



The Facts behind the Student Aid and Fiscal Responsibility Act

CURRENT STATUS: The Student Aid and Fiscal Responsibility Act (SAFRA) passed the U.S. House on September 17, 2009 with 253 votes, including six Republicans. It is expected to be introduced soon in the Senate. SAFRA would raise the affordability and accessibility of attending college, and raise quality not only in community colleges but in early education programs nationwide.

REAL SAVINGS: SAFRA will shift the administration of student loans to the federal government, creating \$87 billion in savings over 10 years (according to the nonpartisan Congressional Budget Office). The bill would allocate \$10 billion of the savings to deficit reduction.

IMPACT FOR EARLY EDUCATION: SAFRA will reform state standards and practices for birth-to-five early learning programs, helping to ensure that the next generation of children entering kindergarten will have the skills they need to succeed throughout school. The bill provides for an Early Learning Challenge Fund, which will award \$8 to \$10 billion in competitive grants to states that improve their early learning systems, build a more effective early childhood workforce and improve the school readiness outcomes for our most at-risk kids.

Many experts and researchers agree that if we want to narrow the achievement gap, reduce crime and lower dropout rates, we should improve early education programs. Nobel Prize winning economist Dr. James Heckman's research shows that early education provides a return on investment for education, health and social outcomes.

In addition, the Abecedarian project shows that children enrolled in early learning programs demonstrate improved math and language scores, enhanced cognitive and social skills, and decreased grade retention by age 15. The High/Scope Perry Preschool project, which tracked the impact of two years of high-quality preschool on low-income African-American children for 40 years, showed that children in the program were less likely to commit crimes, less likely to drop out of school and more likely to be productive, socially engaged citizens.

BENEFITS FOR STUDENTS: SAFRA will help more students pay for college because it will increase Pell Grants and College Access Challenge Grants; strengthen Perkins Loans; simplify the Free Application for Federal Student Aid (FAFSA) application; and provide affordable, stable federal student loans for all American families. Savings from the bill will also expand access to skills training programs at community colleges and workforce programs throughout the country.

The Direct Loan program will provide more choices for students because the same low-cost loans they had been receiving will all now be offered directly from the government, eliminating the middleman and creating savings. Private companies still will be allowed to compete for bids to service the loans. Contracts will be awarded only to lenders that offer the best customer service and innovations for borrowers.

SAFRA also will keep interest rates low for need-based, subsidized federal student loans, in addition to increasing investments in Historically Black Colleges and Universities and Minority-Serving Institutions.

BENEFITS FOR COLLEGES: Colleges and universities that already participate in the Direct Loan program have found it easier to administer, simpler for students and parents, and faster at originating and disbursing loans. Several schools, including those that converted in the midst of last year's credit crisis, say it was a fairly easy and inexpensive process.

EFFECT ON EMPLOYMENT: Although opponents claim tens of thousands of workers in the student loan industry will lose their jobs, the fact is this bill will preserve many jobs by maintaining a servicing role for both large and smaller lenders. SAFRA also includes funds for community college modernization. And according to the U.S. Department of Labor's recent estimates, 5.5 million Americans currently work in some role in pre-K–12 education, and another 8 million are employed in higher education. These employment numbers are likely to increase as more Americans pursue the educational opportunities provided by SAFRA.

About the First Five Years Fund

The First Five Years Fund is committed to improving the lives of at-risk children, from birth to age 5, by advocating for greater cost-effective federal investments in high-quality early learning.

Six influential philanthropies support The First Five Years Fund, including the Buffett Early Childhood Fund, the Bill & Melinda Gates Foundation, the Irving Harris Foundation, the George Kaiser Family Foundation, and the Children's Initiative, a project of the J.B. and M.K. Pritzker Family Foundation, and the W.K. Kellogg Foundation.

About Executive Director Cornelia Grumman

Before joining The First Five Years Fund, Executive Director Cornelia Grumman served on the editorial board of the Chicago Tribune, where she wrote about education, juvenile justice, Illinois politics and the death penalty. In 2003, Grumman received a Pulitzer Prize for her series of editorials about death-penalty reform. She earned a master's degree in public policy from the Kennedy School of Government at Harvard University, and an undergraduate degree from Duke University.

Contact the First Five Years Fund

For more information, please visit www.ffyf.org or call 312-453-1975.