



Office of the President

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February 19, 2007

The Honorable David Obey
2314 Rayburn Office Bldg.
Washington, DC 20515

Dear Congressman Obey:

On Feb. 5, President Bush sent his FY08 budget to Capitol Hill. As proposed, the budget the President presented to Congress will create barriers for students to access higher education. The budget proposes to eliminate Federal Supplemental Educational Opportunity Grants, provides no Federal Capital contributions for the Perkins Loan program, and would reclaim the Perkins Loan revolving funds currently held by participating campuses. Taken together, these steps would have a profoundly negative impact on our students and their families.

The Federal Supplemental Educational Opportunity Grant (SEOG) Program provides need-based grants to low-income undergraduate students. As the following table indicates, in 2005-06, nearly 15,000 UW System students received \$10 million in SEOG funds for an average grant of \$676 (this was a 4 percent decrease in SEOG funds available from the previous year).

Table with 5 columns: Congressional District, University of Wis. Institution, SEOG Recipients, SEOG Disbursed, Average SEOG Award. Rows include various districts and a total row.

Universities: Madison, Milwaukee, Eau Claire, Green Bay, La Crosse, Oshkosh, Parkside, Platteville, River Falls, Stevens Point, Stout, Superior, Whitewater. Colleges: Baraboo/Sauk County, Barron County, Fond du Lac, Fox Valley, Manitowoc, Marathon County, Marinette, Marshfield/Wood County, Richland, Rock County, Sheboygan, Washington County, Waukesha. Extension: Statewide.

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SEOG is especially important to our students because the grants go to the financially neediest among them. Virtually 100 percent of all UW System SEOG recipients in 2005-06 also received a Pell Grant. Eliminating SEOG would have a particularly harmful effect on the most low-income students on our campuses.

The President has proposed that no funds be provided for the Perkins Loan Federal Capital Contribution, and that the federal portion of the revolving funds held by participating institutions be recalled. As you know, in the Perkins Loan program, the federal government supplies loan capital to institutions of higher education, and the schools provide a match equal to at least one-quarter of the federal capital contribution. With these funds, loans are then made to the students and repaid to the institutions. The repaid money is deposited into a revolving fund on each campus, and these funds are lent to other needy students. At present, there are nearly \$3 billion in revolving funds at campuses around the country, and it is this money that the Administration now wants to take back.

In 2005-06, almost 17,000 Perkins Loan recipients in the UW System received an average award of \$1,493. In addition, Perkins Loans provide campus financial aid administrators with flexible loan funds that can be used in creating a most effective "package" of financial aid for needy students. If the U.S. Department of Education reclaims the Perkins revolving funds – funds that have been on our college campuses for more than a generation and have built up over time – it would take away an asset that has been and is being used effectively in Wisconsin to expand educational opportunity.

Approximately 41,000 Wisconsin students, or about 25 percent of total enrollment, receive funding from one or more of the three campus-based aid programs (Federal Supplemental Education Opportunity Grant, Federal Work-Study, and Federal Perkins Loan). These programs provide a tremendous amount of financial support to low-income students. Without these programs, students would need to increase loans or work more hours to cover the cost of attendance. This would have a negative impact on access and retention.

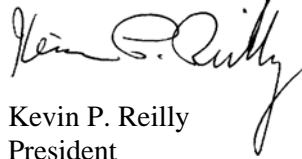
UW System institutions and students appreciate the President's proposed increase in the Pell Grant. In 2005-06, about 25,600 UW System students received a Federal Pell Grant. UW System data indicate that approximately \$62.3 million was expended with an average award of \$2,434. The borrowing power of the Pell Grant has decreased dramatically in the last 20 years. As a result, students have had to increase their reliance on loans or employment to pay the remainder of the cost of education.

For these reasons, it is especially important that increases in the Pell Grant do not come at the expense of the campus-based aid programs. Together, these student financial aid programs have a significant impact on students with dreams of a college education. The importance of college access and success has never been greater to young people as individuals and to the United States as a nation. We must continue to preserve access to the resources provided by all forms of federal student aid.

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On behalf of the 160,000 students in the University of Wisconsin System, we urge you to support continuation of the SEOG and Perkins Loan Federal Capital Contribution by fully funding the programs in the Labor, Health and Human Services, and Education Appropriations bill for FY2008. As always, we appreciate your work in Washington on behalf of the citizens of Wisconsin and the nation.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin P. Reilly". The signature is fluid and cursive, with a large, stylized initial "K".

Kevin P. Reilly
President

c: UW Board of Regents
UW Chancellors
UW Student Representatives
UW Financial Aid Directors
David Ward, President, American Council on Education