

nassgap

national association of state student grant and aid programs

To: NASSGAP members
From: Dennis Oberfell, President
Date: July 14, 2000 – (new Born-on dating format; this is for you bud)
Re: Topics (not necessarily in the order listed)

- No Yankee Doodle Douglas this July.
- Where in the World is Carmen San Diego and Who in the World has replaced Darlene Collins
- FAFSA deadline for format changes
- Listerve questions
- Conference Kudos & Welcomes

- No Yankee Doodle Douglas this July. A Douglas Downer

On June 2, I sent a letter (below) on behalf of NASSGAP to Secretary Riley asking for Douglas relief. My thanks to NASSGAP Federal Relations Chairman, Chas Teadwell for drafting the letter for my signature. The letter I sent, and the response that I received, follows. I leave the verdict for you to discover, but here's a hint: You won't be surprised.

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

June 2, 2000

Sent Fed Ex

The Honorable Richard Riley
Secretary of Education
U.S. Department of Education
600 Independence Ave. SW, Rm 7W301
Washington, DC 20202

Dear Secretary Riley:

The National Association of State Student Grant and Aid programs (NASSGAP) respectfully requests your consideration of the following issue:

“Authorizing the transfer from the States to the Secretary the responsibility for tracking and loan collection for recipients of the Paul Douglas Teacher Scholarship.”

Background

The Paul Douglas Teacher Scholarship Program was authorized in Title V of the Federal Higher Education Act (PL 102-325) initially as the Carl D. Perkins Scholarship Program, evolving in 1986 as the Congressional Teacher Scholarship program, and finally in 1987 to the current name.

The Paul Douglas Teacher Scholarship provided scholarship monies from 1986 to 1994 for students matriculated in approved programs leading to certification as teachers on the preschool, elementary, middle or secondary level. To be eligible, the scholar must have graduated in the top 10% of the high school graduating class or have comparable GED scores; matriculated in an approved teacher preparation program; be a resident of the state to which application was made; and be a citizen of the United States or eligible non-citizen. In addition, the Higher Education Amendments of 1992 required that special consideration in selection be given to recipients who intended to teach or provide related services to students with disabilities, limited English proficient students, or preschool age children; intended to teach in schools servicing inner-city or rural or isolated areas; or were from disadvantaged backgrounds, including racial and ethnic minorities and individuals with disabilities, and were under represented in the teaching profession or in the curricular areas in which they were prepared to teach.

The scholarship program was administered by the States under the terms of an application for participation made by each state to ED. Awards were given at the undergraduate and graduate levels. The States monitored recipient program compliance. No administrative funds were included with the program.

The amount of the award was \$5,000 per academic year for up to 4 years and could not exceed the recipient's cost of attendance. In return for funding, scholars were required to teach for two years for every academic year of award in a preschool, elementary, middle or secondary school in the United States.

The Honorable Richard Riley
June 2, 2000
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The teaching service requirement must be fulfilled **within 10 years** of completion of the teacher preparation program. The teaching service requirement could be halved if the scholar taught in a teacher shortage area designated by the Secretary.

If the scholar failed to comply with the teaching obligation or failed to complete the program of study, all monies awarded must be repaid with simple interest (at a rate set annually by the Secretary) and collection costs. The maximum repayment period was **10 years**. The interest rate could be no higher than the rate applicable to loans under Part B of Title IV HEA. The scholar was required to annually report his/her educational/professional status.

The positive aspects of the program were:

- The award was based on cost of attendance not tuition which allowed the recipient to maximize other aid received;
- The scholarship could be used at any approved school in the U.S.;
- The teaching service was not restricted to any particular grade level, or discipline thus allowing more opportunity for fulfillment of the teaching obligation;
- The service obligation could be reduced for teaching in designated shortage areas thus giving incentive for preparation in these fields; and
- The academic requirement for receipt of the award could be perceived as contributing to the success of recipients in program completion and employment.

The negative aspects of the program were:

- Congress suspended funding in 1995, and the program was not reauthorized in 1998;
- **No administrative funds** were supplied, subsequently a fiscal burden was placed on the States;
- States had to set up a system of **tracking each recipient for as long as 14 years** (4 years of payment and up to 10 for repayment);
- States had to set up a delivery system to pay for scholarship monies to many different colleges nationwide.
- States are currently tracking or collecting from **an estimated 4000** scholarship recipients.

Recommendation

Recognizing that you have contracts with vendors to collect on loans and to track aid recipients, and that through economics of scale you can do so more efficiently than States can, NASSGAP recommends that:

States be given the option to transfer to the Secretary the tracking and loan collection responsibilities for Paul Douglas Teacher Scholarship recipients.

I would be happy to provide you with additional details.

Thank you.

Sincerely,
Dennis Obergfell
President

cc: NASSGAP Executive Committee

The Response

In response, I received the following letter from Margarita Benitez, Director Institutional Development and Undergraduate Education Service on June 23, 2000. While I give Margarita an A+ for responding so quickly, the responds itself deserves an F. Anyone who has met Margarita knows she is very articulate and a genuinely nice person, but she is wrong in more ways than one on this issue.

Implicit in her response, when commenting the administrative costs issue, is an assumption that all state grant agencies are guarantors. Specifically she said that "*Section 422B(d) (1) of the Higher Education Act of 1965, as amended by the Higher Education Amendments of 1998, Public Law 105-244, authorizes a guaranty agency to support "other student financial aid related activities, as selected by the guaranty agency" will the Operating Fund required by those*

amendments. This should provide you with the flexibility and resources to continue to meet your obligations to the Paul Douglas program". The ray of "hope" for the majority of states who are not guarantors is that they are permitted to retain reasonable collection charges and late fees to defray the actual cost of collections litigation on delinquent and defaulted loans. Table scraps? I will write a letter back to Margarita and point out this oversight, but other than trying to bust the "all state grant agencies are guarantors" myth, I'm not particulate optimistic that states are going to get any Douglas relief in the near future. Her response follows.

UNITED STATES DEPARTMENT OF EDUCATION
WASHINGTON. D.C. 20202

June 21, 2000

Mr. Dennis Obergfell President
National Association of State Student Grant and Aid Programs
150 West Market Street
Suite 500
Indianapolis, Indiana 46204

Dear Mr. Obergfell:

Your letter to Secretary Richard W. Riley regarding the Paul Douglas Teacher Scholarship Program and the feasibility of transferring loan collection and student tracking responsibilities to the Department of Education has been referred to my office for response. I am responding on his behalf and I will convey the Departments position regarding the Paul Douglas Teacher Scholarship Program and the administrative responsibilities of the State Education Agencies (SEAs) that comprise your Association.

When each State agreed to participate in the Paul Douglas Teacher Scholarship Program, they entered into a participation agreement with the Department of Education. That agreement contained assurances that each SEA would administer the teacher obligation and repayment provisions as a condition for accepting funds under the program. The State's participation was not conditioned upon the receipt of the administrative cost allowances, the ability to recover such costs from Douglas funds recovered during the life of the program or the availability of government contracted vendors to perform these tasks. The absence of separate Federal administrative funds to support the SEA'S operation of the Douglas Program thus does not provide a basis to terminate the State's obligations.

Each SEA will need to continue to monitor the enrollment and eligibility of its continuing scholars (if any), the compliance of scholars with their teaching and repayment obligations, and all other applicable statutory and regulatory requirements, including those pertaining to record-keeping and collection and litigation. You should note that , provided the State follows the requirements of 34 CFR Part 682 governing those activities and costs. The Commission will also need to continue to submit annual performance reports accounting for funds collected and disbursed under these requirements.

With respect to non-performing accounts, please note that a letter was sent to all SEAs Douglas participants on September 27, 1994, authorizing each SEA agency to handle uncorrectable debt in accordance with each individual State's receivable policy. A copy is enclosed for your reference. That authority superseded the guidance that was give to States in the Douglas Administrative Model Manual. While administrative costs allowances are not provided by the Department, Section 422B(d)(1) of the Higher Education Act of 1965, as amended by the Higher Education Amendments of 1998, Public Law 105-244, authorizes a guaranty agency to support "other student financial aid related activities, as selected by the guaranty agency" will the Operating Fund required by those amendments. This should provide you with the flexibility and resources to continue to meet your obligations to the Paul Douglas program.

If you have any additional questions or concerns, please feel free to contact us.

Sincerely,
Margarita Benitez
Director Institutional Development and Undergraduate Education Service

Our mission is to ensure equal access to education and to promote educational excellence throughout the Nation

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UNITED STATES DEPARTMENT OF EDUCATION
WASHINGTON. D.C. 20202

Dear State Douglas Program Officer:
SUBJECT: Handling of Uncorrectable Debts –
Paul Douglas Teacher Scholarship Program

Sept. 27, 1994

Over the past few months our office has received a number of inquiries about the handling of uncorrectable debts for repayments due under the Paul Douglas Teacher Scholarship Program. In particular, several States were concerned about proper procedures for the handling of bankruptcies and settlement offers. The Department's Office of the Chief Financial Officer has authorized the following change in policy: A State agency may treat uncorrectable debts (write-offs) in accordance with the State's receivable policy.

The new policy is in effect immediately. Please review any pending uncorrectable debt cases you may have at your earliest convenience. Beginning with the 1994-95 school year (FY 94), States will report uncorrectable debts on the Douglas performance report. I appreciate your patience and cooperation. If you have questions, please call Valerie Hurry of my staff on (202) 260-3392.

Sincerely, Steven G. Papas
Director Division of Higher Education Incentive Programs

Where in the World is Carmen San Diego and Who in the World has replaced Darlene Collins

On June 6, Judy Knapp (NH) posted a question to the listserve asking members if they knew who replaced Darlene Collins (Dept of Ed). Ginny Dodds from the great state of Minnesota tracked and cracked the mystery and reported that when last seen, Margaret Wheeler (202) 502-7583, was the contact person on matters related to determining Teacher Shortage Areas. As for where Darlene Collins is...perhaps another alien abduction.

Update – Judy Knapp July12

Just a brief update on the attempts of our (NH) Department of Education to reach someone at the US Department of Education re teacher shortage area submission--After repeated attempts to reach Margaret Wheeler and Mr. Person, as of yesterday they still had not had any response from the Department and had not received a copy of the form they need to submit teacher shortage areas. The Department contact with the Perkins Loan program is now going to attempt to get them the necessary information and forms.

Conference Kudos

I'd like to thank Diane Todd-Sprague, Maureen Laffey and Peggy Sledge for all the work they put into making our spring conference such a success. As President of an organization that relies on volunteers, I'm particularly grateful for their contributions. A thank you line in this newsletter hardly does their work justice. If you care to send them a thank you message of your own, I've listed their e-mail addresses.

- Maureen Laffey mlaffey@state.de.us (site)
- Peggy Sledge Psledge@ihl.sate.ms.us (site)
- Diane Todd-Sprague spraguedt@state.mi.us (program)

Welcome Neighbors

I'd again like to welcome those who attended their first NASSGAP conference. I hope the time you invested was worth your while and look forward to seeing you in Providence.

- Theresa Anthorth Florida
- Melanie Amrhein Louisiana
- Robert Brun Massachusetts
- Carol Muka New Jersey
- Elizabeth Mc Duffie North Carolina
- Edna Mc Kenzie Pennsylvania
- Naomi Derryberry Tennessee
- Scott Gilmore Utah
- Susan Mc Craken College Board
- Peter Kietel New York (welcome back)

REMINDER: Mary Beth Kelly – Chair ED Technical Forms Committee. July 12, 2000

This is the final reminder prior to the July 17 deadline for format changes. Please review the June 22 version of the 2001-02 FAFSA that is posted to IFAP and send your information as soon as possible but no later than the dates below. Oklahoma's request is not yet reflected there, but has been received. All other changes received to date should be reflected on this draft.

July 17: deadline for ANY change that requires any format changes (past)

August 1: deadline for minor changes

I will now need to be out of the office on Monday afternoon, July 17. If you have a format change that must be submitted by that date, please do so directly to Colin Sellar colin_sellar@ed.gov with a copy to me. Don't just send to me because I will not be able to forward it to him. If you have any questions, please don't hesitate to contact a member of your ED Technical Forms Committee.

Mary Beth Kelly, PA, Chair Marilyn Cargill, VT Sherry Fox, NJ Diane Todd-Sprague, MI