



National Association of State Student Grant & Aid Programs

National Association of State Student Grant and Aid Programs
www.nassgap.org

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The Honorable Lamar Alexander
Chairman
Senate Health, Education, Labor
& Pensions Committee

The Honorable Patty Murray
Ranking Member
Senate Health, Education, Labor
& Pensions Committee

The National Association of State Student Grant and Aid Programs (NASSGAP) thanks you for the opportunity to submit recommendations for consideration as the Committee and Subcommittee continue the process of reauthorizing the Higher Education Act. In the most recent academic year, NASSGAP's members provided over \$10 billion in grant aid to over 4 million students pursuing their higher education goals. For more background information on NASSGAP and its members, we have attached our 47th Annual Survey Report on State-Sponsored Student Financial Aid. We are proud to include among our members the organizations representing each of your states:

- Tennessee Student Assistance Corporation
- Washington Student Achievement Council

Please find below recommendations for 1) simplifying the Free Application for Federal Student Aid (FAFSA) process; 2) implementing a federal-state partnership focused on completion for working adult/returning adult/non-traditional/independent/contemporary students (a/k/a "adult learners"); 3) improving program evaluation with refined completion data; and 4) improvements to student financial literacy tools.

1. Simplify the Financial Aid Application Process

- Our goal in the FAFSA simplification process is to ensure the application process is as seamless as possible for students and parents, and the integration of the delivery of federal and state student aid remains intact.
- There are many proposals that have been offered to simplify the FAFSA; among the most simplified version being the proposal by Senators Alexander and Bennet to create a two question postcard FAFSA. While we applaud simplifying the FAFSA, most NASSGAP members will need four additional (and easy) questions answered to comply with state statutes relating to their need-based grant aid programs:
 - Length of residency in the state
 - Grade level
 - Degree/program being pursued
 - Intended school(s)
- In addition to simplifying the FAFSA, NASSGAP supports simplifying the IRS Data Retrieval Tool process - both for FAFSA completion and for Income-Based Repayment enrollment. We believe a one-time enrollment which grants ED and the IRS permission to update the FAFSA and IBR data annually would greatly simplify both processes for students and their families, while also reducing fraud risk from bad actors.
- NASSGAP also supports the principles of proposals by NCAN and NASFAA to use verified qualification for other federal means-tested programs as a basis for further FAFSA simplification.



2. Strengthen Federal-State Partnerships to Improve Postsecondary Completion for Contemporary Students

- Given that adult learner students now make up a majority of postsecondary students in America, we need to update the Higher Education Act with a federal-state partnership that focuses on access and completion for all students, not just recent high school graduates.
- Most states have set educational attainment goals to increase the percentage of adults in their states that have postsecondary degrees or certificates that provide them with the skills to meet the needs of the 21st century workforce and help employers fill the six million jobs that are unfilled in America.
- Generally speaking, those goals cannot be met solely by driving high school graduates into higher education. To achieve these goals, states need to identify working adults, single moms (and dads) and others who may be only a handful of credits away from achieving the degree or certificate that. Unlike ‘traditional students’, these potential adult learner students often have work and family obligations that preclude them from the enrollment intensity required for traditional student financial aid programs.

3. Provide More Transparent Data to Improve Program Evaluation

- Both federal and state agencies need to better measure their returns on public investment in higher education and identify those institutions that are more successful at graduating low-income and first generation students.
- Developing graduation rate and cohort default rate (and/or loan repayment rate) data for Pell recipients by institution attended would enable the federal government – and states with need-based aid programs – to better measure and evaluate the return on their higher education investment. Existing approaches that measure institutions against national averages or other metrics that do not reflect the composition of the student body and could deter colleges from admitting at-risk students.
- Because many students, especially at community colleges, transfer prior to graduation, enhancing graduation rate data to reflect successful completion at another institution would better reflect successful transitions out of community colleges. Many states use a metric for credits successfully completed and/or transferred to aid in evaluating community colleges and other two-year or shorter institutions.

4. Enhance Financial Literacy Training for Federal Financial Aid Recipients

- Improved student loan counseling can ensure that students and parents have fully considered all non-loan options available to pay for college. Verifying comprehension, prior to loan disbursement, will ensure that students and parents fully understand loan terms, conditions, and payment options, and that they weren’t distracted while the webinar or in person loan counseling was presented. Content should include budgeting concepts to ensure students are able to manage aid proceeds to cover all expenses throughout the academic period. Some states have developed successful programs to reduce borrowing and/or sharply reduce delinquency and default rates.
- Financial literacy training, entrance counseling and exit counseling should help ensure students and parents are aware of state financial aid resources and opportunities. Last year, states provided over \$10 billion in grant and scholarship aid to students. We should pursue every available avenue to ensure that all students are aware of these programs and are able to apply for all forms of grant and scholarship aid – as well as repayment assistance programs.
- Concerns about violating “preferred lender arrangement” rules should not preclude students and parents from learning about state grant programs.
- While Stafford loans generally offer the best terms and conditions to students, state-authorized private loan programs typically offer lower interest rates and fees than the Federal Parent PLUS loan program. Families should be able to compare these offerings, which means that Truth in Lending Act (TILA) disclosures should be required on, at a minimum, all Parent PLUS loans. Providing TILA disclosure on Stafford and Grad PLUS loans also would probably contribute to the financial literacy of students, many of whom will be entering into a loan transaction for the first time in their lives.
- The HEA should be updated to reflect that few students or recent graduates have landlines, and that texts and emails are likely more effective than mailed letters for communicating with many borrowers. Many borrowers, often those who did not complete their course of study, needlessly default on their federal student loans, severely



damaging their credit, and making them ineligible for future Title IV aid. In many cases, states have programs to help students complete their course of study, as well as programs to help enroll borrowers in Income-Based Repayment programs. Unfortunately, these students can be difficult to communicate with as student loan programs are built around 20th century communication tools.

NASSGAP greatly appreciates your consideration of these suggestions. We are also very interested in working with you and the Department of Education on further FAFSA simplification initiatives. Because each state is different and the financial aid programs we manage are often subject to state statute, we work carefully with our members to ensure that simplification initiatives do not create additional application steps for students and parents in the state financial aid process. We would be happy to meet with you to discuss any further financial aid proposals so that we can expedite evaluation of the impact on the application process for students and parents in our respective states.

A handwritten signature in black ink that reads 'Rachelle Sharpe'. The signature is written in a cursive, flowing style.

Rachelle Sharpe
President
National Association of State Student Grant and Aid Programs