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national association of state student grant and aid programs

To: NASSGAP Members
From: Dennis Obergfell
Date: February 14, 2000

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Negotiated Rulemaking Round 1- A NASSGAP Update

The following is a very brief update on a few issues that are of significance to the membership. Chas Treadwell represented NASSGAP at the first round of Committee II of the Negotiated Rulemaking session. Committee II's agenda deals with Program and Eligibility Issues, including, *Change of Ownership, Special Leveraging Education Assistance Partnerships (SLEAP), Nontraditional Programs, Electronic Authorization and Verification and Electronic Retention issues*. The next meetings are scheduled for March 29-31

Chas' notes follow:

To: NASSGAP membership
From: Charles G. Treadwell
Subject: Neg. Reg. Team II: First Meetings
Date: May 31, 2005

On February 7-8, I represented NASSGAP on Team II of the U.S. Department's Negotiating Rulemaking effort. Preliminary issues and policy questions were raised according to the attached agenda. The following are highlights:

LEAP/Special LEAP

- ED plans to continue to "under-regulate" LEAP/Special LEAP to permit States maximum flexibility.
- The effective date of the regulations will be 2001, so distribution of 2000-2001 Special LEAP funds will be accomplished according to statutory requirements and current regulation - it was noted that 1979 "hold harmless" distribution ratios apply until funding exceeds \$70 million.
- How can States use Special LEAP funds in coordination with GEAR UP scholarship requirements (e.g., can States who have met their GEAR UP matching requirements use Special LEAP funds to build a trust fund for future GEAR UP scholarships?) (Note: ACE suggested "no" to that request so as not to dilute LEAP).
- How does the new Maintenance-of-Effort requirement apply to States with "entitlement" grant programs? - Can they get a waiver?
- Clarify "Applicability Rule" in Section 415E(d) of law, as it is not well worded.
- Can the "SLEAP" acronym be altered? (NAICU) - Yes, ED is using Special LEAP.

Electronic Authorizations, Verifications, etc.

- Committee members were unclear as to how this neg reg effort (which is not under PBO) interfaces with ED's PBO efforts on electronics.
- ED wants to limit scope of this issue to non-loan issues, but Committee wants it broader. ED initially suggested only:
 - ◆ CWS supervisor sign off of hours worked;
 - ◆ FISAP process for applications for campus-based student aid funding.
- ED suggests that the financial aid community make a list of current student aid "wet" signature requirements so that ED can review which ones may go electronic (NASSGAP may want to post this on ListServe for the members which also guaranty loans). ED will then decide which Neg Reg Committee will address loan electronics issue - e.g.,
 - ◆ Receipt of disbursements made to student's financial institution;
 - ◆ Verification of student receipt of e-mail;
 - ◆ Posting to student accounts;
 - ◆ Verification;
 - ◆ Post-default due diligence;
 - ◆ Forbearance.

ED may defer to Committee I electronic issues directly related to loan programs, such as due diligence. Areas deemed "not ready" for electronic discussion include:

- ◆ False certification discharges;
- ◆ Just in time cash management; and
- ◆ Bankruptcy.

Preamble

In response to prior complaints received in prior Neg Reg Committees, ED offered to distribute draft NPRM Preamble to Neg. Reg. Committee for review and comment before it is finalized, to be sure it accurately reflects Committee discussion.

Next Meeting

- March 29-31

Neg. Reg. Committee I Denial/Appeal Status

As previously reported, NASSGAP was not granted a seat at the Committee I Negotiated Rulemaking. Committee I's issues are loan centered, with particular emphasis on matters related to *Cohort Default Rates, False Certification Discharges and Teacher Loan Forgiveness*. On February 27, I sent a letter of appeal, on behalf on NASSGAP, to OPE's Deputy Assistant Secretary – Maureen McLaughlin. Ron Gambill attended Committee I's first meeting and asked that NASSGAP be granted a seat at the negotiating table. Every negotiating member would have to agree to such a request. Unfortunately, his appeal was denied by the Department of Education and by the American Association of Collegiate Registrars and Admissions Officers' (AACRAO) Associate Executive Director, Barmack Nassirian. I am writing a letter to Secretary Riley to further our appeal. Session 2 of Committee I is schedule for March 27-29.

Listserve Questions for February. Delaware Maureen Laffey

We are working on a graduate follow-up survey in Delaware and last year we contracted out with LifeTrack Services, Inc. from Washington. This year we are expanding our survey and I was wondering if any of you have either used or know of other vendors who provide this type of service. Any leads to other vendors would be greatly appreciated. Thanks.

The President's Budget Request

On Monday, February 7, 2000, President Clinton released his final budget for fiscal year 2001. I'm sure you've read the numbers from other sources, but I've listed LEAP and GEAR UP because they affect many NASSGAP members.

<u>PELL MAXIMUM GRANT</u>	<u>LEAP</u>	<u>GEAR UP</u>
FY99: \$3125	FY99: 25m	FY99: 120m
FY2000: \$3300	FY2000: 40m	FY2000: 200m
President (FY01): \$3500	President (FY01): 40m	President (FY01): 325m
% increase: 6.1%	% increase: 0	% increase: 62.5%

E C phones home. The Executive Committee holds brief phone conference.

A few weeks ago, the Executive Committee met over the phone to discuss several items related to the organization. Minutes of the meeting will be available at the Spring Conference in June. In short, the group discussed recent communications with the Department of Education regarding an alleged soon-to-be-released revision of the Modernization Blueprint. The committee agreed to invite both Barry Morrow and Cameron Ishaq from the Department to the Executive Committee's meeting which will be held March 10 - 11, 2000. Mr. Ishaq has since accepted the invitation.

The group also discussed matters relating to the FAFSA redesign team, Negotiated Rulemaking, and the possibility of requesting the membership to approve a dues increase. There will be more discussion about a possible dues increase at the Executive Committee's March meeting, and again at the regular June Conference in DC. The Executive Committee approved renewing NASSGAP's membership to the Committee for Education Funding (CEF).

Topics for the Spring 2000 conference were also discussed. Diane Todd-Sprague (MI), Program Chair, reported that in addition to federal updates, potential session topics might include Prepaid Tuition/Savings Programs, Distance Learning, Hope Tax Credit, State Programs with Service Obligations and Web Sites. Cheryl Maplethorpe (MN) suggested there be time to introduce to the Department, a reconfiguration of their year-end Pell Grant information so that states can make use of it. John Klacik (WA) suggested inviting Sen. Pat Murray (WA) and other members of Congress interested in education. Mary Ann Welch (RI) agreed to contact Sen. Jack Reed (RI) and invite him to the spring and fall conference. Ron Gambill (TN) suggested time be allotted for discussion of the FAFSA drug question and the lack of the ability to use FAFSA on the Web. Additional topic suggestions should be forwarded to Diane Todd-Sprague (MI), 513-373-2436 spraguedt@state.mi.us

Miss February – A centerfold

Jan Hilyer's term as NASSGAP's Treasurer and Lillian Montoya-Rael's term as the organization's Member-at-large ended after our October 1999 meeting in San Diego. I took a few pictures, but the only one that turned out was of Jan. The photo attached to this e-mail is of Jan holding the plaque that Past President Ron Gambill gave her for serving on the Executive Committee. Jan's is focused on doing her regular job these days, but is still searching for the perfect baked potato, or in Jan case I should say "potata".