

Funding Bill Significantly Increases Student Aid

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Six months into the fiscal year, and five continuing resolutions later, Congress finalized FY 2018 spending with an omnibus bill that provides significant increases for the student aid programs and student loan and departmental management issues. Congress decidedly rejected the administration's budget request for the Department of Education by setting the following funding levels for student aid:

- Pell Grant: \$175 increase in the maximum grant, from \$5,920 to \$6,095.
- Supplemental Educational Opportunity Grant (SEOG): \$107 million increase to \$840 million.
- Federal Work Study: \$140 million increase to \$1.13 billion.
- TRIO: \$60 million increase to \$1.01 billion.
- GEAR UP: \$10 million increase to \$350 million.
- Graduate Assistance in Areas of National Need (GAANN): \$23 million, a \$5 million cut.

It is important to point out that the \$175 increase in the Pell Grant maximum is a discretionary increase in the maximum grant, meaning it is fully funded by appropriations. This is significant because it raises the baseline for funding the program, making it difficult to cut in future years.

It is also important to note that the \$107 million increase in SEOG is an unexpected victory, as the program has not been increased in more than a decade. Not only has SEOG not been increased, there are proposals, as part of the reauthorization of the Higher Education Act, to eliminate it to provide only one grant, or to eliminate it and absorb the funding into Federal Work Study.

And, while graduate education programs were cut, funding GAANN, rather than eliminating it according to the President's budget, signifies continued Congressional support for graduate education in the humanities.

Other programs of interest to private colleges also fared well in the final spending bill. All of the Strengthening Institutions Grants programs were increased, including a \$12 million increase for Title III-Part A, to \$99 million; a \$15 million increase for Hispanic Serving Institutions, to \$123 million; a \$1.3 million increase for the portion of funding for Historically Black Colleges and Universities (HBCUs) that is funded through appropriations; and a \$35 million increase for HBCU graduate institutions, to \$280 million. The Work Colleges program was increased by \$1.2 million, to \$9.6 million. And, International Education and Teacher Quality Partnership Grants were level funded, rather than eliminated, as proposed in the President's budget.

Student Loan and Departmental Management Issues

The omnibus bill comes on the heels of the President's FY 2019 budget request, which included proposals for restructuring student loan administration and departmental management. It also comes just days after Secretary Betsy DeVos' appearance at a hearing before the Labor-HHS-Education Appropriations Subcommittee. During that hearing, committee members grilled her about continuing to ask for the elimination of programs the subcommittee supports, and her plans to restructure the agency.

In their oversight role, appropriators provided funding for certain areas of student loan administration, and attached language to the funding bill limiting the Secretary's ability to change things at the agency without congressional consultation. They specifically banned her from eliminating the Budget Service office, which she has proposed to decentralize among lower-ranked offices at the Department.

In rejecting the President's request to eliminate the Public Service Loan Forgiveness (PSLF) Program, the bill provides an increase of \$350 million to the Direct Loan Program account. This

will allow eligible borrowers already in repayment to qualify for PSLF, if they have been working in public service and have been enrolled in a repayment plan that does not provide this benefit. This allows eligible borrowers who have been in a program without loan forgiveness to change programs and take advantage of the forgiveness benefit. The Secretary of Education is directed to provide a simple application for borrowers within 60 days of enactment. Borrowers will then be awarded loan cancellation on a first-come, first-served basis, up to \$500 million in total loan volume for the program.

The bill also includes a \$100 million increase in student loan servicing funds to ensure student borrowers are better served during the application, servicing, and repayment stages. Language is included that bars the Department from having only one servicer, instructs it to be cautious as it proposes to significantly revamp student loan servicing, and ensures elements to promote accountability, transparency and competition are part of the servicing solicitations.

Also, under the guise of departmental management, the bill includes an \$8.5 million increase for the Office of Civil Rights (OCR). It also includes language directing the Secretary to increase full-time staff so OCR can more effectively investigate complaints, and maintain its 12 regional offices to meet the critical workload in this area.

Research Increases

In addition to increased funding at the Department of Education, many of the research agencies of interest to private colleges also received significant increases. Some of the major areas include the following:

- National Institutes of Health: increased \$3 billion, to \$37.1 billion.
- National Science Foundation: increased \$300 million, to \$7.77 billion.
- Department of Energy Office of Science: increased \$870 million, to \$6.26 billion.
- NASA Office of Science: increased \$460 million, to \$6.22 billion.

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