



American Council on Education
Office of the President

December 19, 2005

Dear Senator:

The higher education associations listed below, representing the nation's two- and four-year public and private colleges and research universities and the students who attend them, strongly oppose the conference report to S. 1932, the FY 2006 budget reconciliation legislation. The decisions made regarding federal student loans in the conference committee pay for deficit reduction by sending the bill directly to America's college students and their parents.

Fully \$12.7 billion – or nearly one-third – of the \$41 billion in cuts contained in the reconciliation bill are derived from the student loan programs. This is the biggest cut in the history of the federal student loan program.

In addition, the legislation creates a new source of competition for scarce Pell Grant and campus-based aid grant funds, while simultaneously destabilizing the delivery of the federal student loan funds. This happens as a result of the bill's transfer of the "Section 458" administrative funds from the mandatory to the discretionary portion of the budget, a \$600 million annual expenditure.

On the plus side, the bill uses a small portion of the student loan cuts to create two new grants for students majoring in math, science, and foreign languages; reduce loan origination fees; provide a modest increase in borrowing limits; and make improvements in the need analysis system. Ultimately, however, these provisions are too small, and in the case of one of the grant programs, far too complex and restrictive to offset the damaging consequences of the cuts to student loans. We are also extremely disappointed that the Senate's "ProGAP" program, which stood a real chance to expand college access by increasing need-based grant aid funding, was dropped in the conference agreement.

At a time when the nation's future economic prospects are tied more closely than ever before to a college-educated and highly-skilled workforce, it is shortsighted to ask college students and their families to bear so much of the burden of deficit reduction. Student aid programs, including student loans, are an investment in America's future workforce, and now is the time when our nation should be investing more in the higher education of its citizens.

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We urge you to vote against the budget reconciliation conference report.

Sincerely,

A handwritten signature in black ink, appearing to read "David Ward", written in a cursive style.

David Ward
President

On behalf of:

American Association of Community Colleges
American Association of State Colleges and Universities
American Council on Education
Association of American Universities
Association of Community College Trustees
Association of Jesuit Colleges and Universities
Council for Higher Education Accreditation
National Association of College and University Business Officers
National Association of Independent Colleges and Universities
National Association of State Universities and Land-Grant Colleges
National Association of Student Financial Aid Administrators
The State PIRGs Higher Education Project