

Colleagues:

A special Howdy Partner Leap Year Edition. The items covered include:

- Colleagues' Recent Listserve Questions, Observations and Findings – (*pardon the small print*)
- Message in a bottle? NASSGAP sends Committee I Neg Reg appeal to Secretary Riley.
- Not much pomp, but lots of circumstances. A nomination form for Executive Committee openings.
- March Executive Committee Agenda

## Colleagues Recent Listserve Questions, Observations and Findings

**Minnesota** *Change in 2000-2001 Federal Methodology* - Ginny Dodds

I just got an email from the USDE saying they needed to correct the 2000-2001 Federal Methodology document to reflect a new income threshold for the Automatic Zero EFC formula. According to the USDE, the income cutoff for the Automatic Zero EFC formula has now been increased to \$13,000 for 2000-2001 instead of \$12,000. There is still a requirement that the parent (or independent student with dependents) be eligible to file a short tax form, as well as having an income under \$13,000, to qualify for the automatic zero EFC formula.

I don't know about you, but this change took me by surprise. I don't recall any discussion of this change during all the training workshops on Reauthorization. It looks like it is one of those obscure changes that occur when some other law changes. In this case, the actual income threshold comes from IRS law (income limits for the earned income credit). The Higher Ed Act refers to IRS law for maximum income qualifying for the Earned income credit instead of actually containing a dollar figure in the Higher Ed Act. Looks like a change in the IRS law slipped by the USDE until now. The email I received did not mention whether this change was in place when 2000-2001 FAFSAs started to be processed. I assume USDE will send some notification via EDE about this.

**Minnesota** *Colleges Pricing* - Cheryl K. Maplethorpe

I have noticed changes in the way some colleges are pricing their product. I was wondering if it is happening in other states. There is one public college here that is eliminating non-resident tuition, at least for a major segment of their out-of-state students. Are there any other public colleges doing that in your state? Also, is distance learning being offered to students at the same price regardless of their state of residence?

**Oklahoma** *T4WAN Erroneously Billing* - Shiela Joyner

I just spoke with the T4WAN folks again. They were erroneously billing for non-resident 2000-2001 ISIRS. She said that it appeared ALL state agencies were being erroneously billed by their system for non-resident ISIRS. They're in the process of reversing the charges already billed to us as well as those that have accumulated since their recent billing cutoff. She said they had heard from one other state (presuming it was you, Diane). They're correcting their billing system, but in the meantime, check out your NCS bills!

**Oklahoma** *SLEAP Use* - Shiela Joyner

I wanted to share with you the outcome of a conversation I had today with Greg Gerrans from USDE regarding SLEAP. My question was whether or not a state could use state dollars already in their LEAP program that exceed their maintenance of effort amount as matching money for their SLEAP allotment. His answer was Yes, and he further specified that the statute does not require SLEAP matching money to come from direct state appropriations (as it does for LEAP) and does not require that the matching money be "new" money. He is specifically addressing this initial year while the SLEAP program is operating from statutory language and the regulations are in negotiated rulemaking and thus undecided at this point.

He also clarified that statutory language related to the first option a State has regarding SLEAP funds "increasing the dollar amount of grants awarded under section 415B to eligible students who demonstrate financial need." can be interpreted to mean that the SLEAP funds. The funds can be used to award more students under the same awarding practices the state uses for their LEAP awards, or it can be interpreted to mean that the state can use the SLEAP funds to increase the award amounts of their LEAP recipients.

Greg also said that the LEAP/SLEAP application form is in clearance and while he requested a March 17 finalization date, he has no way of knowing if that date will be met. If anyone learns more, or has decided what their plans are regarding SLEAP, please share.

**Oregon** *GEAR UP* - Sherrill Kirchhoff

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Oregon will be submitting an application for State grant funding. As we develop the Oregon GEAR UP model, a number of questions persist surrounding how the scholarship portion of GEAR UP may be handled. Oregon has developed a unique public/private scholarship program over the past 30 years. If possible, we plan to utilize this experience and the partnerships we have developed to provide 'incentive scholarships' for early participants in GEAR UP Oregon.

In reviewing several 1999 state grant applications, we have not seen an application that targets. Oregon has developed a unique public/private scholarship program over the past 30 years. If possible, we plan to utilize this experience and the partnerships we have developed to provide 'incentive scholarships' for early participants in GEAR UP Oregon. In reviewing several 1999 state grant applications, we have not seen an application that targets funds in this manner. We would like to hear from any of the 1999 state grant recipients that have or plan to develop such a scholarship program.

**nassgap** [www.nassgap.org/](http://www.nassgap.org/)

national association of state student grant and aid programs - February 25, 2000 - Sent Fed Ex

The Honorable Richard W. Riley  
U.S. Secretary of Education  
Office of the Secretary  
400 Maryland Ave. SW  
Washington, D.C. 20202

Dear Secretary Riley:

The state agencies that make up the National Association of State Student Grant and Aid Programs are disappointed that we have not been selected for negotiated rules Committee I, regarding loan issues. We are appealing this decision to you and request a seat on this committee without delay.

My name is Dennis Obergfell, and I am President of the National Association of State Student Grant and Aid Programs (NASSGAP). NASSGAP is an organization composed of state agencies that annually disburses billions of state-funded grant, scholarship, work-study, loan assumption, and educational loan program dollars, as well as Federal LEAP and GEAR UP funds. We view the denial of the right to participate on this committee as a significant step backward in the efforts to rectify a long history of snubs that the Department of Education has conveyed to states over student aid issues.

In response to the December 30, 1999 Federal Register (Volume 64, number 250) soliciting nominations for this committee, I nominated several people to represent NASSGAP at the two negotiated rulemaking sessions. Subsequently, I received a denial letter from Assistant Secretary Maureen McLaughlin. Her reason for rejecting NASSGAP's request to participate in Committee I was that, "We selected organizations to balance representation and the size of the negotiating group and therefore were unable to accept all nominations." I find this statement troubling because it implies that an organization other than NASSGAP was selected to represent state student financial aid agencies. I assure you NASSGAP is the sole organization that represents such agencies.

I requested the Assistant Secretary to reconsider the Department's decision in this matter (attached). While I have yet to receive a formal response, states became further troubled by what we learned at the first rule-making session held on February 3, 2000. Ron Gambill, from Tennessee, who is the immediate past President of NASSGAP, attended the first negotiating session on behalf of the organization. He requested that NASSGAP be permitted to participate in the Committee I sessions. Assistant Secretary McLaughlin told Mr. Gambill that the decision to reject the organization's request was yours. Accordingly, I am writing to request that you reconsider your decision to deny state grant agencies an opportunity to participate in matters that affect them.

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Ironically, the Department's denial of NASSGAP's participation on this committee comes at a time when the organization's membership has been led to believe that the Department is interested in forging new and strong partnerships with states on student aid issues. Most recently, NASSGAP received a promising letter from Barry Morrow, General Manager for Financial Partners stating that the Department "...was committed to bringing your members (NASSGAP) to the table to help shape the issues that affect you." Mr. Morrow was responding to NASSGAP's concerns over the Department's failure to involve states in drafting the Modernization Blueprint. Perhaps Mr. Morrow was not consulted on matters relating to the Negotiated Rulemaking process. If he was, his comments ring hollow; if he wasn't, his comments were well intended, but beg the questions as to what his role is as it relates to the policy implications inherent in the Blueprint, and the Department's intention to involve states in the policy matters that affect us.

In my previous letter to Deputy Assistant Secretary McLaughlin, I indicated that five of the eight broad topics scheduled to be negotiated in Committee I impact programs administered by state grant agencies. I will attempt to briefly elaborate on NASSGAP's initial position.

1. The regulations that impact institutional and student eligibility under the Federal Family Education Loan Program (FFELP) impact state grant and other state aid programs, many of which use LEAP dollars. Institutions with high cohort default rates, schools lose FFELP and Pell Grant eligibility. For many states participation in FFELP and Pell is the minimum requirement for participation in state student aid programs. This is a critical issue that has a consequence for thousands of student recipients of state aid dollars. As such NASSGAP believes states should have direct input into cohort default rate issues discussed as part of the negotiated rulemaking process.
2. The issue of "false certification" as it impacts students receiving loan and state grant assistance requires a degree of state and federal coordination. For example, how will LEAP and/or state grant funding be affected by students who are placed in a default status due to false certification? What liability would be imposed on a state for awarding LEAP funds or GEAR UP benefits (mentoring, tutoring, scholarships) to a student who is in default due to false certification? NASSGAP is the only organization that can fairly represent states on such issues.
3. Teacher loan forgiveness issues implicitly impact state grant agencies that administer state-funded loan forgiveness programs and Federal Paul Douglas Teacher Scholarships (also a loan forgiveness program). Most states use many of the FFELP repayment provisions as guidelines when enforcing repayment requirements. The reason for using FFELP guidelines for state-funded programs is to lessen the administrative burden for schools and to simplify the process for students. NASSGAP has legitimate interests in this issue and as previously stated believes it is the only organization in a position to fairly represent state agencies in this matter.

More importantly, as loan program availability and amounts increase, states' loan assumption programs serve to reduce student indebtedness. The federal loan programs FFELP, Direct, and Perkins all benefit with prompt repayment and fewer defaults as a direct result of loan assumption benefits contributed by States. This leveraging issue cannot be communicated effectively by other entities.

Specifically, as states embrace loan assumption programs for teachers and careers in the medical industry across the country, NASSGAP projections estimate that state-funded assumptions of federal loans will increase to approximately \$100 million by the year 2010. In short, the residual effects that federal policy has on state-funded loan assumption programs are significant; they should not be underestimated, and they should not be ignored. Yet, without giving states a seat on the loan issues committee, the Department is doing both.

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4. FFELP death and disability issues are the same ones members who administer state-funded loan programs confront. Negotiated Rulemaking as it pertains to this issue represents an opportunity for states and the Department to share experiences and learn from each other.
5. Finally, cash management regulations should not assume that state aid programs which are packaged with other Title IV programs (excluding LEAP) would not be impacted. Again, NASSGAP believes it is the only organization in a position to fairly represent state agencies in this matter.

In summary, NASSGAP believes that Committee I issues are very relevant to states that administer state-funded grants, loans, loan assumption benefits, and scholarships other than FFELP, and dismisses the notion that any other organization can fairly represent our member states. This is an opportunity to forge the kind of partnership promised by Mr. Woods at NASSGAP's June, 1999 Conference in Washington, D.C. Yet this potential for a positive partnership is being ignored. Why not work together in composing regulations that could be beneficial to state and federal agencies?

As such, NASSGAP, on behalf of its member states, respectfully requests that you use your authority to grant our organization its rightful seat on Committee I of the Negotiated Rulemaking process.

I look forward to your response. Thank you for your consideration.

Sincerely,

Dennis A. Obergfell  
President, NASSGAP  
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cc: NASSGAP Executive Committee  
Greg Woods  
J. Barry Morrow  
Cameron Ishaq

Enclosure

# nassgap www.nassgap.org/

**national association of state student grant and aid programs**

## MEMORANDUM

**TO:** NASSGAP Membership  
**FROM:** Ron Gambill, Nominations Committee Chair  
**DATE:** February 22, 2000  
**RE:** Nominations for 2000-2001

Nominations are welcomed for the following positions on the Executive Board for 2000-2001.

President-Elect  
Secretary  
Member-At-Large

NASSGAP continues to need dynamic leaders to address the constant flow of issues related to state and federal financial aid programs administered by our membership. The federal budget battle will continue for the future and NASSGAP must make a strong statement for needy students across this country.

**You may nominate a colleague or yourself.** The Nominations Committee, which consists of:

John Klacik, Washington State Higher Education Coordinating Board  
Cheryl Maplethorpe, Minnesota Higher Education Services Office  
Dennis Obergefell, State Student Assistance Commission of Indiana  
Mary Ann Welch, Rhode Island Higher Education Assistance Authority  
Ron Gambill, Chair, Tennessee Student Assistance Corporation

Please send your nominations using this form and return it to my attention by **March 20, 2000**. *My address is at the listed at the bottom of the page.* Please call any committee member if you have questions.

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Secretary \_\_\_\_\_

Member-at-Large \_\_\_\_\_

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**NASSGAP Executive Committee Meeting**

March 10-11, 2000  
Embassy Suite Hotel  
Tempe Arizona  
Tentative Agenda

**Friday, March 10**

8:30

**Call to Order.**

1. Approval of Minutes
2. Overview of Agenda
3. Approval of Agenda

8:45

**Report of Officers**

1. President
2. President Elect
3. Past President
4. Secretary
5. Treasurer

10:00

**Break**

10:30

**Committee Reports**

1. ED Technical Forms
2. Federal Relations (*Including a report on Negotiated Rulemaking*)  
Membership Chair's Report will be Friday

12:00

**Lunch**

1:00

**Conference Reports**

1. Spring Conference, 2000 – Washington DC
2. Fall Conference, 2000 – Providence RI
3. Spring Conference, 2000 - TBD *Brief Discussion*
4. Fall Conference, 2001 - TBD *Brief Discussion*

2:00- 3:15

**Meeting with Department of Education State Liaison, Cameron Ishaq**

1. Re: Modernization Blueprint
2. Interagency Departmental Agreement

3:30 - 5:00

**Continue with Department of Education - Cameron Ishaq.**

5:00 –

**Recess**

**Saturday, March 11**

8:30

**Committee discussion of 3/10 meeting with Department official, Cameron Ishaq.**

9:30

**NASSGAP Web Site Discussion & NASSGAP Survey**

10:35

**Break**

10:45

**Membership Report**

11:00

**Old Business**

11:30

**New Business**

1. Membership Dues Increase – Discussion & possible recommendation
2. USSA Contribution
3. 12:00 **Adjournment**