

National Association of State Student Grant and Aid Programs (NASSGAP)

HEA Reauthorization Preliminary Proposals: 12/30/02

Contact: John Klacik, President, 360-753-7851 or 202-483-7060

Issue #	Statutory Authority	Suggested Amendment	Rationale	Proposed Statutory Language
1. Federal Leveraging Educational Assistance Partnership Program (LEAP/SLEAP)	HEA, Title IV, Section 415A(b)(1)	<p>(1) Raise the authorized appropriations to \$200 million in FFY2005, and “such sums” thereafter to allow program growth</p>	<p>The federal/state partnership embodied in the LEAP/SLEAP program is working to make more student need-based grant available, at a time when neither the federal nor the state government can meet rising unmet student needs by itself. Federal funding has increased by 168% in the last three years. The current figure of “...\$105 million and such sums thereafter...” needs updating to reflect program growth since the 1998 HEA reauthorization, and sustained growth expected through 2010.</p>	<p>(1) “415A(b)(1):IN GENERAL. - There are authorized to be appropriated [\$105,000,000] \$200,000,000 for fiscal year [1999] 2005, and such sums as may be necessary for each of the 4 succeeding fiscal years.”</p>
	HEA, Title IV, Section 415C(b)(2)	<p>(2) Raise the maximum LEAP annual student grant to \$12,500</p>	<p>Many state student grant programs provide maximum annual awards greater than the current maximum LEAP grant of \$5,000. Raising the LEAP maximum to \$12,500 will recognize the growth of state grants and facilitate the states’ administrative reporting to the Education Department.</p>	<p>(2) “415C(b)(2): provides that such grants will not be in excess of [\$5,000] \$12,500 per academic year...”</p>
	HEA, Title IV, Section 484B(a)(1)	<p>(3)) Exclude LEAP/ SLEAP funds in the Institutional Refunds formula regarding the return of Title IV funds</p>	<p>Educational institutions generally do not know the specific identity of LEAP-assisted students, particularly at the beginning of academic terms when refunds are usually determined. This recommendation was included in the HEA 2002 technical amendments bill, and was supported by NASSGAP then, and is supported now.</p>	<p>(3)) “484B(a)(1) IN GENERAL. - If a recipient of assistance under this title withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the amount of grant or loan assistance (other than assistance received under Part C and Subpart 4) to be returned to the title IV programs is calculated...”</p>

Issue #	Statutory Authority	Suggested Amendment	Rationale	Proposed Statutory Language
<p>2. Paul Douglas Teacher Scholarship Program</p>	<p>New</p>	<p>Provide states with the ability to transfer to the Secretary of Education the responsibility for the tracking of recipients of the defunct Paul Douglas Teacher Scholarship, and if necessary, collecting refunds owed due to non-performance</p>	<p>The Paul Douglas Teacher Scholarship program was begun in 1987 as the Carl D. Perkins Scholarship Program (HEA, Title V). Recipients received up to \$5,000 per year for 4 years in return for teaching in designated areas for 2 years for every 1 year of award received. The requirement had to be met within 10 years of program completion, or else the award reverted to a loan with up to 10 years to repay. No funding was provided for the program after 1995, and it was not re-authorized in the 1998 reauthorization. Yet, states are facing an unfunded mandate by having to track recipients for up to 20 years without federal administrative funding. The Secretary of Education, through the economies of scale available to him within collection contracting, is in a much better position to track and collect from recipients. NASSGAP's repeated requests to ED for relief have been unsuccessful.</p>	<p><u>New section: “Notwithstanding any other section of statute, states shall transfer to the Secretary the tracking, collecting and other administrative activities associated with recipients of the Paul Douglas Teacher Scholarship, in a manner to be prescribed promptly by the Secretary.”</u></p>
<p>3. Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)</p>	<p>HEA, Title IV, Chapter 2, Section 404F(d)</p>	<p>Increase the authorized funding to \$500 million in FY 2005, and such sums thereafter</p>	<p>The Gaining Early Awareness and Readiness for Undergraduate Program (GEAR UP) includes a state component that is based upon the successful NEISP program. It is showing great promise in helping to increase awareness of college opportunities among at-risk middle and high school students. It also contains a scholarship component providing more grant aid to students. Yet, not all states are participating due to funding limitations. Funding should be increased to address the growing college participation gap between high and low-income families.</p>	<p>“Sec. 404H. AUTHORIZED APPROPRIATIONS. There are authorized to be appropriated to carry out this chapter \$[200,000,000] 500,000,000 for fiscal year [1999] 2005 and such sums as may be necessary for each of the 4 succeeding fiscal years.”</p>

Issue #	Statutory Authority	Suggested Amendment	Rationale	Proposed Statutory Language
<p>4. Negotiated Rulemaking</p>	<p>HEA, Title IV, Section 492(a)(1))</p>	<p>Add state grant agencies to the list of groups involved in student financial aid programs under Title IV from which the Secretary shall obtain advice and recommendations for proposed regulations.</p>	<p>State grant agencies provide \$5 billion each year to over 3 million students. They administer several Title IV aid programs, including LEAP, GEAR UP, and Byrd Scholarships, using the FAFSA as the main application document. Yet, the Secretary excluded state grant agencies from the 2002 negotiated rulemaking meetings as voting members. Because of the comprehensive role played by states in the financing of higher education, they should be included in federal negotiated rulemaking meetings as voting members.</p>	<p>“Sec. 492 REGIONAL MEETINGS and NEGOTIATED RULEMAKING. (a)(1) IN GENERAL. -. guaranty agency services ,[and] collection agencies, <u>and state student grant agencies.</u>”</p>
<p>5. Free Application for Federal Student Aid (FAFSA)</p>	<p>HEA, Title IV, Section 483</p>	<p>(1) Retain the current language in Sec. 483(a)(1) to provide for the same number of “state program questions” on the FAFSA to assist states in the awarding of student financial assistance;</p> <p>(2) Direct the Secretary to provide free, electronic, state-specific FAFSA-on-the Web supplemental questions</p> <p>(3) Direct the Secretary to permit state aid programs free use of the federal financial aid PIN for FAFSA filers also applying for state financial aid</p>	<p>The states continue to integrate their aid applications with the FAFSA form to simplify the process for students and increase their chances of attending and finishing college. Current administrative “roadblocks” to full achievement of this objective will be overcome by adoption of these recommendations.</p>	<p>(1) Retain current Sec. 483 (a)(1) COMMON FINANCIAL AID FORM DEVELOPMENT AND PROCESSING language.</p> <p>(2) “Sec. 483(a)(8)STATE PROGRAM INTEGRATION. – The Secretary shall make available for no fee to the states electronic supplements to the federal single form which contain all questions necessary to apply for financial aid in each state. The Secretary shall also allow states use of, without fee, the unique electronic student identifier used in conjunction with the federal electronic forms authorized in Sec. 483 (a) (5) provided that each participating state complies with the security requirements authorized by the Secretary.”</p>

Issue #	Statutory Authority	Suggested Amendment	Rationale	Proposed Statutory Language
6. Pell Grants	Title IV, Subpart 1, Sec. 401	<ul style="list-style-type: none"> (1) Raise the maximum authorized Pell Grants (2) Change the nature of Pell Grants to an entitlement program whereby awards authorized are awards funded 	<p>These two recommendations should be considered together with NASSGAP recommendation #7 to correct the diminishing effect that Pell Grants are having to help families meet escalating higher education costs. Yearly maximum awards must be funded at authorized levels so that families can plan in advance. The FFY 2003 appropriations delay illustrates the uncertainty that families are facing. Taken in tandem with recommendation #7 (IRS/ED application information verification), these recommendations will re-establish Pell as the foundation grant in a student's aid package, and will address the continuing problem of the growing gap between low and high-income family participation in college.</p>	<ul style="list-style-type: none"> (1) Sec. 401(b)(2)(A) {endorse NASFAA maximum grant recommendations } (2) “Sec. 401 (a) PROGRAM AUTHORITY AND METHOD OF DISTRIBUTION.-- ...Notwithstanding the provisions of Sec 401 (g), eligible students shall receive the full amount of the award as determined pursuant to subsection (b).”
7. Automated Verification	HEA, Title IV, Section 484 (q)	Require an ED/IRS automated data verification demonstration project by 2004, and 100% data matches between the agencies within 3 years thereafter, with a commensurate reduction in college verification activity	<p>Each year, millions of dollars of federal aid is awarded to the wrong people for the wrong amounts due to errors in application reporting of income, dependents, filing status, etc., which are not corrected through the 30% sampled by colleges. Research shows most errors result in over awards. Yet, states that have 100% automated student aid application verifications with their state income tax agency find net savings due to award corrections after verification. Federal savings will result and the current statute strengthened if specific timetables are added.</p>	<p>“Sec. 484 (q)INCOME VERIFICATION OF DATA.-(1) CONFIRMATION WITH IRS.-...The Secretary shall conduct an automated data verification demonstration project no later than September 1, 2004, and shall conduct annual automated data matches for all relevant data provided by applicants beginning no later than September 1, 2005, at which time institutions will be relieved of the verification requirements of Sections...”</p>