June 30, 2021

The Honorable Patty Murray, Chair
Senate Health, Education, Labor
& Pensions Committee

The Honorable Bobby Scott, Chair
House Education & Labor Committee

The Honorable Richard Burr, Ranking
Member Senate Health, Education, Labor
& Pensions Committee

The Honorable Virginia Foxx, Ranking
Member, House Education & Labor
Committee

Dear Senators Murray and Burr,
and Representatives Scott and Foxx,

The National Association of State Student Grant and Aid Programs (NASSGAP) thanks you for the opportunity to submit recommendations for consideration as your Committees reauthorize the Higher Education Act. In the most recent academic year, NASSGAP’s members provided over $12 billion in grant aid to over 4 million students pursuing their higher education goals. For more background information on NASSGAP and its members, we have attached our 50th Annual Survey Report on State-Sponsored Student Financial Aid. We are proud to include among our members the organizations representing each of your states:

- Washington Student Achievement Council
- North Carolina State Education Assistance Authority
- State Council of Higher Education for Virginia

We congratulate your Committees on passing legislation over the last two years to dramatically simplify the Free Application for Federal Student Aid (FAFSA) process. With that accomplished, we look forward to the implementation of the FUTURE Act and the FAFSA Simplification Act over the next couple of years and plan to work with the US Department of Education (ED) to ensure a smooth transition for students, their parents and the state grant aid process.

Going forward, our recommendations address: 1) improving college affordability by strengthening the Pell Grant; 2) implementing a federal-state partnership focused on access and completion for all students, including working adults and student parents whose responsibilities may preclude half-time enrollment; 3) improving program evaluation with refined completion data; 4) improvements to student financial literacy tools; and 5) enhancing support services to help students access postsecondary education and to keep them on the path to graduation.

1. Improve College Affordability

- The Pell Grant is the foundational investment in student financial aid. An investment averaging less than $20,000 per student can put low-income students, who otherwise would likely not attend college, on the path to a degree and an additional $1 million in lifetime earnings, on average, growing our economy and providing a tremendous return on investment for our country, as that investment will generate hundreds of thousands of dollars in incremental tax revenue.
While Pell has seen “cost of living” sized increases in the maximum grant in some recent years, overall, Pell has not kept up with the cost of going to college, significantly impacting access for those students (and parents) least able to afford college. Doubling the Pell Grant would help many more low-income and underserved students afford postsecondary education while also reducing their student loan burden.

2. **Strengthen Federal-State Partnerships to Improve Postsecondary Completion for All Students**

- Given that adult learner students now make up a majority of postsecondary students in America, we need to update the Higher Education Act with a federal-state partnership that focuses on access and completion for all students, not just recent high school graduates.
- Most states have set educational attainment goals to increase the percentage of adults in their states that have postsecondary degrees or certificates that provide them with the skills to meet the needs of the 21st century workforce and help employers fill the over seven million jobs that are unfilled in America.
- Educational attainment goals cannot be met solely by driving high school graduates into higher education. To achieve these goals, states need to identify working adults, single moms (and dads) and others who may be only a handful of credits away from achieving the degree or certificate that can greatly improve their standard of living. Unlike ‘traditional students’, potential adult learner students often have work and family obligations that preclude them from the enrollment intensity required for traditional student financial aid programs. Investing in these students perhaps represents the best opportunity to produce valuable degrees and certificates at a minimum cost per degree to taxpayers.
- NASSGAP supports the federal-state partnership program proposed in the Partnerships for Affordability and Student Success Act from Senators Jack Reed and Susan Collins.

3. **Provide More Transparent Data to Improve Program Evaluation and Accountability**

- Both federal and state agencies need to better measure their returns on public investment in higher education and identify those institutions that are more successful at graduating low-income and first-generation students.
- Developing graduation rate and cohort default rate (and/or loan repayment rate) data for Pell recipients by institution attended would enable the federal government – and states with need-based aid programs – to better measure and evaluate the return on their higher education investment. Existing approaches that measure institutions against national averages or other metrics that do not reflect the composition of the student body could deter colleges from admitting at-risk students.
- Because many students, especially at community colleges, transfer prior to graduation, enhancing graduation rate data to reflect successful completion at another institution would better reflect successful transitions out of community colleges. Many states use a metric for credits successfully completed and/or transferred to aid in evaluating community colleges and other two-year or shorter institutions.
- States have used performance funding metrics for many years, but recognized immediately the need to re-evaluate and update them to address unintended consequences. A classic example is the above noted adjustments to reflect that graduation rates alone do not encompass success at community colleges; credits completed and transferred are also important, along with other metrics. Given that the HEA is reauthorized rather infrequently. Congress must include a mechanism to ensure frequent, if not annual, reevaluation of accountability metrics, especially to ensure that access for at-risk students is strengthened, not impaired.

4. **Enhance Financial Literacy Training for Federal Financial Aid Recipients**

- Improved student loan counseling can ensure that students and parents have fully considered all non-loan options available to pay for college. Verifying comprehension, prior to loan disbursement, will ensure that students and parents fully understand loan terms, conditions, and payment options, and that they weren’t distracted while the webinar or in-person loan counseling was presented. Content should include budgeting concepts to ensure students are able to manage aid proceeds to cover all expenses throughout the academic period. Some states have developed successful programs to reduce borrowing and/or sharply reduce delinquency and default rates.
Financial literacy training, entrance counseling and exit counseling should help ensure students and parents are aware of state financial aid resources and opportunities. Last year, states provided over $12 billion in grant and scholarship aid to students. We should pursue every available avenue to ensure that all students are aware of these programs and are able to apply for all forms of grant and scholarship aid – as well as repayment assistance programs.

While Federal Direct Subsidized and Unsubsidized (Stafford) loans for undergraduate students generally offer the best terms and conditions to students, state-authorized private loan programs typically offer lower interest rates and fees than the Federal Direct Parent PLUS loan program. Families should be able to compare these offerings, which means that Truth in Lending Act (TILA) disclosures should be required on, at a minimum, all Parent PLUS loans. Providing TILA disclosure on Federal Direct Stafford and Grad PLUS loans also would probably contribute to the financial literacy of students, many of whom will be entering into a loan transaction for the first time in their lives.

The HEA should be updated to reflect that few students or recent graduates have landlines, and that texts and emails are likely more effective than mailed letters for communicating with most borrowers. Many borrowers, often those who did not complete their course of study, needlessly default on their federal student loans, severely damaging their credit, and making them ineligible for future Title IV aid. In many cases, states have programs to help students complete their course of study, as well as programs to help enroll borrowers in Income-Based Repayment programs. Unfortunately, these students can be difficult to communicate with as student loan programs are built around 20th century communication tools.

As part of their role as the state point of contact for student financial aid programs, many NASSGAP members continue to serve in the roles of guaranty agencies for the FFELP. In return for the many services, including financial literacy, loan counseling and default aversion, that guarantors provide to student loan borrowers, an Account Maintenance Fee (AMF) is paid under Section 458 of the Higher Education Act. The AMF payments to our members fund FAFSA completion events, college outreach and access initiatives and financial literacy programs. Without the AMF payments, states would still be required to fulfill these obligations under their agreements with the US Department of Education and would need to look elsewhere in state grant agency budgets for cuts to balance the budget. The need for additional funding for FAFSA completion, college access and outreach initiatives is heightened by the challenges students and families have faced with remote learning curing the pandemic, as demonstrated by recent drops in FAFSA completion rates compared to prior years. Authority to continue AMF payments should be extended as part of the HEA reauthorization and funding should be provided to all states to support and expand FAFSA completion events.

5. Increase Funding for Programs That Put Students on the Path to College and Support College Completion

- TRIO and GEAR UP are programs that start as early as middle school to help prepare students for college and improve their awareness of both postsecondary options and financial aid. Once in college, these programs continue to support students with programs customized to the unique needs of underserved students.

- Another group of students that need critical support services to keep them on a path to their degree are students who are also parents. CCAMPIS is critical for helping parents focus on their studies while knowing that their children are in quality, affordable childcare programs.

NASSGAP greatly appreciates your consideration of these suggestions. We are also very interested in working with you and the Department of Education on further college affordability and access measures, as well as implementing the FAFSA simplification initiatives that Congress passed in 2019 and 2020. Because each state is different and the financial aid programs we manage are often subject to state statute, we work carefully with our members to ensure that simplification initiatives do not create additional application steps for students and parents in the state financial aid process. We would be happy to meet with you to discuss any further financial aid proposals so that we can expedite evaluation of the impact on the application process for students and parents in our respective states.

Sincerely,

Todd Brown, President
National Association of State Student Grant and Aid Programs

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www.nassgap.org