NAICU Chronology of Actions Leading to Student Aid Reconciliation in 2010

2008

Pre-2008	The combined cuts to lender subsidies from two reconciliation bills under Republican (2006) and Democratic (2007) leadership leave payments so low that lenders claim making student loans are no longer profitable.
Spring 2008	Crisis in the home mortgage industry rocks financial industry; concern rises about spillover into student loans.
March 2008	NAICU surveys members regarding availability of student loans. 57 percent of respondents report that at least one of their “preferred” lenders has left the student loan program.
May 2008	The “Ensuring Continued Access to Student Loans Act of 2008” (ECASLA) is enacted to avert student lending crisis, with NAICU’s support. Authorized for one year, it provides federal liquidity to private banks to keep the FFELP program operating. Includes a permanent increase in unsubsidized loan limits by $2,000 for all undergraduate students, regardless of need.
2008 - present	Amid concerns about wavering student loan market, the number of colleges certifying for the Direct Loan program increases substantially.
September 2008	NAICU surveys members again regarding availability of student loans.
September 2008	ECASLA is credited with preventing a student lending crisis, and the legislation is extended to September 2010. For both the 2008-09 and 2009-10 academic years, the vast majority of bank-based lending will be made with federal liquidity through this program.
November 2008	President Obama is elected, having campaigned on a Pell Grant entitlement and direct loans. The House increases the size of its Democratic majority, and the Senate gains a filibuster-proof 60 vote Democratic majority.
November 2008	NAICU surveys members regarding economic downturn.

2009

March 2009	Stimulus bill increases the Pell Grant maximum by $500 for two years only. Pays off total Pell shortfall of $2.7 billion, caused by economic downturn.
March 2009	Obama FY 2010 budget proposes the restructuring of student aid programs by mandating the conversion to direct loans and using the savings to make Pell an entitlement and to expand the Perkins loan program.
April 2009	NAICU board meeting discussion of Obama's proposal focuses on the balance of maintaining independence and the need for federal financial aid for students. Board notes shared with all NAICU members. *(PDF of "Board Notes")*
May 2009	Congress adopts FY 2010 budget with reconciliation instructions for a single, combined student aid and health care reform bill, setting the path for a mandated conversion to direct loans.
June 2009	NAICU surveys members regarding impact of recent increases in student aid funding. Results show 93 percent of respondents indicate Pell increases have been "important" and 85 percent indicate loan increases have been "important."
July 2009	H.R. 3221, Student Aid Fiscal Responsibility and Access Act (SAFRA) is unveiled in the House. It goes beyond direct loans and Pell grant funding to include measures for broad state-based education reform (including higher education and early childhood), with a special focus on community college reform. The House does not go to a full Pell entitlement; but instead continues a dual funding stream for Pell with an annual appropriated base, plus a mandatory add-on of CPI plus 1%.
September 2009	House passes SAFRA by a vote of 253-171, with NAICU "rule of construction," protecting private non-profit institutions from state control.
Fall 2009	Senate staff indicates to NAICU that a "rule of construction" does not meet the "Byrd Rule" test for inclusion in a reconciliation bill, but that the Senate will apply state reforms only to public colleges.

	Action on SAFRA is on hold. Leaders wait on the outcome of the health care reform debate to see if reconciliation is needed for passage; in which case, health care and student aid must move together in one bill.
November 2009	NAICU board revisits the NAICU position on student aid bill. The board expresses increased concern about state-based reform of education, but continue to support student aid proposals in light of private college exemptions from reform mandates.
	Bank of America announces it will no longer participate in the federal student loan program.
December 2009	Senate passes health care reform legislation 60-39, with the exact number of votes needed to stop a filibuster.

2010

January 2010	Rumors emerge of Congressional Budget Office (CBO) "score" changes for student aid reconciliation bill as more colleges convert to direct lending and the Pell Program faces multi-billion dollar cost overruns. (A CBO "score" is the official estimate of the cost of or savings produced by a piece of legislation.)
January 19, 2010	Scott Brown (R-Mass.) is elected to the seat held by the late Sen. Ted Kennedy (D-Mass.). This election takes away Senate Democrats' ability to stop a filibuster without Republican support.
March 2010	Preliminary CBO baseline reduces the savings from conversion to direct lending from $87 billion to $61 billion. New Pell shortfall of $18 billion revealed.
	Leadership announces reconciliation will be used to pass health care "fixes" and student aid reform legislation.
	Byrd Rule tests strip out all education reform provisions from the student aid bill. This leaves only Pell grant funding, the conversion to direct lending, support for minority serving institutions, and support for job training programs of two years or less.
March 17, 2010	Chase announces it will no longer participate in the federal student loan programs; and will only return if ECASLA is extended.

March 21, 2010	House passes reconciliation by vote of 220-211.
March 25, 2010	Senate passes reconciliation 56-43, with a technical change to the Pell Grant language.
	House passes Senate-modified bill 220-207.