

# nassgap

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 \$.5 billion 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 therefore 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.

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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 in an attempt to repair and 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](mailto:dobergfe@ssaci.state.in.us)

Sincerely,

Dennis A. Obergfell  
President, NASSGAP

Enclosure