nassgap

www.nassgap.org/

national association of state student grant and aid programs

To: NASSGAP Members
From: Dennis Obergfell
Date: January 31, 2000
Re:

- **Members' listserve questions - *Resondez s'il vous plait (RSVP)*** *A fancy French request*
- **Resondez s'il vous plait (RSVP) - Part Deux - Department of Education**
- **Let's Do Lunch – Important Dates.**
- **.38% Solution - FY2000 Budget**
- **Budget Surplus or Deficit? New Math for a "New" millennium.**
- **Budget 2001 – A College Opportunity Tax Cut Odyssey**
- **Neg. Reg. Negs Pegged, Purged and Appealed**
- **Coming and Goings**
- **GEAR UP UPDATE:**
- **NASSGAP/Department Exchange Vows. With This Blueprint I thee wed?**
- **THX MBK**
- **Merits Mentioning**
- **A Gregorian Chant -Who Wants to be a Millenniumaire**
- **St Louis 16, Tennessee 10, Halftime Show 0**

Members' recent questions posted to the listserve- *Resondez s'il vous plait (RSVP)* *A fancy French request*

Cheryl Maplethorpe has collected all responses to the questions listed below. They will be posted to the listserve soon.

West Virginia – Bob Long
As is customary when the Legislature is in session requests for data occurs. As a result I am seeking your assistance.
The issue relates to state-level aid programs (need or non-need) that incorporate a service obligation in return for the scholarship or loan.

Example: Scholarship that requires repayment should the recipient fail to perform the required service within the state or a loan that is forgiven for performing the required service within the state. We currently administer two scholarship programs that include the service feature. Each program is restricted to a specific discipline. One for teachers and the other for engineering and science graduates.

Does your agency administer any state-level aid programs, (need or non-need) that feature a service obligation? If yes, indicate whether need or non-need based for each is program open to all students or restrictive to a specific discipline example just for teachers Does the program include an interest bearing repayment clause I truly appreciate any responses. Thank you for your time and effort.

New York – Chas Tradwell
I recall a NASSGAP member looked at the "overlap" between Hope tax credits and their state student grants. What were the findings? And, have any of you been asked by your Governors or Legislatures how to "gain" the federal tax credits through decreasing state student grants? If so, how did you finesse the answer? Many thanks.

Wisconsin - Jane Hogan-Clark
Legislation has been proposed in Wisconsin that, if passed, will establish a State College Savings Program. One section within the bill indicates that the State Agency may not include the balance of the college savings account in the calculation of a beneficiary's eligibility for state financial aid for higher education. Since Wisconsin relies on the EFC calculation based on FM (which factors in savings under assets) to calculate state awards, I foresee our agency backing out the savings under assets and recalculating the EFC for each savings plan participant in order to fulfill this new requirement. This will be, of course, very time consuming and costly. I also question how many students will benefit since FM already has an asset protection allowance built into the formula. My understanding is that there are at least 13 other states that have state college savings plans that require the savings not be included in the calculation of state financial aid. Does your state have a college savings plan? If your program has a similar requirement that excludes the savings in the calculation of your state awards, how are you addressing this issue? Thank you in advance for your response!

Delaware Maureen Laffey

1. For your state-funded merit scholarship programs, if you require that the student maintain a minimum gpa in order to renew, what is it?

2. If you require a minimum gpa, and the student doesn't reach it, do you make exceptions? (i.e., a 2.95/3.0 minimum, is it considered "close enough"?) If you do make exceptions, what are some examples? (i.e., debilitating medical situation, or other extenuating circumstances reviewed on a case-by-case basis)

3. If a student loses the scholarship due to not meeting the gpa requirement, do you allow them to reinstate it if their gpa goes up later to meet the minimum requirement?

University of North Carolina – Majorie Crowell.
Which states have implemented matching programs where private gifts are matched with state appropriations? In those states that do have matching gift programs, what gifts are matched, specifically, and how do those programs work?

Ms. Crowell e-mailed me with the following question. I told her I would post her questions to the listserve and invite members to reply to her. She expressed that she would be grateful for whatever information you can provide her.

Marjorie L. Crowell
Associate Vice Chancellor for Development, University of North Carolina
TEL: (919) 962-2337 FAX: (919) 962-2387 margie_crowell@unc.edu

Resondez s'il vous plait (RSVP), Part Deux - Department of Education.

Answers can be found at the end of this update.

.

Fred Sellers has asked me to ask members to e-mail him with information as to how states are handling a couple of LEAP-related items. He needs responses pronto.

1. Does each state have its own refund policy(ies) for the program or programs that make up the State's Federal LEAP program (Federal allotment and state match dollars?

2. Does any state officially inform schools that grants to specific students are part of the Federal LEAP Program, that a specific dollar portion of a grant consists of these funds, or that all grants in a particular state grant program are Federal LEAP program grants, i.e., consist of Federal allotment dollars, state match dollars, or both? Fred thinks the number of states providing this information to schools approaches zero, but needs to confirm it. Fred believes few, if any, states inform schools of this information given all the complications it would entail, but he needs to know if his assumptions are correct.

The Department is looking at its policies on return of Title IV funds from having to consider state grants to be Title IV aid. Fred thinks the help of the states can provide them will very much to their benefit.

Let's do lunch – Important Dates

January 24	Congress went back into session
January 27	The President gave his State of the Union address
February 7	The President releases his budget
February 13	First day Pitchers and can catchers report to spring training
February 22	Secretary Riley will deliver his 7th and final State of American Education Address.
March 10	Comment period for GEAR UP regulations ends.
March 9-10	NASSGAP Executive Committee meets
June 8-9	NASSGAP/NCHELP Research Conference
June 11-14	NASSAGP spring conference in Washington DC (Doyle Hotel)
1/1/3001	Y3K
10/26/3017	The Chicago Cubs win their first World Series beating the Boston Red Sox in 7 games

.38% Solution – FY 2000 Budget

As you know, the fiscal year 2000 budget contained a provision that required all departments and agencies to cut .38% from their budgets. Cuts were left up to the discretion of the individual departments/agencies, provided that no one program had its budget cut by more than 15% from the previous year. In the end, the Department of Education cut about $108 million from their budget. The Pell grant program was the only higher education program that was cut. About $60 million was cut from the total program which because of carry over funds from the FY99 budget did not effect the Pell maximum grant. The maximum grant remains at $3300 for fiscal year 2000. As you know by now, LEAP and GEAR UP were not cut. ED cut $10 million that was included in the agency's final education budget but was not obligated for any specific program. The following is a list of the programs that ED targeted for budget cuts:

Pell Grants - $60.3 million Max Grant $3,300	ESEA Title VI - $14.25 million	Safe and Drug-Free Schools - $5.75 million	Fund for the Improvement of Education - $5.7 million
Impact Aid - $4 million	FIPSE - $3.4 million	Tech Innovation Challenge Grants - $2.4 million	Learn Anywhere Anytime Partnerships - $671,000
Voc. Rehab- $533,000	IDEA - $450,000	Star Schools - $450,000	Civic Education $150,000
21st Century Community Learning Centers $333,000		ED salaries and expenses - $250,000	

FY 2000 Funding for Pell, LEAP and GEAR UP

PELL MAXIMUM GRANT FY99: $3125 President: $3250 House Committee: $3275 Senate Floor: $3325 **FY2000: $3300**	LEAP FY99: 25m President: 25m House Committee: 0 Senate Floor: 75m **FY2000: 40m**	GEAR UP FY99: 120m President: 240m House Committee: 0 Senate Floor: 180m **FY2000: 200m**

Budget Surplus or Deficit? New Math for the "New" millennium.

Anyone who listened to the President's State of Union address can figure out that the President and Congress will ignore the budget caps in FY 2001 budget request created in a 1997 agreement with Congress. As you know, the caps were designed to eliminate the federal budget deficit by 2002. However, since the U.S. is allegedly basking in budget surpluses, the need for spending restrictions that would have required the government to cut billions of dollars in domestic spending next year is in doubt. But, according to the Congressional Budget Office (CBO), the federal government will end FY2000 (the current fiscal year) with a $129 billion surplus that is entirely comprised of Social Security funds. Without counting the Social Security surplus, the government would finish FY2000 with a $17 billion deficit. The amount of the surplus is re-estimated by CBO later this year.

The College Board (CB) has reported that the White House's decision to ignore the budget caps is unlikely to be challenged by congressional Republicans. The College Board states that "The GOP relied heavily on budget gimmicks in the last budget cycle to make it appear that the government was operating within the confines of the budget caps when, in reality, domestic spending far exceeded the amount that the caps truly permitted. Delaying billions of dollars in obligated funds to the following fiscal year and declaring otherwise routine expenditures as "emergencies" were the two most commonly used gimmicks". So do we have a surplus or deficient? Beats me, but it appears that the shortage of math and science teachers holds true in DC.

Budget 2001 – A College Opportunity Tax Cut Odyssey & more

Budget surpluses and debt questions aside, as you know by now the President, in his State of the Union address, proposed the College Opportunity Tax Cut that will, when fully phased in, provide up to $2,800 in tax relief for students or their families. The President's proposal would cost $30 billion over 10 years.

The President's proposal would give families the option of taking a tax deduction or claiming a 28 percent credit for tuition and fees to pay for college and other higher education. The proposal would cover up to $5,000 of educational expenses in 2001 and 2002 and rise to $10,000 of educational expenses from 2003 forward. When fully phased in, this proposal would provide up to $2,800 in tax relief annually to help American families pay for college. Students or families could use the College Opportunity Tax Cut to help pay for college, graduate work, or courses taken to enhance job skills. There is no limit to the number of years that a taxpayer could take this credit, although when fully phased in it is limited to $10,000 in educational expenses per family per year. A family could choose between the Hope Scholarship and the College Opportunity Tax Cut, but could not take both for the same student. The College Opportunity Tax Cut would phase out for individuals with incomes between $50,000 and $60,000 and married filers with incomes between $100,000 and $120,000.

If Congress passes this or a similar tax cut proposal, then whether such cuts are tied to tuition and fees or to the cost of education will be significant to many state grant agencies (see NY's listserve question on page one of this update). USSA says a U.S. Treasury report shows that approximately 25% of the total amount given back in tax credits went to families with incomes below $30,000, and about 26% of that total benefited families with incomes between $30,000 and $50,000. This leaves around 50% of the credits given went to families earning more than $50,000 a year. If the income caps are increased, it obviously will allow more families with higher incomes to claim the tax credit.

Other aid increases in the President's proposed budget:

- **Pell** - a $200 increase to $3,500
- **GEAR-UP** - from $200 million to $325 million - enough to serve 1.4 million students.
- **LEAP** - No official number. Word is that it will be level-funded

Neg Reg Negs Pegged, Purged and Appealed

In a Federal Register dated December 30, 1999 (Volume 64, Number 250)] [Page 73458-73460], The Department of Education announced that they would consider all nominations for membership on the committees that they receive by January 18, 2000, to participate in the negotiated rulemaking sessions. The Dept announced that it would have two negotiating committees, for the purpose of reaching a consensus on proposed regulations through discussion and negotiation among interested and affected parties, including the Department of Education. On behalf of NASSGAP, I nominated Ron Gambill to serve on Committee I (Loan Issues Committee), and Chas Treadwell and myself (as an alternate) to serve on Committee II (Program and Eligibility Issues Committee). In my letter I explained that both committees would cover material that directly and indirectly impacts state agencies.

On the afternoon of February 22, 2000 I received two faxed letters from Maureen McLaughlin, ED's Deputy Assistant Secretary the Department. One of the letters notified me that NASSGAP was selected as a member of Committee II, the other letter said that the organization's request to sit on Committee I was denied because the Department only…"selected organizations to balance representation and the size of the negotiating group and therefore were unable to accept all nominations" whatever that means. Although all meetings are open to the public, only those invited will have a seat at the negotiating table.

On January 27, I wrote Ms. McLaughlin (see letter below) asking that the Department reconsider the decision to exclude NASSGAP from the Loan Committee. I will let you know of any progress in this regard. The list below includes the issues each committee is likely to address. The Department has said that this list of issues below is tentative and may be revised as the process continues.

Committee I: Loan Issues Committee

Cohort Default Rates

- Restructure and revise cohort default rate provisions for clarity and consistency (34 CFR 668.17).
- Address the effect of changes of ownership on calculation of cohort default rates and related determinations of eligibility (34 CFR 668.17(g)).
- Remove or modify the list of default reduction measures in Appendix D to Part 668.

- Develop regulations regarding electronic appeal submission and processing, including consideration of the functions to be performed by guaranty agencies, schools, and the Department. Death and Disability--address evidentiary requirements for death discharges; standards for granting disability discharges; and processes for evaluating discharge applications (34 CFR 682.402(b) and (c)). Delinquency and Default Management--address post-default due diligence (34 CFR 682.410(b)(6) and (7)).

Teacher Loan Forgiveness
False Certification Discharges--address implications of the decision in Jordan v. Riley and the existing ability to benefit standards (34 CFR 682.402(e)). Federal Perkins Loans--address proof of claim requirements in bankruptcy (34 CFR 674) and criteria regarding institutions' ability to maintain an acceptable record of collecting on loans. Cash Management--address just-in time provisions (34 CFR 668.162 and 668.167).

Committee II: Program and Eligibility Issues Committee

Change of Ownership--(34 CFR 668.12 and 668.13 and 34 CFR 600.20, 600.21, 600.30, and 600.31)
- Address changes of ownership of publicly traded corporations.
- Consider changes of control issues that are unique to public institutions.
- Clarify application procedures and information required for changes of ownership and other situations.
- Consolidate and clarify change of ownership provisions, including application procedures.

Nontraditional Programs
- Consider the definitions of standard term, nonstandard term and non-term (34 CFR 668.2).
- Address the application of the 12 hour rule as found in the academic year and eligible programs definitions (34 CFR 668.2 and 668.8).
- Revise notification and approval requirements for additional locations and new programs (34 CFR 600.10, 600.20, 600.21, and 600.30).
- Consider revisions to regulatory provisions governing consortium and contractual agreements (34 CFR 600.9).

Special Leveraging Education Assistance Partnerships (SLEAP)
Electronic Authorization and Verification, and Electronic Retention
- Address these issues for certain Title IV programs and purposes. Each negotiating committee will include representatives of significantly affected interests, such as students, and/or legal assistance organizations that represent students, institutions of higher education, guaranty agencies, lenders, secondary markets, loan servicers, guaranty agency servicers, and collection agencies.

Schedule for Negotiations

There are expected to be a total of approximately four meetings of each committee. The following is the tentative schedule for negotiations for each of the committees.

Committee I	**Committee II**
Session 1: February 3-4 (not 2/7-8 as printed in Fed Register)	Session 1: February 7-8 (not 2/17-18 as printed in Fed Register)
Session 2: March 27-29	Session 2: March 29-31
Session 3: May 1-3	Session 3: May 3-5
Session 4: May 30-31	Session 4: June 1-2

You can view the official document, in Text or Adobe portable document format (pdf) on the World Wide Web at either of the following sites: http://ocfo.ed.gov/fedreg/htm and http://www.ed.gov/legislation/HEA/rulemaking

nassgap

www.nassgap.org/

national association of state student grant and aid programs

January 27, 2000

Maureen McLaughlin
Deputy Assistant Secretary - OPE
US Department of Education
1990 "K" Street, NW Room 8046 - Mail Stop 8502
Washington, DC 20006

Dear Ms. McLaughlin:

The National Association of State Student Grant and Aid Programs (NASSGAP) appreciates the invitation to serve as a member of the negotiating committee for Program and Eligibility Issues. However, NASSGAP requests that the Department reconsider its decision to not appoint a NASSGAP representative to the Committee for Loan Issues.

NASSGAP members have a keen interest in the areas to be negotiated on the Loan Issues Committee as it encompasses several areas that directly impact states' programs that are not represented on the Loan Issues Committee. NASSGAP members administer numerous state loan, scholarship, and grant programs that must be coordinated with the loan program. Most of the states have state-funded teacher loan forgiveness programs that need to be coordinated to compliment the federal program. No other entity other than NASSGAP can possibly represent state grant and scholarship agencies on issues related to cash management, false certification, teacher loan forgiveness, death and disability issues, and cohort default rates. All of these issues impact our state programs.

Assigning NASSGAP a seat to the Committee for Loan Issues would put into action J. Barry Morrow's, General Manager Financial Partners, recent commitment to NASSGAP to create open lines of communication between the Department and state agencies to insure that NASSGAP members have access to advocate their interests. NASSGAP's absence from the committee would represent a step back in this regard, and would only serve to contribute to a continuation of uncoordinated state and federal regulations which at the very least would create confusion for students, and administrative difficulties for schools and state agencies.

In summary, NASSGAP respectfully requests that the Department reconsider its decision to not appoint a NASSGAP representative to the Committee for Loan Issues. I look forward to your response.

Sincerely,

Dennis Obergfell
President, NASSGAP

cc NASSGAP Executive Committee
J. Barry Morrow, Cameron Ishaq

THX MBK

I again want to thank Mary Beth Kelly and the ED Technical Forms Committee for all the contributions they have made recently on behalf of NASSGAP. Mary Beth has worked hard at inviting and encouraging members to comment on the Department's 2001-02 FAFSA, including surveying members regarding the Department's consideration to move to a single identifier. In her letter to Mr. Pat Sherrill, based on her survey of the membership (via the listserve) Mary Beth argued that changing from a six-digit school code to a eight-digit identifier would require significant changes within processing systems and thus should be announced on a timetable that permits those changes to occur in a manner that does not disrupt the delivery of aid to needy students.

In addition, Mary Beth has surveyed the membership on their electronic disbursement and origination capabilities (and forwarded the information to the Access America Origination and Disbursement Workgroup), and most importantly, she has served as a vital member of the Department's FAFSA Redesign team. Mary Beth recently expressed concern about the direction of the FAFSA redesign efforts. She reported on the listserve that the FAFSA Redesign meeting scheduled for January 6 was cancelled and instead the "meeting" was scheduled to be conducted electronically. Mary Beth beleives that electronic communications do not readily lend themselves to a give and take discussion about critical and complex matters such as the states' and other's positions on FAFSA usage, and I agree with her. Accordingly, I have written to Greg Woods urging that the Department continues this coordinated effort to review the delivery system and FAFSA matter, and I've asked him to keep Mary Beth as a member of the FAFSA Redesign team. The letter is attached at the end of this document.

nassgap *www.nassgap.org/*

national association of state student grant and aid programs

January 27, 1999

Mr. Greg Woods
U.S. Department of Education
ROB 3, Room 4004
7th and D Streets, S.W.
Washington, DC 20202

Dear Mr. Woods:

The National Association of State Student Grant and Aid Programs (NASSGAP) is a national organization that represents agencies in the fifty (50) states that operate Leveraging Educational Assistance Partnership (LEAP) Programs and state aid programs. These states, including the District of Columbia and Puerto Rico, provide $3 billion in aid to over 2 million students. Clearly, state agencies are vitally interested in the delivery system and the design of the Free Application for Federal Student Aid (FAFSA). The FAFSA serves as the base application for state assistance and is a key point of interaction between the U.S. Department of Education (USDE) and all states.

NASSGAP has participated in the FAFSA Redesign Team since 1996, with the chairperson of the ED Technical Forms Committee of NASSGAP representing the states during this process. This relationship has facilitated the work of the Redesign Team since it provides expeditious reactions to issues related to the delivery system and FAFSA. It provides a conduit for state concerns as well as a vehicle to solicit responses from states through the NASSGAP listserve when such is appropriate. Colin Sellar has been the moderator of this team and has made a significant effort to recognize the needs of states throughout the process. Mary Beth Kelly, Vice President, State Grant and Special Programs at the Pennsylvania Higher Education Assistance Agency (PHEAA), has served as chairperson of the NASSGAP ED Technical Forms Committee during those years and has represented NASSGAP on the FAFSA Redesign Committee with distinction.

NASSGAP strongly urges the continuation of the coordinated effort to review the delivery system and FAFSA matters that include not only the appropriate federal and school personnel, but also the representative designated by the states through the national organization. The continuation of the inclusion of a representative of NASSGAP on the core federal FAFSA Redesign Team is critical to the state/federal partnership and the streamlined delivery of financial aid to needy students. Accordingly, NASSGAP requests that Mary Beth Kelly be reappointed to serve on this committee. I look forward to your response.

Sincerely,

Dennis Obergfell
President, NASSGAP

GEAR UP – UP DATE

With Pauline Abernathy's departure for the Pew Charitable Trust, David Condon, Deputy Director, GEAR UP (202-502-7796) has been asked to serve as the Department's representative for the remainder of negotiated rulemaking. In addition the Department has extended the comment period for three weeks from the initial deadline of January 20, 2000 until February 10, 2000. I have also sent the following letter (see below) to Edward Fuentes with the Department of Education as it relates to the proposed GEAR UP regulations. My thanks to Chas Treadwell for drafting the letter. All members are encouraged to write the Department directly with their comments as well.

nassgap *www.nassgap.org/*

national association of state student grant and aid programs

January 14, 2000

Mr. Edward Fuentes
U.S. Department of Education
1990 K Street, NW
Room 6107
Washington, DC 20006

Dear Mr. Fuentes:

I am pleased to provide comments on the proposed GEAR UP regulations published in Volume 64, Number 244 of the Federal Register.

We were grateful for the NASSGAP representation on the Negotiated Rulemaking team which helped the Department develop the proposed regulations. We were also pleased to host the GEAR UP listserve through NASSGAP.

Section 694.10(c)-Continuation Scholarships

The preamble commentary should be expanded to state:"...The same release (of continuation scholarship obligation) would be provided if Federal funding were reduced and projects were not fully funded in a year as a result. If sufficient Federal funding is provided throughout the life of the grant, however, a grantee would be obligated to provide continuation scholarships...".

The regulation should be altered to add to the end of 694.10(c)"...,unless the Secretary waives the requirement due to insufficient Federal funds."

Reason

These modifications would clarify the program intent by stating that the obligation for funded projects to provide continuation scholarships to all scholarship recipients is active whenever adequate Federal funding is available. Without this clarification, the ED-proposed preamble and regulation language could lead to a greater than 50% matching share being required of the funded project, conflicting with law. If the proposed regulations were not modified it could restrict the number of GEAR UP projects due to the uncertainty of how much non-federal matching funds will be required in the "out" years given the uncertainty of annual Federal appropriations.

Thank you for consideration of your request.

Sincerely,

Dennis A. Obergfell
NASSGAP President

cc: NASSGAP Executive Committee

A Gregorian Chant – Who wants to be an Millenniumaire
mil*len*ni*um \ \ *n, pl* **-nia** *or* **-niums**: a period of 1000 years

In the event you had the real Y2K bug (the flu), and were bummed about missing out on all the New Millennium celebrations, good news (or bad if you one of the millions who are suffering from "New Millennium Fatigue"), you have 11 months to get ready for the real start. The Gregorian calendar reckons time relative to the birth of Jesus, and begins with the year 1 AD. There was no "year 0." So, the first millennium was from 1 to 1000, and according to the U.S. Naval Observatory "the end of the second millennium and the beginning of the third will be reached on January 1, 2001. This date is based on the now globally recognized Gregorian the initial epoch of which was established by the sixth-century scholar Dionysius Exiguus, who was compiling a table of dates of Easter. Rather than starting with the year zero, years in this calendar begin with the date January 1, 1 Anno Domini (AD). Consequently, the does not begin until January 1, 2001 AD". Check out www.usno.navy.mil

No matter, one millennium celebrant I've read said that the new millennium is an "arbitrary fulcrum point of time and history" (nice phrase), and to not get hung up on the technicalities. He said that in the minds of some, the January 1, 2000 was a big deal because the row of three consecutive nines flipped over to a neat row of three zeros. Apparently we like turnovers of our historical odometer. If you really can't wait another 11 months to celebrate, the Chinese New Year is February 5.

Merits Mentioning

The American Association of state colleges and universities questions the merits of many new merit-based state scholarships in a report due to be released soon. See http://chronicle.com/daily/2000/01/2000012703n.htm

Coming and Goings

Christine Crenshaw recently posted to the listserve that she has left the Kansas Board of Regents to return to Kansas State University on January 18, 2000 as Associate Director of Undergraduate Admissions She has been with the Kansas Board of Regents for nearly nine years. Her home e-mail is christyc@kansas.net and her new phone number will be 785-532-2650.

Mark Cannon was recently appointed as The National Association for College Admission Counseling's (NACAC) Deputy Executive Director. According to a NACAS press release NACAC "supports the work of nearly 7,000 members at the secondary and college and university levels of education and in a variety of organizations and agencies. Members become involved with issues and policies on the state and national level and within the counseling profession that have an impact on the lives of students making the transition from high school to college". http://www.nacac.com/index.html

NASSGAP/Department Exchange Vows. With This Blueprint I Thee Wed

In my December update I reported that on 11/18/99, NASSGAP members met in Chicago with Barry Morrow, OSFA's General Manager for the Financial Partner Channel, and Cameron Ishaq, OSFA's State Agency Liaison Group, for the purpose of discussing the Department's failure, as part of its Modernization Blueprint, to acknowledge the relationships that exist between state grant agencies and the Department of Education. Subsequent to that meeting I received a letter (see below) from Mr. Morrow expressing his desire to work with states in perfecting the Blueprint, and restoring open lines of communication between the Department and agencies. I also received e-mail from Mr. Ishaq on 1/20/2000 reiterating the Department's desire to foster partnership and communication with NASSGAP.

In turn, I have invited both Barry Morrow and Cameron Ishaq to meet with NASSGAP's Executive Committee this March. Mr. Ishaq has tentatively agreed to attend. I'll keep you apprised of future developments on this front. In the meantime, I will send them both letters expressing NASSGAP's desire to keep the conversations going, and I will attempt to outline the specific relationships states have with the Department (FAFSA, Byrd, GEAR UP, Douglas and more). Stay tuned.

UNITED STATES DEPARTMENT OF EDUCATION

WASHINGTON, D.C. 20202-_____

December 20, 1999

Dennis Obergfell
President, NASSGAP
Interim Executive Director,
State Student Assistance Commission of Indiana
150 West Market Street
Indianapolis, IN 46204

Dear Dennis:

It was a pleasure meeting with you and other members of the Executive Committee of NASSGAP in Chicago on November 18. I think we all enjoyed the benefits of a full and frank exchange of views on both the history and broad scope of the relationship between state agencies and the Department. I also understand and appreciate the effort you and your constituents made to recommend positive next steps toward improving communications. This included, but was not limited to, NASSGAP's request for a separate Manager for State Grant Agencies, and that state grant agencies, like all other partners referenced in the Performance Plan, be involved in the design of everything that affects them. As we discussed the state agency liaison function will remain in the Financial Partner Channel and we will take steps to increase the communications and coordination with your membership.

The Department views NASSGAP as a vital partner in furthering our common goal of delivering aid to students. We understand the link between the federal student aid delivery system, particularly the federal application process and the awarding of aid through the states, and we are committed to bringing your members to the table to help shape the issues that affect you. We hope you will note that the latest version of the Performance Plan set to be released shortly, will mention the importance of state agencies in the aid process. We believe that with NASSGAP's assistance, subsequent iterations of the Modernization Blueprint and Performance Plan will identify the specific relationships that the Office of Student Financial Assistance (OSFA) and the federal financial aid delivery system have with state grant agencies.

NASSGAP expressed concerned about potential costs associated with having to join the Postsecondary Education Standards Council (PESC) and the National Automated Clearing House Association (NACHA), in order to participate in meetings to develop standards that facilitate communications between students, OSFA and partners. I understand that mandatory dues associated with joining this process would effectively price states out from participating in such discussions. That said, I promised to investigate the possibility of working out a temporary Interagency Personnel Agreement as a way of mitigating states' costs in this regard. I will let you

know of any progress I make on this matter. Also, as a reminder the NACHA efforts are being currently funded by OSFA and are planned to be funded through December 31, 2000.

Regardless of the state of our previous standing with the state agency community, you and your constituents should know that we value your role in the aid delivery system. We are dedicated to both creating and restoring open lines of communication between the Department and state agencies to insure that your members have the means and the access to advocate in your interest. In the coming months we will continue our dialogue with you to create such an environment, and to formalize a process to ensure your participation and facilitate the free the flow of information.

Please feel free to contact either Cameron Ishaq or myself as we go forward if you require any assistance.

Sincerely,

J. Barry Morrow, General Manager
Financial Partners Channel
Office of Student Financial Assistance

Cc: Cameron Ishaq

Below are the responses to Fred Sellers LEAP questions that I have received so far.

NASSGAP Colleagues:
Fred Sellers has asked me to ask members how they are handling a couple of LEAP-related items. He needs responses pronto. If you post them to the listserve, I'll compile and send them to Fred or you can send your answers to both the listserve and Fred. His e-mail is Fred_Sellers@ed.gov

1. Does each state have its own refund policy (ies) for the program or programs that make up the State's Federal LEAP program (Federal allotment and state match dollars)?

2. Does any state officially inform schools that grants to specific students are part of the Federal LEAP Program, that a specific dollar portion of a grant consists of these funds, or that all grants in a particular state grant program are Federal LEAP program grants, i.e., consist of Federal allotment dollars, state match dollars, or both? Fred thinks the number of states providing this information to schools approaches zero, but needs to confirm it. Fred believes few, if any, states inform schools of this information given all the complications it would entail, but he needs to know if his assumptions are correct.

The Department is looking at its policies on return of Title IV funds from having to consider state grants to be Title IV aid. Fred thinks the information he receives from state agencies could help him help us.

Responses as of 1/24/2000

Alabama
1 No
2 No -- however, for institutional audit purposes we provide the institutions with a listing of state/federal funds expended at each institution.

Arkansas the answer is no to both questions.

California
1. Applies LEAP funds retroactively to student accounts to only those files which meet the federal criteria and for which we have received complete payment transactions for the award year.
2. We do not inform individual students or their institutions that we have applied specific federal LEAP funds to their accounts.

Connecticut
1. CT advises colleges to treat its grant program as an outside scholarship and to treat refunds in accordance with its institutional refund policy.
2. CT does NOT advise colleges or students that some federal funds are included in their state grant (asI recall if we did so the colleges would have to include the federal amount of the state grants in their FISAP application)

Delaware,
1) if a student withdraws and is charged a percentage of tuition, the student is entitled to the same percentage of the state grant, and the school refunds the balance to us.
2) We do not inform the schools that grants to our students include LEAP dollars (for the recipients), or what percentage of the grant is from LEAP funding. The schools are aware that we receive LEAP dollars but to my knowledge no school has ever asked us specifically to identify their students who received this grant money.

Illinois
1 Illinois has a refund policy in place for our primary need-based grant program. All of our LEAP funds are used in our primary program.
2 Illinois does not highlight the funding source of payments made on behalf of student beneficiaries when such funds are distributed to institutions participating in our programs.

Indiana
1. Like California, Indiana applies LEAP funds retroactively to student accounts to only those files which meet the federal criteria and for which we have received complete payment transactions for the award year.
2. Indiana notifies grant recipients that their state grant awards MAY contain LEAP funds

Iowa
1. In Iowa we require schools to refund state dollars in a percentage equal to the school's refund policy for institutional funds. Some schools choose to use the federal policy for institutional refunds, but many do not.
2. We do not tell schools that specific student grants include LEAP matching funds. Schools are aware that LEAP funds are used in the Iowa Grant Program, but we do not tell them what percentages of funds are Included for their students. At the end of the year, schools frequently ask how much LEAP money was included in Iowa Grant dollars for their internal auditors. To students, Iowa Grants are always identified as

Louisiana

1. LA does not have its own refund policy - Schools consider LEAP funds to be Title IV, therefore LEAP funds are part of the Title IV refund policy, but since its at the bottom of the list of programs for reimbursement, you wont's see many, if any, refunds. Any refunds that we would recover, if for overawards, ineligibles, refunds, etc, are reallocated and reissued to other qualified students.
2. Schools are notified of the total LEAP funding for the academic year and the federal allocation is specifically broken out.

Michigan

Similar to Pennsylvania in that MI does not identify LEAP recipients until after the close of the academic year and never advise the recipient or their school about their inclusion in this cohort.

Minnesota

MN awards LEAP dollars to students at the end of the school year. We only select files for students who did not withdraw or have a refund, so the issue has never come up.

Mississippi

Mississippi disburses the funds to the college and the college selects the recipient. The colleges use the Title IV refund policy as they know that the grant is a part of the Federal LEAP program. We provide to the colleges what portion is federal and what portion is state matching funds.

Missouri

1 No, Missouri does not have its own state refund policy for LEAP or any state programs.
2 Missouri DOES inform schools which individual state student grants are federally or state funded. We code this in our system so that we can track federal and state dollars awarded at all Missouri schools.

Montana

1. Montana disburses the funds to the college and the college selects the recipient. They use the Title IV refund policy.
2. All schools know that the grants are part of the Federal LEAP program and they know which portion are federal funds and which portion is state matching funds.

Nebraska (which is a decentralized state)

1. The federal refund policy is used at the institutional level for return of funds.
2. LEAP funds are identified to the institution but the funds are commingled as part of the State grant program. No designation is made on the student award to identify the LEAP funds.

New Hampshire

1. No
2. No

North Dakota

1. In ND, we inform all institutions that the LEAP Program is a Title IV Program. We also allow each institution to use their refund/return of title IV funds policy.
2. During the initial awarding of LEAP funds, we inform each campus which students are eligible to receive an offer of a 50/50 LEAP grant. But we do not notify the students of this designation. Obviously, changes to the initial list of awardees changes throughout the award year and we need to reconcile the list at end of the award year. At one time, I believe institutions were able to use the designated 50/50 LEAP (federal/state) information when matching funds for their campus-based programs.

Oklahoma

1. Oklahoma's LEAP-related program follows the Title IV refund policy.
2. While we keep no secret that the program in general is funded with a combination of federal LEAP dollars and state-appropriated dollars, we do not identify the specific funding source of an award to either the student or the school. While we have in the past identified state or federal funds on our disbursement reports issued to schools, in light of the new Title IV policy, they have requested that we discontinue readily disclose that information, and we have agreed to exclude the funding source on those reports.

Oregon

1. The federal refund policy is used at the institutional level.
2. Federal funds are co-mingled with state funds and awarded under the assumption that each state grant contains some level of federal funding. We have always required Oregon schools to state in their financial aid materials that the Oregon Need Grant contains SSIG/LEAP Title IV dollars.

Pennsylvania

1. Pennsylvania has its own policy and request that the school refund to the PA State Grant Program the same percentage that tuition and fees are adjusted unless the application of the federal refund requirements result in no funds left to return to us. So, if the school reduces tuition and fees by 50% for the student, who withdrew, we would expect 50% of the recipient's grant for that term to be returned to us. However, under the former and current federal refund policies, we find that there are few cases in which the school has funds left after adhering to the federal policies so we get nothing.
2. Pennsylvania does not identify LEAP recipients until after the close of the academic year and never advise the recipient or their school about their inclusion in this cohort. PA specifically tells schools that we don't tell them who their LEAP recipients are.

Puerto Rico

1 Puerto Rico does not have a state refund policy. The federal refund policy is used at the institutional level.

2 LEAP funds are identified to the institutions that have students selected to receive its. No designation is made on the students' award letters to differentiate between LEAP and state grant funds.

Rhode Island

1. RI informs institutions that, in withdrawal situations, students are allowed to retain the same percentage of their state grant as the percentage of tuition they were charged. In overaward situations, we ask that state awards first be used to fill any unmet need/gap, second to reduce/replace any loans and third to reduce/replace any work awards. If these adjustments cannot be made, any state funds resulting in an overaward must be returned.
2. Although RI institutions are generally aware that LEAP funds are part of the State grant, we do not formally notify them or the student that a portion of the awards are LEAP funds. Occasionally, a school may specifically ask what portion of the state awards to their institution comprised federal funds and we will notify them of the specifics for their institution.

South Carolina

1) The federal refund policy is used at the institutional level for the LEAP Program; and,

2) LEAP funds are identified to the institutions that have students selected to receive the LEAP funds, but no designation is made on the students' award letters to differentiate between LEAP and state grant funds.

Tennessee

(1) TN uses the school's federal policy

(2) No

Virginia does not have an official state refund policy for LEAP affected programs. The refund policy used is determined at each campus. Our literature and financial aid information does mention that part of the grant (we call it College Scholarship Assistance Program) is federally funded via LEAP (though we don't tell them that the grant is 85% Virginia state funds)

Washington

1. Refund policies, by state statute, are left in the hands of the schools thereby defaulting to federal expectations.
3. Generally "no." I say "generally" because we use to specify that our grant be printed on the award letter as SNG/SSIG. This was to assist our state's local welfare agency workers to recognize the state grant program as one that is "colored" by federal title IV monies, thereby invoking the federal title IV coordination of benefits provision. But, in recent years that has become unnecessary and the practice of including the federal program name along with the state name has fallen off.

West Virginia

1. WV has a refund policy that requires the schools to refund a portion of the tuition and fees should the state grant recipient withdraw within the refund period. However the application of the federal refund requirements usually result in no state funds being returned. We do not notify individual state grant recipients of their selection as LEAP recipients nor do we notify schools of the students that we have selected as LEAP recipients. However LEAP funds are identified to the schools that will have LEAP recipients.
2. WV includes a reference to the receipt of federal funds in the award notification to recipients but no actual notice of which students are ultimately selected. Actual selections occur at the end of the year once we determine that the selected recipients have met all eligibility requirements.