
FEDERAL UPDATE

Congressional leadership and the President have come to an agreement on the budget for FY 2011. Today (Thursday), both houses are expected to vote on the long-term continuing resolution (CR) that cuts a total of \$38.5 billion from non-defense FY 2010 spending levels. This includes the \$12 billion in reductions previously approved by Congress and signed into law under three previous continuing resolutions. It is expected to pass both houses easily and be signed by the President before the current short-term CR runs out on Friday.

Maximum Pell Grants

In a major victory for students and families, the CR maintains the maximum \$5,550 Pell Grant for the 2011-12 academic year. The original long-term spending bill (H.R. 1) that was passed by the House in February called for an \$845 cut to the maximum grant, reducing it to \$4,705.

Year-Round Pell

The long-term CR does call for the elimination of second scheduled awards within an award year (also known as year-round Pell Grant) -- a proposal originally made in President Obama's FY 2012 budget request. The proposal was fast-tracked to be included in the FY 2011 spending bill, which includes a provision to permanently eliminate year-round Pell, beginning with the second scheduled award for the 2011-2012 academic year. The elimination is projected to save \$8 billion over the next two years and will help lower the projected \$20 billion Pell Grant shortfall that would have occurred for academic year 2012-13 if the program remained unchanged.

Federal Supplemental Educational Opportunity Grants (FSEOG)

The spending bill would also cut FSEOG by \$20 million. This represents a 2.6% reduction from its FY 2010 appropriation of \$757 million. H.R. 1 proposed eliminating FSEOG funding completely.

Robert C. Byrd Honors Scholarship

The CR eliminates all funding to this program.

Other Cuts

Changes to other aid programs include:

- \$25 million dollar cut to TRIO
- \$20 million cut to GEAR UP
- \$138 million cut to career technical education

In addition, the bill calls for a 0.2% cut to all education programs across-the-board. This would impact most student aid programs -- and would be taken in addition to the \$20 million already reduced from FSEOG and other reductions listed above. According to NASFAA, the Pell Grant would in all practical terms be shielded from this provision, and the Direct Loan, as an entitlement program, will probably be unaffected. The Perkins Loan program will also likely be unaffected.