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

August 10, 2006

Charles Miller, Chairman  
Secretary's Commission on the Future of Higher Education  
U.S. Department of Education, Room 5E313  
400 Maryland Avenue, SW  
Washington, DC 20202

Dear Chairman Miller:

I am writing to you as president of the National Association of State Student Grant and Aid Program to offer comments on the "final draft" report of the Secretary's Commission on the Future of Higher Education.

NASSGAP is celebrating its 40<sup>th</sup> anniversary as the association of state student grant agencies in the 50 states, Puerto Rico, and other territories. Last year, our member agencies awarded nearly \$8 billion in state-funded student financial aid, 74% of which was need-based. More than 3.5 million students received awards from our member agencies. Many of the agencies also serve as GEAR UP grant recipients and as FFEL guaranty agencies.

It is from that knowledge and experience base that we offer the following comments.

**(1) NASSGAP agrees with the recommendation to provide information on college and financial aid to students as early as possible.**

Most of our members have extensive outreach programs. We have found that one of the biggest obstacles is within the student's mind. If they do not think college is an option, more money and easier forms mean nothing. The lack of hope at an early age leads to a variety of negative outcomes. Several of our member states are trying to reach into the 7th grade, as many of our school systems consider that as part of junior high or middle school. We believe that it is critical to reach the kids on the Metro, buses, or subways who just "carry on" and think life is just that. They have no plans for the future. They never have. We need to change that thinking.

We believe that guidance counseling efforts need to be strengthened and supplemented to help students get on the college track early. We would also like to see encouragement for a natural progression of services, from an early awareness to a college readiness program. There seems to be a need to better coordinate efforts and funds in these important areas.

Many states are providing early college and aid information through federal initiatives such as GEAR UP and TRIO, as well as through their own information outreach efforts. These activities have been compiled by NASSGAP and the National Council for Higher Education Loan Programs (NCHelp) to respond to the provisions of HERA.

NASSGAP is also supporting the provision in the Senate HEA reauthorization bill (S. 1614) that would require states to partner with colleges and private philanthropic organizations to provide aid estimates to families as early as middle school. The bill would also enhance grant aid to needy students through a state-federal partnership named "Grants For Access and Persistence."

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**(2) NASSGAP urges caution with efforts to “substantially streamline” the application process.**

NASSGAP recommends that the Commission proceed with caution, so that history is not repeated in ways that would not better serve students. The current FAFSA is only as comprehensive as it needs to be to collect the data required by federal law. It also integrates a few common questions required by states and colleges to allow most students a "one-stop" application, inclusive of all major aid programs for which the student may qualify.

Prior to this integration, which took place in the 1992 HEA reauthorization, students were required to complete several aid application forms, some of which had a fee, in order to apply for major need-based grants. Much of the data required by the various forms overlapped, and families complained of the redundancy, cost, and complexity of dealing with multiple forms, with differing definitions, requirements and deadlines.

The HERA-expanded simplified needs test/auto zero options provide reporting relief for the neediest families, and the "FAFSA EZ" form proposed in both the House and Senate HEA reauthorization bills would provide a shortened form for those whose financial circumstances warrant its use.

Furthermore, as more and more families are able to apply for aid electronically, there may be less concern about the complexity of the form because the application would already be streamlined for the individual. Currently almost 90% of the FAFSAs are submitted electronically. A greater effort to reach the remaining 10% would make the entire process simpler for families without having to compromise the good stewardship already in place.

The Commission should evaluate this history, and the recent FAFSA improvements, including FAFSA on the Web, while it forms its final FAFSA recommendations.

**(3) NASSGAP has questions about the Commission’s recommendation to consolidate Federal student grant programs into the Pell Grant program.**

The recommendation would result in inefficiencies by needlessly raising the federal taxpayer cost of providing more need-based grant aid, while disengaging colleges and states from the funding partnership that has evolved over the past 40 years. This would run counter to the Commission's objective: "The federal government, *states and institutions* should significantly increase need-based student aid."

The recommendation could also disenfranchise needy students whose family financial circumstances are not fully represented by the Federal Methodology. The combination of these effects could result in reducing college access opportunity for needy students.

The federal LEAP and SEOG programs are examples of matching fund student grant programs, which attract investment from the states and the colleges. LEAP, for example, attracted \$840 million in matching state funding in 2004-05. It requires \$2 in matching funds from the states for every \$1 of federal funding above \$30 million. That leveraging reduces federal costs while bringing the states into a financing partnership.

The current Special Leveraging Educational Assistance Partnership (SLEAP) component of the program requires that states provide *new* funds in order to qualify for the Federal match. This has successfully added millions of *new* financial aid dollars for needy students. If the LEAP program were funded at \$100 million (a \$ 35m. increase), an estimated \$270 million in need-based student grants would be available.

Pell, in contrast, requires \$1 in federal taxpayer funding for every \$1 in additional Pell grants awarded to students. Every \$100 increase in the Pell maximum grant costs the federal government an estimated \$400-\$500 million. There are also administrative allowance costs involved in Pell Grants.

LEAP pays no administrative costs to states; the states award every dollar of program funding to students. The awards, which averaged \$1,734 in 2004-05, are targeted to the neediest students. In that year, 57% of LEAP awards were made to students with family incomes under \$20,000.

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The LEAP awards are fully integrated with the federal and state application and award processes, thereby streamlining the procedures for the student. In many cases, family income is verified by the states using tax information, thereby reducing fraud and abuse.

FSEOG has similar funds matching requirements for the colleges, and allows campuses more flexibility in providing grant aid to needy students whose family financial circumstances are not fully represented by the Federal Methodology.

It is important to note that even funding as much as 70% of the public tuition and fees through Pell Grants would not provide the kind of success the Commission is seeking. Where would the additional 30% come from? More important, what about the true cost of attending college? Tuition and fees, even if paid for completely from grants to low income students, are at most three quarters of the total cost. How will students pay rent/dorm fees, food, books, supplies, and transportation?

NASSGAP strongly recommends that the Commission re-think its recommendation regarding grant consolidation, and re-focus on providing incentives to strengthen, not weaken, the federal-state-college financing partnership in ways which benefit the student and the taxpayer.

**(4) NASSGAP supports the Commission's recommendation to have the federal government work closely and cooperatively with institutions and higher education associations to develop compliance materials when new regulations are issued and to develop a system for notifying institutions when they are covered by a new law or regulation.**

NASSGAP urges the Commissions to add "states" to this recommendation, so that state grant and loan agencies are consulted by the federal government, to ensure efficient and effective implementation of new regulations.

In summary, NASSGAP believes that by having the states, institutions, and Federal governments work together, there can be more incentives to increase the college participation by underserved students. Early information, supplementing guidance counselor efforts, and increasing federal funding for need-based grant programs can better help students prepare for a future that includes higher education.

Thank you for the opportunity to comment and congratulations on your committee's efforts to bring higher education to the national policy forefront.

Sincerely,

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