As early as June, Department of Education estimates showed an increase in applicants of between 9 and 10 percent, compared with 1 and 2 percent during stable economic times, resulting in a program shortfall of \$5.9 billion. The FY 2009 continuing resolution appropriated \$2.5 billion to help pay this down and we are grateful for that commitment. We ask that the stimulus package retire the remaining \$3.4 billion to clear the slate for FY 2009.

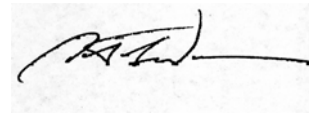
We expect that the Pell Grant Program will continue to grow as the nation and the federal government work to stabilize and strengthen the economy. Among the many incentives Congress will consider to spur economic growth, we believe that an investment in the Pell Grant Program will help to relieve the immediate financial pressure on students and families and also provide lasting benefits to our nation long after the economic challenges we face are behind us.

We look forward to working with you on this proposal during the remainder of the 110th Congress, and during the 111th Congress.

Sincerely,



Molly Corbett Broad  
Co-Chairperson



David Warren  
Co-Chairperson

