

nassgap

national association of state student grant and aid programs

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September 27, 2006

Margaret Spellings, Secretary
U.S. Department of Education, Room
400 Maryland Avenue, SW
Washington, DC 20202

Dear Secretary Spellings:

I am writing to you as president of the National Association of State Student Grant and Aid Programs (NASSGAP) to offer comments on the Secretary's Action Plan for Higher Education: Improving Accessibility, Affordability and Accountability.

NASSGAP is celebrating its 40th 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 on college affordability.

NASSGAP agrees with the plan to provide information on college and financial aid to students before the spring of their senior year.

Most of our member states have extensive outreach programs and several are trying to reach down into the 6th grade, as many of our school systems consider that as part of junior high or middle school. 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. The ability to offer more concrete information on financial aid and costs would be a great benefit in helping low and moderate-income families plan adequately for the future.

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."

NASSGAP is supportive of the action plan to simplify the process by partnering with states to use existing income and tax data to help students complete the Free Application for Federal Aid (FAFSA).

NASSGAP believes that it is critical and in the best interest of the students that the Department partner with the states in developing a process to simplify the financial aid application process. 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. We would not support an application that does not provide the state's information needed to award a student state funds.

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Prior to the integration that 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, and of differing definitions, requirements and deadlines.

NASSGAP does support simplification that expands simplified needs test/auto zero options that provide reporting relief for the neediest families, and the "FAFSA EZ" form proposed in both the House and Senate HEA reauthorization bills. 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.

NASSGAP supports the Secretary's plan to work with Congress to provide NEW funds for need-based aid through the federal financial aid system.

The key word here is "NEW." NASSGAP would caution the Secretary from advocating the movement or removal of funds from existing programs that leverage state and institutional dollars.

The Federal Leveraging Educational Assistance Partnership (LEAP), Special LEAP and Federal Supplemental Educational Opportunity Grant (FSEOG) are examples of matching fund student grant programs, which attract investment from the states and institutions. LEAP, for example, attracted \$840 million in matching state funding in 2004-05. It requires \$1 in matching funds from the states for every \$1 of federal funding up to \$30million and \$2 in state matching funds for every \$1 of federal funds above \$30 million.. That leveraging reduces federal costs while bringing the states into a financing partnership. The current Special LEAP 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.

LEAP pays no administrative costs to states and 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. FSEOG has similar funds matching requirements for institutions, 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 for housing, fees, food, books, supplies, and transportation?

NASSGAP strongly recommends that the Secretary protect incentives to strengthen the federal-state-college financing partnership in ways that benefit the student and the taxpayer.

NASSGAP supports the Secretary's plan to commission an independent management consultant review of the federal financial aid system, but would strongly encourage that review to include the processes used by and data collected from states.

NASSGAP urges the Secretary to include the states as part of any review, so that state grant and loan agencies are consulted to ensure their processes are not overlooked or placed in jeopardy. NASSGAP annually performs a comprehensive survey of programs administered by each individual state and US territory and its results are available on our website at www.nassgap.org. We believe it would be a valuable tool that could be utilized in this review.

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. We believe that your action plan for college affordability can better help students prepare for a future that includes higher education.

Thank you for your efforts to bring higher education to the national policy forefront.

Sincerely,

Melanie Amrhein, President