

# nassgap

national association of state student grant and aid programs

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## Advisory Committee Hearing HEA Reauthorization and How to Best Simplify Student Aid April 25, 2005 Washington, D.C.

Thank you for the opportunity to join in this panel discussion today, and as the president of the National Association of State Student Grant and Aid Programs (NASSGAP), to represent the state interests in the simplification of student aid. As many of you already know, the recent year contribution from states to student financial aid was almost 7 billion dollars to over 3.5 million needy students.

States have a long history of cooperation with the United States Department of Education in its efforts to streamline the very application process that we are here to discuss today. States have fully participated with the Department in past efforts to restructure and reduce the Free Application for Federal Student Aid (FAFSA) over the past decade; and, those efforts have helped record numbers of needy students apply for aid. In addition, through cooperation between the states and the Department, the states have been able to commonly adopt the FAFSA as the primary application for their major need-based state aid programs. Working with this Advisory Committee and the Department as early as 1992, states have researched and identified common state questions, many of which have been coordinated on the FAFSA. This has led to the reduction of multiple, duplicate, and in many cases, fee-based forms. NASSGAP believes that it continues to be in the best interest of the students we serve to be pro-active and cooperative with efforts to facilitate the aid application for students.

Those elements critical to a flexible but comprehensive collection tool include data integrity, equity in aid determinations, and protection of taxpayer dollars that go to eligible recipients. While we all continue to search for ways to ease the application burden, as fiduciary agents and administrators of billions of dollars in taxpayer-financed aid, we must be cautious to not have the process lead to a point where too much information is to be excluded from the application in the name of simplification. Not only could doing so create incentives for attempting fraud, states could find themselves obligated to require additional documents to collect that same deleted information, thus circumventing the simplification process. Our challenge is to simplify, but not at the cost of destroying equity and integrity.

There is consensus among the states of the need to create a simple approach and application for aid. We are very concerned about the roadblocks that may prevent capable students from accessing postsecondary educational opportunities. Because one shoe usually never fits all, the current approach to simplification may result in some loss of equity. Adhering to a uniform method of data collection is a challenge as all states must be loyal to their citizens, and to the stewardship of using taxpayer dollars toward individual state goals and objectives.

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There are Issues and Challenges that mark our way:

The Issues critical to the process of a paperless delivery system in the states follow:

- **State/federal partnerships** are critical because no one entity needs to, or should do this alone. The delivery system affects all the states; partnership and cooperation between the states and the federal administration are keys to this success. We are pleased to be at the table for these discussions.
- **Technology** is the obvious vehicle to move states toward a paperless delivery of aid.
  - The interface of data lends itself to student centeredness, and would create integrity of data from one system (federal) to another (states).
  - The storage of the data collected by a new integrated collection system will be a challenge and a fiscal issue for those responsible for the costs involved in collecting and sharing that data.
- **Pilot studies** of a paperless and interactive process are a great step toward combating the digital divide. We have heard today from North Carolina, New York and Illinois of their state activities with the Department. We see, for example, that the pilot, paperless, combined state/federal aid application process in NY is a great success, and we know that other states are interested.
- **“Phasing in” the paperless process** is a recommended approach, as many states are ready and willing now, while others may still need time, money and systems support.
  - The variety of centralized versus decentralized administrations for need-based programs will help dictate some of the complexities or lack thereof for states to transition to this process.
- **Early outreach** is a critical and proactive step in the long-term goal of availing students to postsecondary access. We have seen congressional leaders propose “gap” and “access” language that embrace these goals.
  - Early estimates are a carrot to encourage student participation, but they are also a danger that could create public confusion as to entitlements and promises from administrations to families. Perhaps providing an early estimate that only describes a current year cost of attendance and probable awards, would meet the same goal of encouraging and educating citizens.
  - Enhanced efforts to advertise existing programs might help students break through the barriers of the fear of the unknown and encourage the use of early estimates to learn about the costs of college. Such use of early estimates might allow administrators to reach students and track them starting in the middle school years.

There are Issues and Challenges that mark our way:

The Challenges in this process are outlined in some of our questions that follow:

- Have you considered the **position of the institutions** and their need for different data elements, before moving to strike or alter those elements? Several of our state members have heard from their colleges when working with the Department and this Committee to attempt to streamline the process, asking us to hold onto to the current questions as they are also used for campus-based aid.
- Will the Department be able to **fund the linkages** needed to interface with state application questions? Many states are eager to explore a “smart” electronic aid application, but need resource support to make it happen.
- Will states have a **choice to accept either or both the auto zero and simplified needs test?** There needs to be more clarification on this point for more states to embrace the recommendations for expansion of eligible populations.

- Can we **maintain equity and integrity while implementing simplicity?** If we lose too much of this data that is currently being used by states for research to engineer new state programs, to analyze fiscal issues specific to individual states, and to compare and identify who is being assisted within states, regions or the whole nation, then perhaps states will find themselves creating additional documents to collect such lost information.
- Does the Committee have suggestions for the states on how to handle funding for newly eligible students if the **qualifying income for “auto zero”** function is raised?
  - Not only will costs increase for the federal budget, but such changes will significantly impact some states’ need-based budgets with those additionally eligible applicants.
  - Not only is the impact in dollars but also in a lack of other fiscal data elements that had been previously available.
- And finally, has the Advisory Committee considered initiating a comprehensive **study of the Federal Methodology?** That very formula is what drives the data elements required to determine financial need. There has been a growing perception that the formula may be becoming more of a rationing device than a measure of need. If we could agree on the elements required for the need analysis, then perhaps a reduction in the number of questions could logically follow.

Thank you again for the opportunity for states and NASSGAP to participate in discussions to lead us toward the common goal of a more simplified student aid delivery system. Our efforts should result in attracting and assisting more of the most needy students toward access to postsecondary education.