

# nassgap

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**national association of state student grant and aid programs**

To: Greg Woods, Chief Operating Officer, U.S. Department of Education  
From: Dennis Obergfell, President, National Association for State Student Grant and Aid Programs  
Re: Comments on "The Performance Plan for Student Financial Assistance for FY 2000-2004"  
Date: October 19, 1999 (e-mail)

On behalf of NASSGAP, I appreciate receiving a copy of The Performance Plan for Student Financial Assistance for FY 2000-2004, and the invitation to offer comments on the Plan. The goals of the Plan are quite impressive, and it is obvious that a considerable amount of hard work has been done in assembling it. However, the fact that there is no\* reference to state grant agencies in the Plan is a profound disappointment to NASSGAP. As I wrote in my letter to you dated August 20, 1999, state grant agencies annually award over 3.5 billion in financial aid to students. States use the FAFSA as the application for their need-based grant programs, most receive LEAP funds and an increasing number of states have been invited to participate in the GEAR UP program.

In addition, states are often the first point of contact with students who are searching for information on all types of financial aid. Many state grant agencies conduct workshops for high school guidance counselors on state and federal aid and in how to complete the FAFSA. The recent FAFSA reprintings, and subsequent delivery delays, have directly affected states hoping to use them in such workshops. Some states send FAFSAs to high school seniors, conduct hands-on workshops to help students and parents complete FAFSAs, and send letters to students informing them of errors they made on their FAFSAs with instructions on how to fix their mistakes. State grant programs are completely dependent on the federal application process but in turn, states provide thousands of students and schools with guidance about the federal application process. In short, we are partners. That said, it is a mystery as to why the Department failed to recognize the role state grant agencies play in providing financial aid to students when it developed the initial draft of The Performance Plan for Student Financial Assistance. In fact, with LEAP, GEAR UP, the Robert C. Byrd Honors Scholarship, the partially defunct Paul Douglas Teachers Scholarship\*\*, and the important role the FAFSA (including its data elements, processing procedures, record layout, etc.), plays insofar as state grant programs are concerned, a case could be made for a General Manager for State Grant Agencies.

Under the Plan's section titled Performance Measures and Objectives, the plan lauds itself for letting customers be your judge and declares that "Using a Customer Service Task Force, we asked our customers before we devised our plan". The Customer Service Task Force did not consult state grant agencies. Joe McCormick, who has since left the Department, acknowledged this oversight at NASSGAP's Spring Conference in June of this year and apologized for it. Yet four months later, the first draft of The Performance Plan for Student Financial Assistance still ignores state grant and scholarship agencies. Why?

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NASSGAP believes this oversight can and should be remedied. In addition to the suggestion of appointing a General Manager as mentioned above, below is a sample of indicators that might also apply to state grant agencies. They are similar to ones provided to students, schools and financial partners as outlined in the Plan. Given a little time, we might suggest others.

**A sample of indicators of success in adapting Department products and schedule to meet the differing needs of various states would include:**

- Assigning each state a contact point that will be a part of a Customer Service Team with the know-how and authority to solve problems with one call. If the Department, as outlined in the Plan, is willing to assign each school a contact point, doing the same for 50 states should be doable.
- Establishing a Partnership Council Teams with state partners to ensure delivery of quality customer service and address other common concerns.

**Indicators of success in adapting Department products and schedule to meet the differing needs of various state grant agency segments:**

- Post the schedule of SFA publications needed by state grant agencies on the Department's web site, and request public feedback.

**Indicators of success in resolving administrative issues involving program eligibility more quickly  
Create a rapid response team to identify and to address serious administrative problem.**

- Involve state grant agency partners in the design of everything that affect them.
- Continuously ask the Department's state grant agency partners two questions: "Are we doing a better job as your partner?" and "What can we do next year to improve even more?"

In summary, NASSGAP agrees with letting customers be the judge, and that state grant agencies, as customers, work as important partners with the Department in the delivery of student financial aid. However, NASSGAP believes the Department has failed to recognize this obvious partnership, and as such should include states in the next draft of The Performance Plan for Student Financial Assistance. Accordingly, NASSGAP members stand ready to assist the Department in this regard. Again, thanks for the invitation to comment. It has not gone unnoticed.

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*NASSGAP Memo to Greg Woods, October 19, 1999*  
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\* The sole exception to the lack of state agencies being referenced in the Plan is ambiguously described under the General Manager for Students, Appendix A, page ii. The Department has listed one of the indicators of success in simplifying the application process is to work with at least five states and college consortia so data from college applications can be electronically applied to fill out FAFSA on the Web by June 2000. One state has suggested this language likely refers to the XAP Mentor Program. If so, most states are unfamiliar with this initiative.

\*\* I recognize that comments about the administration of Douglas Teacher Scholarship Program are somewhat beyond the scope of your request for comments on the Plan. However, the Department's handling of this program, or lack of it, illustrates the potential value an assigned state agency contact point, (similar to the contact points the Plan recommends for students, schools, and financial partners), could be for state grant agencies and the Department.

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**October 29 notes**

**Modernization Blueprint - Five-year Performance Plan**

On 10/19/99 I wrote a letter (e-mail) on behalf of NASSGAP to Greg Woods requesting that ED include state agencies in the Dept.'s Five-Year Performance Plan and Modernization Blueprint discussions. On 10/20, Barry Morrow, who is the Dept.'s General Manager for Financial partners, offered to meet with NASSGAP members to discuss the request. Mr. Morrow has since offered to bring along newly hired State Liaison, Cameron Isahq. As of today, the meeting will be held in Chicago on Thursday, November 18 perhaps between 10:00 and 3:00 – The time is negotiable.

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**November 11/15/99 notes**

**Modernization Blueprint - Five-year Performance Plan – Follow-up**

On Thursday (11/18/99) a group of NASSGAP members will meet with Department of Education officials at the Chicago O'Hare/Kennedy Holiday Inn to discuss the omission of state grant agencies from Ed's Five-year Performance Plan. Discussion topics will include how the Modernization Blueprint, Access America for Students (AAFS) and the National Automated Clearing House Association (NACHA) Modernization Blueprint impact state grant agencies. There is little reference to state grant agencies in the Blueprint. In fact if it were not for LEAP, there would be no references at all.

The following members plan to be at the meeting: Myself (Indiana), John Klaick (WA), Jean Ghezzi (NY), John Jenetten (IL), Wally Boeck (CA). Those representing the Department will include the Department's Manager for Financial Partners, Barry Morrow and newly hired state agency liaison, Cameron Isahq. I plan to have a phone conference with those planning to attend and am trying to schedule it for Tuesday afternoon at 2:00 (EST). I will try to call all Executive Committee members to discuss specific agenda items. Members were invited to call me directly (317-232-2097) with topics they are interested in being addressed.

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### **November 22, 1999 notes**

#### **Modernization Blueprint - Five-year Performance Plan- *Meeting with the Department, Part I***

On Thursday, November 11, NASSGAP representatives from California (Wally Boeck), Indiana (myself), Illinois (John Jenetten), Michigan (Diane Todd-Sprague), New York (Jean Ghezzi) and Washington (John Klaick) met with US Department of Education representatives Barry Morrow and Cameron Isahq, the Financial Partner's State Agency Liaison, to discuss states concerns with ED's Five Year Performance Plan and Modernization Blueprint initiatives. In short, the meeting was arranged in response to a letter that I sent on behalf of NASSGAP to Greg Woods questioning why state grant agencies and their relationships with the Department were not mentioned in the Five-Year Performance Plan.

In response, Barry Morrow, ED's General Manager for Financial Partners called me the day after I sent my e-mail to Greg Woods and offered to meet me and any other member of the association to discuss NASSGAP's concerns. Subsequently, after consulting with the membership, I set up a meeting in Chicago for 1:00 p.m. on 11/18 to discuss our concerns with Mr. Morrow. NASSGAP members first met in the morning to discuss goals for the meeting.

In brief, the goals set for the meeting included, but were not limited to:

- Making certain that Barry and Cameron clearly understood the inherent links that exist between the federal application process and state grant agency award processes.
- Securing a commitment from the Department that they officially acknowledge that this federal/state relationship exists in the next Five-year Performance Plan and Modernization Blueprint editions (due out in March 2000), which should include language clearly outlining the specific services the Department will offer to state grant agencies in this regard.
- Requesting that the Department assign state grant agencies their own Manager insofar as the ED's new managerial structure is concerned. In other words, we requested that the Department not lump state grant agencies in with the Financial Partners (lenders and guarantors).

It was explained to Barry and Cameron that NASSGAP is a decentralized organization that is run by volunteer members. In short, it was explained that unlike students, schools, lenders, and guarantors, NASSGAP, on behalf of state grant agencies, does not have a Washington office or a paid staff. NASSGAP representatives reminded Barry that the Customer Service Task force, which is lauded in the Performance Plan for "asking customers before we devised our plan", forgot to ask states.

Barry was candid and acknowledged, that he was unfamiliar with NASSGAP, that he has yet to read the Blueprint, but that he was had come to Chicago to get an understanding as to why state grant agencies believed they needed to be consulted on the federal student aid delivery process. That said, it's important to remember that Barry is relatively new on the job, that he did make the initial offer to meet with NASSGAP representatives, and that, in my opinion, he and Cameron took the concerns of our group quite seriously.

- NASSGAP representatives told Barry and Cameron that state grant agencies use the FAFSA as the primary tool on which to make awards to students in their respective states. This seemed to be news to them. We elaborated on the FAFSA/state agency link by highlighting aspects of the process that impacted state grant agencies. These included, but were not limited to:
  - The form's design, including questions and how they are asked.
  - The ISIR record layout.
  - The role that the federal need analysis and Pell award methodology play in how states award their own need-based grants.
  - The role states play in informing high school guidance counselors, students and parents about the federal programs.
- We informed Barry and Cameron that state grant agencies administer, sometimes with questionable guidance (Douglas), the following federal programs:
  - LEAP – ( Sorry to say I believe we forgot to mention states roles in negotiated rulemaking)
  - GEAR UP – (negotiated rulemaking –same comment as LEAP)
  - Byrd; and Douglas
- We express concern as it related to a statement in the Blueprint summary which says that the Office of Student Financial Aid (OSFA) wants to work with the Postsecondary Education Standards Council (PESC), the National Automated Clearing House Association (NACHA) and with other organizations to develop a standard for using a single user identifier for students. We observed that the Blueprint further states that groups such as PESC, NACHA, and others should develop standards that facilitate fast and easy communications between students, OSFA and the business partners, and that when a standards-formulating body has special skills or experience they should be sought out to lead creation of a new standards the community will support.

We expressed concern to Barry and Cameron about costs that might be associated with joining PESC and NACHA. Specifically, we were concerned that such fees would have the effect of eliminating states from being able to participate in this seemingly public policy process. Too, we expressed concern about states, and/or NASSGAP on behalf of states, may not have sufficient travel funds to regularly attend such meetings.

- Weaved throughout the discussion was NASSGAP's desire for its own manager within OSFA. Barry stated he doubted this would happen, but that he would present the idea to Greg Woods. At a minimum Barry thought that state grant agencies should have representation. We commented that states should be granted some of the same privileges afforded to other Partners, including a commitment that state grant agencies be involved in the design of everything that affects them.

**Modernization Blueprint - Five-year Performance Plan. *Results of the meeting, Part two.***

Barry promised to send me a summary of what he and Cameron got from the meeting, both in terms of what they learned from us, and what the Department could and/or might do insofar as recognizing states as players in the federal financial aid process. Barry said that while he could not make any promises, he would explore whether the Department could work out a temporary Interagency Personnel Agreement with NASSGAP to address the organization's concerns as it pertains to having a seat at any relevant PESC or NACHA meetings. This could be a significant step. I'll know and tell more about how this might work if this option is presented to NASSGAP.

He acknowledged that states should probably been consulted by Customer Service Task force before developing the drafted Performance Plan and Modernization Blueprint, but that the entire process was fluid and subject to amendment. We agreed to work together to remedy this omission. He also said that the next draft of the Performance Plan could include references to state grant agencies and their logical connections to the various processes referenced in the Blueprint. However, in order for this to happen NASSGAP must compile a bulleted list of issues - operational, procedural and/or otherwise - that states have with the federal aid delivery system and with federal policies.



UNITED STATES DEPARTMENT OF EDUCATION

WASHINGTON, D.C. 20202- \_\_\_\_\_

December 20, 1999

Dennis Obergfell  
President, NASSGAP  
Interim Executive Director,  
State Student Assistance Commission of Indiana  
150 West Market Street  
Indianapolis, IN 46204

Dear Dennis:

It was a pleasure meeting with you and other members of the Executive Committee of NASSGAP in Chicago on November 18. I think we all enjoyed the benefits of a full and frank exchange of views on both the history and broad scope of the relationship between state agencies and the Department. I also understand and appreciate the effort you and your constituents made to recommend positive next steps toward improving communications. This included, but was not limited to, NASSGAP's request for a separate Manager for State Grant Agencies, and that state grant agencies, like all other partners referenced in the Performance Plan, be involved in the design of everything that affects them. As we discussed the state agency liaison function will remain in the Financial Partner Channel and we will take steps to increase the communications and coordination with your membership.

The Department views NASSGAP as a vital partner in furthering our common goal of delivering aid to students. We understand the link between the federal student aid delivery system, particularly the federal application process and the awarding of aid through the states, and we are committed to bringing your members to the table to help shape the issues that affect you. We hope you will note that the latest version of the Performance Plan set to be released shortly, will mention the importance of state agencies in the aid process. We believe that with NASSGAP's assistance, subsequent iterations of the Modernization Blueprint and Performance Plan will identify the specific relationships that the Office of Student Financial Assistance (OSFA) and the federal financial aid delivery system have with state grant agencies.

NASSGAP expressed concerned about potential costs associated with having to join the Postsecondary Education Standards Council (PESC) and the National Automated Clearing House Association (NACHA), in order to participate in meetings to develop standards that facilitate communications between students, OSFA and partners. I understand that mandatory dues associated with joining this process would effectively price states out from participating in such discussions. That said, I promised to investigate the possibility of working out a temporary Interagency Personnel Agreement as a way of mitigating states' costs in this regard. I will let you

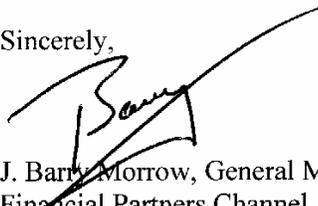
*Our mission is to ensure equal access to education and to promote educational excellence throughout the Nation.*

know of any progress I make on this matter. Also, as a reminder the NACHA efforts are being currently funded by OSFA and are planned to be funded through December 31, 2000.

Regardless of the state of our previous standing with the state agency community, you and your constituents should know that we value your role in the aid delivery system. We are dedicated to both creating and restoring open lines of communication between the Department and state agencies to insure that your members have the means and the access to advocate in your interest. In the coming months we will continue our dialogue with you to create such an environment, and to formalize a process to ensure your participation and facilitate the free the flow of information.

Please feel free to contact either Cameron Ishaq or myself as we go forward if you require any assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Barry Morrow", with a long, sweeping horizontal line extending to the right across the top of the signature.

J. Barry Morrow, General Manager  
Financial Partners Channel  
Office of Student Financial Assistance

Cc: Cameron Ishaq

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2000 -2001

## AN ABBREVIATED OVERVIEW OF NASSGAP, ITS MEMBER STATES AND THE NEED FOR U.S. DEPARTMENT OF EDUCATION RECOGNITION AND COOPERATION

The National Association of State Student Grant and Aid Programs (NASSGAP) is an organization of 54 state and territorial agencies that administer postsecondary education student financial assistance programs. This abbreviated one page summary is intended to help Education Department officials understand the important relationship that exists between state agencies and the federal student aid delivery system, and the coordinating role NASSGAP plays in this regard, as well as areas where we need Department cooperation.

### NASSGAP

- Facilitates the development & sharing of ideas & information on student financial assistance.
- Collectively raises reasoned opinion about student financial aid before state and national entities.
- Works to develop, enact and operate simplified student financial aid procedures.
- Represents a national, organized network of states to inform and advocate for federal programs and funding initiatives through the congressional delegations of member states.
- Hosts a national listserv for state grant agencies as well as a national listserv for GEAR UP participants.
- Publishes the only national annual survey of state-funded student aid programs.

### MEMBER STATES

- Awarded \$3.7 billion in state-funded grants and scholarships for over two million students (1998-99).
- Awarded \$500,000 in aid through work-study, conditional loan, and loan forgiveness programs.
- Depend upon the FAFSA and its data, in whole or in part, to determine eligibility for state aid.
- Provide a “one-stop” point of contact to help student gain access to, and completion of higher education through grants, scholarships, guaranteeing student loans, GEAR UP mentoring, college planning, work study programs, loan forgiveness and assumption programs.
- Conduct high school counselor workshops to inform them about state and federal financial aid programs.
- Conduct school program reviews and verification of student FAFSA data.
- Conduct statewide programs and publish and circulate financial aid brochures designed to inform students and families about their federal and state financial aid options.
- Assist students and families in filing the FAFSA (thus reducing the federal government’s costs associated with processing corrected SARs).
- Assist the Department with cleaning up incomplete and/or inaccurate FAFSAs via letters advising students to correct their SARs (thus reducing federal government’s costs associated with processing corrections).
- Most are not guarantee agencies but some are. Grant agencies do not presume to represent guarantors in the same way that guarantors do not represent state grant agencies. This is a vital distinction

### NEEDS

The following are some of the issues where NASSGAP & member states needs the Department’s assistance:

- Provide states with a single source of information contact in the Department and conduct regular meetings.
- Include state grant agencies as full participants in all Modernization Blueprint activities and products.
- Promote the development of an electronic state-specific FAFSA for all students.
- Provide states with the option of assigning remaining Paul Douglas Teacher Scholarships monitoring and collection responsibilities to the Secretary of Education.
- Provide FAFSA “dummy codes” for students eligible for state-sponsored aid programs, but not currently eligible for federal aid, so that ISIR records can be created for such student to facilitate college access.
- Recognize that even minor changes to the FAFSA or to the federal eligibility criteria affect state programs.
- Include NASSGAP in all activities related to FAFSA design to ensure that the needs of states for applicant data are met.
- Recognition by the Department of Education, in words and deeds, that it understands the significance that the federal delivery system and need analysis methodology have on a states’ abilities to distribute over \$3.7 billion of state-funded financial aid programs to students.

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**national association of state student grant and aid programs**

January 28, 2000

Mr. Greg Woods  
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Seventh and D Streets, S.W.  
Washington, DC 20202

Dear Mr. Woods:

The National Association of State Student Grant and Aid Programs (NASSGAP) is a national organization that represents agencies in the fifty (50) states that operate Leveraging Educational Assistance Partnership (LEAP) Programs and state aid programs. These states, including the District of Columbia and Puerto Rico, provide \$3 billion in aid to over 2 million students. Clearly, state agencies are vitally interested in the delivery system and the design of the Free Application for Federal Student Aid (FAFSA). The FAFSA serves as the base application for state assistance and is a key point of interaction between the U.S. Department of Education (USDE) and all states.

NASSGAP has participated in the FAFSA Redesign Team since 1996, with the chairperson of the ED Technical Forms Committee of NASSGAP representing the states during this process. This relationship has facilitated the work of the Redesign Team since it provides expeditious reactions to issues related to the delivery system and FAFSA. It provides a conduit for state concerns as well as a vehicle to solicit responses from states through the NASSGAP Listserv when such is appropriate. Colin Sellar has been the moderator of this team and has made a significant effort to recognize the needs of states throughout the process. Mary Beth Kelly, Vice President, State Grant and Special Programs at the Pennsylvania Higher Education Assistance Agency (PHEAA), has served as chairperson of the NASSGAP ED Technical Forms Committee during those years and has represented NASSGAP on the FAFSA Redesign Committee with distinction.

NASSGAP strongly urges the continuation of the coordinated effort to review the delivery system and FAFSA matters that include not only the appropriate federal and school personnel, but also the representative designated by the states through the national organization. The continuation of the inclusion of a representative of NASSGAP on the core federal FAFSA Redesign Team is critical to the state/federal partnership and the streamlined delivery of financial aid to needy students. Accordingly, NASSGAP requests that Mary Beth Kelly be reappointed to serve on this committee. I look forward to your response.

Sincerely,

Dennis Obergfell  
President, NASSGAP

cc: Ms. Mary Beth Kelly, PHEAA  
Barry Morrow, Cameron Ishaq, NASSGAP Executive Committee

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**January 31, 2000 notes**

**NASSGAP/Department Exchange Update**

In my December update I reported that on 11/18/99, NASSGAP members met in Chicago with Barry Morrow, OSFA's General Manager for the Financial Partner Channel, and Cameron Ishaq, OSFA's State Agency Liaison Group, for the purpose of discussing the Department's failure, as part of its Modernization Blueprint, to acknowledge the relationships that exist between state grant agencies and the Department of Education. Subsequent to that meeting I received a letter from Mr. Morrow expressing his desire to work with states in perfecting the Blueprint, and restoring open lines of communication between the Department and agencies. I also received e-mail from Mr. Ishaq on 1/20/2000 reiterating the Department's desire to foster partnership and communication with NASSGAP. Barry Morrow and Cameron Ishaq's initial efforts in this regard are impressive.

In turn, I have invited both Barry Morrow and Cameron Ishaq to meet with NASSGAP's Executive Committee this March. Mr. Ishaq has tentatively agreed to attend. I will send them both letters expressing NASSGAP's desire to keep the conversations going, and I will attempt to outline the specific relationships states have with the Department (FAFSA, Byrd, GEAR UP, Douglas and more).

**Negotiated Rulemaking Request Notes**

In a Federal Register dated December 30, 1999 (Volume 64, Number 250) [Page 73458-73460], The Department of Education announced that they would consider all nominations for membership on the committees that they receive by January 18, 2000, to participate in the negotiated rulemaking sessions. The Dept announced that it would have two negotiating committees, for the purpose of reaching a consensus on proposed regulations through discussion and negotiation among interested and affected parties, including the Department of Education. On behalf of NASSGAP, I nominated Ron Gambill to serve on Committee I (Loan Issues Committee), and Chas Treadwell and myself (as an alternate) to serve on Committee II (Program and Eligibility Issues Committee). In my letter I explained that both committees would cover material that directly and indirectly impacts state agencies. The official document can be found, in Text or Adobe portable document format (pdf), on the World Wide Web at either of the following sites: <http://ocfo.ed.gov/fedreg/htm> & at [www.ed.gov/legislation/HEA/rulemaking](http://www.ed.gov/legislation/HEA/rulemaking).

On the afternoon of **January 22, 2000** I received two faxed letters from Maureen McLaughlin, ED's Deputy Assistant Secretary the Department. One of the letters notified me that NASSGAP was selected as a member of Committee II, the other letter said that the organization's request to sit on Committee I was denied because the Department only..."selected organizations to balance representation and the size of the negotiating group and therefore were unable to accept all nominations" whatever that means. Although all meetings are open to the public, only those invited will have a seat at the negotiating table.

**On January 27**, I wrote Ms. McLaughlin asking that the Department reconsider the decision to exclude NASSGAP from the Loan Committee (follows). I never received a response from Ms. McLaughlin so I then sent an appeal to Secretary Riley on **February 29**. I received a subsequent letter from Assistant Secretary Fritchler dated **March 26**, which I did not receive until April 14. I called and spoke with Mr Fritchler and David Bergeron on the phone on **April 28**. I explained that contrary to Mr. Firtcheler's letter, NASSGAP was not a loan organization and thus could not be represented by one. On **April 29**, I followed up on my conversation with a letter to Assistant Secretary Fritchler.

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**national association of state student grant and aid programs**

January 27, 2000

Maureen McLaughlin  
Deputy Assistant Secretary - OPE  
US Department of Education  
1990 "K" Street, NW Room 8046 - Mail Stop 8502  
Washington, DC 20006

Dear Ms. McLaughlin:

The National Association of State Student Grant and Aid Programs (NASSGAP) appreciates the invitation to serve as a member of the negotiating committee for Program and Eligibility Issues. However, NASSGAP requests that the Department reconsider its decision to not appoint a NASSGAP representative to the Committee for Loan Issues.

NASSGAP members have a keen interest in the areas to be negotiated on the Loan Issues Committee as it encompasses several areas that directly impact states' programs that are not represented on the Loan Issues Committee. NASSGAP members administer numerous state loan, scholarship, and grant programs that must be coordinated with the loan program. Most of the states have state-funded teacher loan forgiveness programs that need to be coordinated to compliment the federal program. No other entity other than NASSGAP can possibly represent state grant and scholarship agencies on issues related to cash management, false certification, teacher loan forgiveness, death and disability issues, and cohort default rates. All of these issues impact our state programs.

Assigning NASSGAP a seat to the Committee for Loan Issues would put into action J. Barry Morrow's, General Manager Financial Partners, recent commitment to NASSGAP to create open lines of communication between the Department and state agencies to insure that NASSGAP members have access to advocate their interests. NASSGAP's absence from the committee would represent a step back in this regard, and would only serve to contribute to a continuation of uncoordinated state and federal regulations which at the very least would create confusion for students, and administrative difficulties for schools and state agencies.

In summary, NASSGAP respectfully requests that the Department reconsider its decision to not appoint a NASSGAP representative to the Committee for Loan Issues. I look forward to your response.

Sincerely,

Dennis Obergfell  
President, NASSGAP

cc NASSGAP Executive Committee  
J. Barry Morrow, Cameron Ishaq

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# nassgap

www.nassgap.org/

national association of state student grant and aid programs - February 25, 2000 - Sent Fed Ex

The Honorable Richard W. Riley  
U.S. Secretary of Education  
Office of the Secretary  
400 Maryland Ave. SW  
Washington, D.C. 20202

Dear Secretary Riley:

The state agencies that make up the National Association of State Student Grant and Aid Programs are disappointed that we have not been selected for negotiated rules Committee I, regarding loan issues. We are appealing this decision to you and request a seat on this committee without delay.

My name is Dennis Obergfell, and I am President of the National Association of State Student Grant and Aid Programs (NASSGAP). NASSGAP is an organization composed of state agencies that annually disburses billions of state-funded grant, scholarship, work-study, loan assumption, and educational loan program dollars, as well as Federal LEAP and GEAR UP funds. We view the denial of the right to participate on this committee as a significant step backward in the efforts to rectify a long history of snubs that the Department of Education has conveyed to states over student aid issues.

In response to the December 30, 1999 Federal Register (Volume 64, number 250) soliciting nominations for this committee, I nominated several people to represent NASSGAP at the two negotiated rulemaking sessions. Subsequently, I received a denial letter from Assistant Secretary Maureen McLaughlin. Her reason for rejecting NASSGAP's request to participate in Committee I was that, "We selected organizations to balance representation and the size of the negotiating group and therefore were unable to accept all nominations." I find this statement troubling because it implies that an organization other than NASSGAP was selected to represent state student financial aid agencies. I assure you NASSGAP is the sole organization that represents such agencies.

I requested the Assistant Secretary to reconsider the Department's decision in this matter (attached). While I have yet to receive a formal response, states became further troubled by what we learned at the first rule-making session held on February 3, 2000. Ron Gambill, from Tennessee, who is the immediate past President of NASSGAP, attended the first negotiating session on behalf of the organization. He requested that NASSGAP be permitted to participate in the Committee I sessions. A Department representative told Mr. Gambill that the decision to reject the organization's request was yours. Accordingly, I am writing to request that you reconsider your decision to deny state grant agencies an opportunity to participate in matters that affect them.

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Honorable Richard Riley  
Page Two  
February 25, 2000

Ironically, the Department's denial of NASSGAP's participation on this committee comes at a time when the organization's membership has been led to believe that the Department is interested in forging new and strong partnerships with states on student aid issues. Most recently, NASSGAP received a promising letter from Barry Morrow, General Manager for Financial Partners stating that the Department "...was committed to bringing your members (NASSGAP) to the table to help shape the issues that affect you." Mr. Morrow was responding to NASSGAP's concerns over the Department's failure to involve states in drafting the Modernization Blueprint. Perhaps Mr. Morrow was not consulted on matters relating to the Negotiated Rulemaking process. If he was, his comments ring hollow; if he wasn't, his comments were well intended, but beg the questions as to what his role is as it relates to the policy implications inherent in the Blueprint, and the Department's intention to involve states in the policy matters that affect us.

In my previous letter to Deputy Assistant Secretary McLaughlin, I indicated that five of the eight broad topics scheduled to be negotiated in Committee I impact programs administered by state grant agencies. I will attempt to briefly elaborate on NASSGAP's initial position.

1. The regulations that impact institutional and student eligibility under the Federal Family Education Loan Program (FFELP) impact state grant and other state aid programs, many of which use LEAP dollars. Institutions with high cohort default rates, schools lose FFELP and Pell Grant eligibility. For many states participation in FFELP and Pell is the minimum requirement for participation in state student aid programs. This is a critical issue that has a consequence for thousands of student recipients of state aid dollars. As such NASSGAP believes states should have direct input into cohort default rate issues discussed as part of the negotiated rulemaking process.
2. The issue of "false certification" as it impacts students receiving loan and state grant assistance requires a degree of state and federal coordination. For example, how will LEAP and/or state grant funding be affected by students who are placed in a default status due to false certification? What liability would be imposed on a state for awarding LEAP funds or GEAR UP benefits (mentoring, tutoring, scholarships) to a student who is in default due to false certification? NASSGAP is the only organization that can fairly represent states on such issues.
3. Teacher loan forgiveness issues implicitly impact state grant agencies that administer state-funded loan forgiveness programs and Federal Paul Douglas Teacher Scholarships (also a loan forgiveness program). Most states use many of the FFELP repayment provisions as guidelines when enforcing repayment requirements. The reason for using FFELP guidelines for state-funded programs is to lessen the administrative burden for schools and to simplify the process for students. NASSGAP has legitimate interests in this issue and as previously stated believes it is the only organization in a position to fairly represent state agencies in this matter.

More importantly, as loan program availability and amounts increase, states' loan assumption programs serve to reduce student indebtedness. The federal loan programs FFELP, Direct, and Perkins all benefit with prompt repayment and fewer defaults as a direct result of loan assumption benefits contributed by States. This leveraging issue cannot be communicated effectively by other entities.

Specifically, as states embrace loan assumption programs for teachers and careers in the medical industry across the country, NASSGAP projections estimate that state-funded assumptions of federal loans will increase to approximately \$100 million by the year 2010. In short, the residual effects that federal policy has on state-funded loan assumption programs are significant; they should not be underestimated, and they should not be ignored. Yet, without giving states a seat on the loan issues committee, the Department is doing both.

Honorable Richard Riley  
Page Three  
February 25, 2000

4. FFELP death and disability issues are the same ones members who administer state-funded loan programs confront. Negotiated Rulemaking as it pertains to this issue represents an opportunity for states and the Department to share experiences and learn from each other.
5. Finally, cash management regulations should not assume that state aid programs which are packaged with other Title IV programs (excluding LEAP) would not be impacted. Again, NASSGAP believes it is the only organization in a position to fairly represent state agencies in this matter.

In summary, NASSGAP believes that Committee I issues are very relevant to states that administer state-funded grants, loans, loan assumption benefits, and scholarships other than FFELP, and dismisses the notion that any other organization can fairly represent our member states. This is an opportunity to forge the kind of partnership promised by Mr. Woods at NASSGAP's June, 1999 Conference in Washington, D.C. Yet this potential for a positive partnership is being ignored. Why not work together in composing regulations that could be beneficial to state and federal agencies?

As such, NASSGAP, on behalf of its member states, respectfully requests that you use your authority to grant our organization its rightful seat on Committee I of the Negotiated Rulemaking process.

I look forward to your response. Thank you for your consideration.

Sincerely,

Dennis A. Obergfell  
President, NASSGAP  
[dobergfe@ssaci.state.in.us](mailto:dobergfe@ssaci.state.in.us)

cc: NASSGAP Executive Committee  
Greg Woods  
J. Barry Morrow  
Cameron Ishaq

Enclosure

+++++



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF POSTSECONDARY EDUCATION THE ASSISTANT SECRETARY

MAR 29 2000

Mr. Dennis Obergfell  
President, NASSGAP  
State Student Assistance Commission of Indiana  
150 W. Market Street  
Suite 500  
Indianapolis, Indiana 46204

Dear Mr. Obergfell:

Thank you for your letter to Secretary Richard Riley concerning the negotiated rulemaking process currently underway. You expressed concern that the National Association of State Student Grant and Aid Programs (NASSGAP) was not included as a negotiator for this round of negotiations. Secretary Riley has asked me to respond on his behalf.

In forming the negotiating committees, the Department's goal is to ensure that significantly affected parties are represented without making the committees so large as to be unmanageable and potentially unsuccessful. In making the initial selection of negotiators, the Department believed that the concerns of the state agencies were adequately represented by a number of loan organizations participating on Committee 1.

At the first meeting of Committee I on February 3, 2000, Committee I adopted organizational protocols to be used for this round of negotiations. Under these protocols, the committee may add members and requests for membership must be approved by a consensus of the committee. After the protocols were adopted, NASSGAP petitioned to be added to the membership of the committee. Committee I rejected that request. Once the protocols were adopted, the full committee must approve any additional members.

The Department values your input on the issues being addressed through the negotiated rulemaking process, and I would encourage you to participate in the regulatory development by making your views known to members of the committee. I look forward to working with you on issues affecting the student financial aid programs.

Sincerely,

A. Lee Fritschler



April 28, 2000

Mr. A. Lee Fritschler  
Assistant Secretary  
United States Department of Education  
1990 K Street, N.W.  
Washington, DC 20006-8500

Dear Mr. Fritschler:

I want to thank you for returning my call on April 25, 2000 in response to my February 25 letter to Secretary Riley requesting that he permit a representative from NASSGAP to sit on Committee I of the Negotiated Rulemaking sessions. The time and effort you gave in listening to my concerns were much appreciated. As I mentioned to you and to David Bergeron, Chief of Policy and Budget Development, I understand and accept that it is too late to be included on this committee. That said, I explained that my call and this letter are intended to correct the Department's misconception that the National Association of State Student Grant and Aid Programs (NASSGAP) can be represented by "loan organizations".

To start, I believe there is a need to set the record straight as to who NASSGAP represents. NASSGAP is an organization of 54 state and territorial agencies that administer postsecondary education student financial assistance programs. States awarded more than \$3.7 billion in the form of state-funded student grants and scholarships for over two million students during the 1998-1999 academic year. Another \$500,000 was disbursed through state-funded work study, conditional loan, and loan forgiveness programs. NASSGAP's 30<sup>th</sup> Annual Survey (enclosed) illustrates the size and scope of each agency's financial aid initiatives.

In the course of our conversation I mentioned that I received your response to my February 25 letter to Secretary Riley. I referenced a statement made in your letter that explained "In making the initial selection of negotiators, the Department believed that the concerns of the state agencies were adequately represented by a number of loan organizations participating on Committee I." When Mr. Bergeron joined our conversation, he confirmed that the reason NASSGAP was denied a seat on Committee I of negotiated rulemaking was to keep the size of the group manageable and because the Department believed that the state guarantors at the table could represent grant agencies. The presumptions being that all state guarantee agencies also run state funded scholarship and grant programs. Deputy Assistance Secretary Maureen McLaughlin used a similar refrain in her initial explanation to me as to why NASSGAP was denied a seat on Committee I. Specifically she said, "We selected organizations to balance representation and the size of the negotiating group and therefor were unable to accept all nominations."<sup>1</sup> All of the above assertions are incorrect and represent a profound misunderstanding of the role states play in providing financial aid to students.

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<sup>1</sup> Subsequent to receiving Ms. McLaughlin's rejection notice, I sent her a letter on January 27 requesting that she reconsider her decision denying NASSGAP a seat on Committee I by pointing out the topics that were of relevance to state student grant agencies. I never received a response to this request.

Mr. A. Lee Fritschler  
April 28, 2000  
Page Two

Some of our members are guarantee agencies but most are not. Grant agencies do not presume to represent guarantors, lenders, or secondary markets, in the same way that guarantors, lenders, or secondary markets do not represent state grant agencies. This is a vital distinction that the Department must recognize.

As mentioned in my letter to Secretary Riley, ironically, the Department's denial of NASSGAP's participation on this committee, coupled with the your misunderstanding of who NASSGAP represents, comes at a time when NASSGAP has been led to believe that the Department is forging new and strong partnerships with states on student aid issues.

Members of NASSGAP's Executive Committee have met with representatives from Greg Woods' operation on several occasions and left encouraged with these exchanges. NASSGAP received a promising letter from Barry Morrow, General Manager for Financial Partners stating that the Department "was committed to bringing your members (NASSGAP) to the table to help shape the issues that affect you". Mr. Morrow was responding to NASSGAP's concerns over the Department's failure to involve state grant agencies in drafting the initial version of the Modernization Blueprint. Mr. Woods' staff have since made concerted efforts to understand state grant agency concerns and the role they play in providing state aid to students.

The policy implications inherent in Mr. Woods' efforts to streamline the financial aid delivery system are as significant as the policy decisions made from negotiated rulemaking. Mr. Woods' office, because of its willingness to listen, is now aware that state grant agencies are not "loan organizations" and as such has come to recognize the need for state grant agencies to be involved in matters that affect them. In short, the foundation for a positive state and federal partnership as it pertains to the delivery of student aid has been laid, but the bricks and mortar necessary to build on this foundation are missing.

In closing, I think it is clear that NASSGAP's resolve to be correctly represented in federal student aid matters that affect states is strong and our efforts in this regard will be relentless. We hold your office and those who work for you in high regard. You are important people who do important work. It is for these reasons that it is equally important for your office to acknowledge, in writing, that NASSGAP represents state grant agencies and is not a loan organization. In addition, NASSGAP requests that your office recognizes the need for state grant agencies to be involved in federally initiated student aid matters that affect them. In short, state agencies want to be recognized by the Department for who we are and the role we play in the delivery of student financial aid. It is my hope that the Department will work with NASSGAP to forge what we believe can be a very productive partnership.

I look forward to receiving your response and invite you and members of your staff to meet with NASSGAP's Executive Committee on the afternoon of June 14 to build a new partnership. NASSGAP will hold its spring conference at the Doyle Hotel in Washington, DC between June 11-14, 2000. I can be reached at 317-232-2097 and at dobergfe@ssaci.state.in.us

Sincerely,  
Dennis A. Obergfell  
President, NASSGAP

cc: David Bergeron, NASSGAP Executive Committee, and Greg Woods

# nassgap

www.nassgap.org/

**national association of state student grant and aid programs**

May 24, 2000

Mr. Cameron Ishaq  
United State Department of Education  
7<sup>th</sup> and D Streets SW  
ROB 3  
Washington, DC 20202

Dear Cameron:

Attached is an abbreviated overview of the National Association of State Student Grant and Aid Programs (NASSGAP), its member states and the need for U.S. Department of Education recognition. Each list is incomplete, though they do fairly represent issues that are of mutual interest to states and the federal government. There are other inherent relationships that exist in this partnership. I encourage you to circulate it as you see fit. I have also included a copy of NASSGAP 30<sup>th</sup> Annual Survey that was published last month. It is the most exhaustive account of financial aid programs administered by state agencies.

The Department has used the word "partners" when referring to the entities that are affected by federal aid programs, policies and procedures. I believe this word correctly frames the relationship that is necessary for the successful delivery of financial aid to students. States consider themselves partners and want to participate in discussions that are of interest to them and of consequence to others. NASSGAP is ready to participate in this effort to strengthen the financial aid delivery system, and asks that the Department recognize states' roles in this regard.

I hope this has been helpful to you in understanding our organization and the role states play in helping families finance higher education. I appreciate your interest in working with state grant agencies. Your efforts in this regard have been impressive and your responsiveness has not gone unnoticed.

Sincerely,

Dennis Obergfell  
President, NASSGAP

cc NASSGAP Executive Committee  
Greg Woods

President  
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2000 -2001

## AN ABBREVIATED OVERVIEW OF NASSGAP, ITS MEMBER STATES AND THE NEED FOR U.S. DEPARTMENT OF EDUCATION RECOGNITION AND COOPERATION

The National Association of State Student Grant and Aid Programs (NASSGAP) is an organization of 54 state and territorial agencies that administer postsecondary education student financial assistance programs. This abbreviated one page summary is intended to help Education Department officials understand the important relationship that exists between state agencies and the federal student aid delivery system, and the coordinating role NASSGAP plays in this regard, as well as areas where we need Department cooperation.

### NASSGAP

- Facilitates the development & sharing of ideas & information on student financial assistance.
- Collectively raises reasoned opinion about student financial aid before state and national entities.
- Works to develop, enact and operate simplified student financial aid procedures.
- Represents a national, organized network of states to inform and advocate for federal programs and funding initiatives through the congressional delegations of member states.
- Hosts a national listserv for state grant agencies as well as a national listserv for GEAR UP participants.
- Publishes the only national annual survey of state-funded student aid programs.

### MEMBER STATES

- Awarded \$3.7 billion in state-funded grants and scholarships for over two million students (1998-99).
- Awarded \$500,000 in aid through work-study, conditional loan, and loan forgiveness programs.
- Depend upon the FAFSA and its data, in whole or in part, to determine eligibility for state aid.
- Provide a “one-stop” point of contact to help student gain access to, and completion of higher education through grants, scholarships, guaranteeing student loans, GEAR UP mentoring, college planning, work study programs, loan forgiveness and assumption programs.
- Conduct high school counselor workshops to inform them about state and federal financial aid programs.
- Conduct school program reviews and verification of student FAFSA data.
- Conduct statewide programs and publish and circulate financial aid brochures designed to inform students and families about their federal and state financial aid options.
- Assist students and families in filing the FAFSA (thus reducing the federal government’s costs associated with processing corrected SARs).
- Assist the Department with cleaning up incomplete and/or inaccurate FAFSAs via letters advising students to correct their SARs (thus reducing federal government’s costs associated with processing corrections).
- Most are not guarantee agencies but some are. Grant agencies do not presume to represent guarantors in the same way that guarantors do not represent state grant agencies. This is a vital distinction

### NEEDS

The following are some of the issues where NASSGAP & member states needs the Department’s assistance:

- Provide states with a single source of information contact in the Department and conduct regular meetings.
- Include state grant agencies as full participants in all Modernization Blueprint activities and products.
- Promote the development of an electronic state-specific FAFSA for all students.
- Provide states with the option of assigning remaining Paul Douglas Teacher Scholarships monitoring and collection responsibilities to the Secretary of Education.
- Provide FAFSA “dummy codes” for students eligible for state-sponsored aid programs, but not currently eligible for federal aid, so that ISIR records can be created for such student to facilitate college access.
- Recognize that even minor changes to the FAFSA or to the federal eligibility criteria affect state programs.
- Include NASSGAP in all activities related to FAFSA design to ensure that the needs of states for applicant data are met.
- Recognition by the Department of Education, in words and deeds, that it understands the significance that the federal delivery system and need analysis methodology have on a states’ abilities to distribute over \$3.7 billion of state-funded financial aid programs to students.

## **Executive Summary of NASSGAP's 30<sup>th</sup> Annual Survey - Published April 2000**

The following is a summary of The National Association of State Student Grant and Aid Programs (NASSGAP) 30th Annual Survey Report of state-administered student financial aid available for the 1998-99 academic year. This year's report offers information and statistics such as basic program information and expenditures, longitudinal indicators of student aid funding, and comparisons of student financial aid available in each of the 52 states and territories (Washington, D.C. and Puerto Rico included). The data and tables contained in the Report, which can be ordered at the address listed below, represent actual 1998-99 academic year data (unless otherwise noted).

Federal funding of the State Student Incentive Grant, now known as the Leveraging Educational Assistance Partnership (LEAP) Program, was considerably decreased for the 1998-99 academic year, following an increase for the 1997-98 academic year. Federal funding for this program went from \$50.0 million in the 1997-98 academic year to \$25.0 million in the 1998-99 academic year, a \$25 million or 50% decrease. The SSIG/LEAP program is a dollar-for-dollar federal/state-matching program designed to enable states to offer need-based grant aid to students to attend postsecondary education institutions.

### **Student Aid Highlights**

- In the 1998-99 academic year, the states awarded \$3.686 billion in need and non-need-based student grant aid to more than two million students, an increase of 8.8% in expenditures over the \$3.389 billion awarded in 1997-98. Of the amount awarded, 81% was need-based grant aid to undergraduate and graduate students, while 19% of it was non-need-based grant aid to undergraduates and graduates. These percentages show a slight change from the 82% and 18% awarded, respectively, in 1997-98.
- Funding for undergraduate need-based grant aid increased 6.6% in the 1998-99 academic year over 1997-98. This increase is slightly higher than the 6.4% increase from 1996-97 to 1997-98.
- Of the \$3.0 billion in need-based grant aid available, 99% went to undergraduates; and, of the \$0.7 billion in non-need-based grant aid awarded, 93% was awarded to undergraduates.
- Five states (California, Illinois, New Jersey, New York, and Pennsylvania) collectively awarded \$1.7 billion in undergraduate need-based grant aid, comprising 58% of the total awarded in this category.
- Over the past five years, state spending (current dollars) on need and non-need-based grant aid to undergraduate and graduate/professional students has increased 47.4%. From 1997-98 to 1998-99, 69% of the states (36) reported an increase in these categories, while 25% (13) reported a decrease, and 6% (3) reported no change.
- Fourteen states reported an increase in need-based grant aid to undergraduates of more than 10% over 1997-98. These states were Arkansas (+ \$2.76 million), California (+ \$47.22 million), Colorado (+ \$10.22 million), Connecticut (+ \$6.75 million), Indiana (+ \$14.46 million), Kansas (+ \$1.36 million), Kentucky (+ \$11.24 million), Massachusetts (+ \$17.78 million), Minnesota (+ \$16.98 million), Missouri (+ \$5.31 million), Nebraska (+ \$0.60 million), New Hampshire (+ \$0.41 million), New Mexico (+ \$1.72 million), and North Carolina (+ \$4.49 million). Nine states reported a decrease in funding of more than 10%. These states were Alaska (- \$0.24 million; eliminated all need-based undergraduate funding), Arizona (- \$0.43 million), District of Columbia (- \$0.21 million), Georgia (- \$0.58 million), Hawaii (- \$0.10 million), Louisiana (- \$6.80 million), Mississippi (- \$0.21 million), Puerto Rico (- \$7.01 million), and Wyoming (- \$0.04 million). This compares to 22 states reporting 10% or higher increases and two states reporting 10% or lower decreases in the prior year.
- Two states, Alaska and South Dakota, no longer fund need-based undergraduate programs
- Reporting agencies administered over \$500 million in other aid (e.g., loan forgiveness, work-study, scholarships - see Table Three). States also reported slightly more than \$1.0 billion in aid awarded by other State agencies, a 45% decrease (- \$840.7 million) from 1997-98.
- Thirty-five states identified state grant programs that have a merit component. These merit programs constituted 29% of the total state grant aid available in these states in 1998-99.
- Thirty-three states identified non-grant programs administered by the responding agency (e.g., loan forgiveness, work-study, scholarships, etc...) that have a merit component. These non-grant merit programs constituted 51% of the total non-grant aid administered by the responding agency that was available in these states in 1998-99.

In total, states awarded \$1.121 billion through programs containing a merit component. This compares to \$3.122 billion awarded through programs with no merit component.

*You can order a Report by sending \$20 payable to NASSGAP addressed to HECS, 99 Washington Avenue, Room 1704, Albany, NY 12255 - Attention: NASSGAP*