nassgap

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national association of state student grant and aid programs ***www. nassgap.org.***

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The Honorable Edward M. Kennedy
Chairman
Committee on Health, Education Labor and Pensions U.S. Senate
Washington, DC 20510

The Honorable Michael B. Enzi
Ranking Member
Committee on Health, Education Labor and Pensions U.S. Senate
Washington, DC 20510

Dear Chairman Kennedy and Ranking Member Enzi:

I write on behalf of the membership of the National Association of State Student Grant and Aid Programs (NASSGAP). Our organization represents the state agencies that administer the state grant programs for college students across our country, including those funded by the Leveraging Educational Assistance Partnership program ("LEAP") authorized by the Higher Education Act, as amended (HEA).

We write to offer our comments and recommendations on reconciling the differences between S. 1642, the Higher Education Amendments of 2007 and H.R. 4137, the College Opportunity and Affordability Act of 2008. These bills contain numerous provisions that will strengthen the delivery of student aid in support of access to students across our country. However there are some provisions, particularly within the Grants for Access and Persistence (GAP) section of the LEAP program that we believe are undesirable and may have unintended consequences. We offer our comments in the spirit of support and cooperation in the extensive work being performed by many during this critical conference.

Leveraging Educational Assistance Partnership

- **Federal Share of GAP Grant Funding**

NASSGAP prefers the higher federal shares contained in the GAP grant component of H.R. 4137 as they reflect the federal shares included in the original GAP bill, and are more consistent with the federal share requirements of the new College Access Challenge grant program.

Rationale: The House language provides for up to a two-thirds federal share (vs. up to 57.7 percent in the Senate bill). This would provide a stronger incentive for the states to add funding to their programs. The federal share under the House bill would also be closer to the two-thirds federal share provided in the College Access Challenge Grants and approach the higher federal share proportions of the federal campus-based student aid programs.

- **Minimum GAP Awards**

NASSGAP prefers that the GAP student award amounts be changed in both bills to model the more flexible requirements of the current LEAP and SLEAP, which would (subject to the rest of the GAP provisions) allow student need-based awards totaling up to $12,500 annually.

Rationale: Many state need-based programs are based on tuition, and would likely not qualify to participate in GAP. It may cost such states more to start up a new matching program than the states would receive from GAP federal funding. This could limit state participation, another unintended consequence.

One of the historical strengths of the LEAP program that contributes to the significant funding matches made by the states to the LEAP programs has been the flexibility of the current law in allowing states to determine eligibility for, and the amounts of these need-based student grants. This allows participating state programs to reflect the individual state's student needs, program funding, and college cost structures. This flexibility is a significant enabler of a healthy relationship between the federal and state governments in meeting their goals of supporting student access. That flexibility exists in the current Supplemental LEAP (SLEAP) component that GAP seeks to replace.

The GAP award definitions in both bills are complex and limiting. As such, they may deter state participation in GAP. For example, there are two minimum awards: one equal to average public 4-year college tuition and fees and one equal to average 4-year public college costs of attendance, with the choice determined by enrollments at the collegiate partners a state attracts. And, the minimum could change year-to-year if the number of college partners changed.

Under the GAP proposal, states may not be able to make definitive awards as early in the application award process as they do now because the bills state that the GAP award must be 'less (subtracted from) any other government aid received by *the student* [emphasis added].' That language implies that the college financial aid office would have to calculate **net** tuition, fees, and total costs for **each** individual student, and certify that amount, **before** the state could calculate the student's GAP award. This would add an administrative burden to colleges and delay notice of the state award to students, an impairment to their understanding of what resources they have when they need to make choices about which school they can afford to attend.

Some sectors of higher education might be unable to participate in GAP if the minimum award in their state was determined to be the average public 4-year cost of attendance. For example, states generally subsidize community college tuition to keep it at the lowest possible level and below the tuition cost at 4-year public institutions. Under the GAP provisions, if the average net cost of attendance for 4-year public colleges in such a state were $10,000, and the commuter budget costs of community college students were only $6,000, it appears that community college students would not receive GAP grants, though they may have unmet need after subtracting their Pell Grants and other aid. This represents another unintended consequence; that of discouraging attendance at community colleges.

A more efficient and effective way to award GAP grants is through the tried and true method found in the current LEAP/SLEAP program. This method facilitates access rather than impairs it as students receive substantial awards that are integrated within each state's need-based student grant program, for attendance across all sectors of higher education. And those awards are targeted to the poorest families (nationally, 57% of LEAP/SLEAP awards are received by students with family incomes under $20,000).

- **Student Award Notification**

NASSGAP prefers that the specified student LEAP award notice language be revised in both bills to read: "provides notification to eligible students that such grants *may be funded by the federal Leveraging Educational Assistance Partnership (LEAP) program, matching state funds and other funds."*

Rationale: Historically, the limited size of the LEAP federal appropriation has meant that not all students receive state need-based grant awards which include LEAP funds. It would be expensive and cumbersome to require states to develop and administer two student grant award systems to meet the award notification requirements of the bills: one for students with LEAP/GAP federal funding in their award, and one for students with only state funds in their awards. This is an example of an unintended consequence that might delay the delivery of award notices to students during the critical period when they need to know their resources to make decisions. In effect, the current language, if not modified, could impair access. The suggested language would work better to build student awareness of LEAP within an administratively feasible framework.

- **Administrative Cost Allowance for States**

NASSGAP prefers the 3.5 percent administrative cost allowance provision in H.R. 413**7** (S. 1642 prohibits an allowance), and recommends that the Senate recede to the House.

Rationale: The 3.5 percent administrative cost allowance provided in the House bill is preferred as it recognizes the new administrative responsibilities and costs the states will face with the development and implementation of the early intervention and partnership coordination requirements of GAP.

• Advisory Committee on Student Financial Assistance

NASSGAP asks the House to recede to the Senate provisions to authorize the Advisory Committee on Student Financial Assistance through October 1, 2013. The corresponding provision in the House bill sunsets the Advisory Committee's authorizing period in 2011.

Rationale: NASSGAP believes the Advisory Committee, and its staff, have contributed significantly to the general understanding of all parties of many financial aid issues. The issues within the current student aid environment are more complex than when the Advisory Committee was first authorized. The matters of college cost, the impact of the economy on resources to fund college, simplification of the FAFSA, and the changing demographics of the college population are just a few examples of the continuing need for the quality and breadth of contribution all the partners have come to expect and require from this non-partisan entity.

• Maintenance of Effort Mandate

NASSGAP supports the nation's governors in their opposition to the Maintenance of Effort provision included in H.R. 4137.

Rationale: As stated in the March 10, 2008 letter from the National Governor's Association and signed by 45 governors, this provision "will make it more difficult for governors to make major increases—or invest one-time surpluses—into higher education."

Thank you for considering our comments. We would welcome the opportunity to answer any question and are eager to work with you as you move forward to bring the reauthorization of the Higher Education Act to conclusion.

Sincerely,

Marilyn Cargill
President