



National Association of State Student Grant & Aid Programs

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The National Association of State Student Grant and Aid Programs (NASSGAP) thanks you for the opportunity to submit recommendations for consideration as the Committees continue the process of reauthorizing the Higher Education Act. In the most recent academic year, NASSGAP's members provided over \$11 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 48th 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
- State Council of Higher Education for Virginia
- North Carolina State Education Assistance Authority

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 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 FAFSA simplification goal 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 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 embrace FAFSA simplification, 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 that 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 supports the concept of a “one-time FAFSA” process, but we note that annual updates are still needed and could be fulfilled via a skip-logic enabled “EZ FAFSA” that would just confirm responses that could be important changes (e.g., address, school, marital status, family size and number of students attending college). Many states require annual updates of IRS income data for their aid programs.
- 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 learners are now 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 with postsecondary degrees or certificates that provide them with the skills to meet the needs of the 21st century workforce and help employers fill the more than seven million unfilled jobs in America.
- Generally speaking, those goals cannot be met solely by driving high school graduates into higher education. States need to identify working adults, single parents and others who may need only a handful of credits to earn a degree or certificate to greatly improve their standard of living. Unlike ‘traditional students,’ adult learners often have work and family obligations that preclude them from the enrollment intensity required for some traditional student financial aid programs. Investing in these students will produce valuable degrees and certificates at a minimum cost per degree to taxpayers.
- NASSGAP supports the federal-state partnership program proposed in the Partnerships for Affordability and Student Success Act from Senators Jack Reed and Susan Collins.

3. Provide More Transparent Data to Improve Program Evaluation and Accountability

- 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 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 in their evaluation of outcomes for community colleges and other two-year or shorter institutions.
- States have used performance funding metrics for many years but recognize the need to re-evaluate and update them to address unintended consequences. A classic example is the above noted adjustments to reflect that graduation rates alone do not define success at community colleges; credits completed and transferred are also important, along with other metrics. Given that the HEA is reauthorized infrequently, Congress must include a mechanism to ensure frequent, if not annual, reevaluation of accountability metrics, especially to ensure that access for at-risk students is strengthened, not impaired.



4. Enhance Financial Literacy Training for Federal Financial Aid Recipients

- Improved student loan counseling can ensure that students and parents have considered all non-loan options available to pay for college. Verifying comprehension, prior to loan disbursement, will ensure that students and parents understand loan terms, conditions, and payment options, and that they were not distracted during the loan counseling session. Content should include budgeting concepts to prepare students to manage their aid disbursement 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 \$11 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.
- While Stafford loans generally offer the best terms and conditions to undergraduate students, state-authorized loan programs typically offer lower interest rates and fees than the Federal Parent PLUS loan program. Families should be able to compare these offerings; to do so, Truth in Lending Act (TILA) disclosures should be required on all PLUS loans. Providing TILA disclosure on Stafford loans also would be an opportunity to educate students about borrowing as many will enter a loan transaction for the first time to pay for college.
- The HEA should recognize and permit current communication tools to contact borrowers. With the decline of phone landlines, contacting borrowers via cellphones, texts and emails can be more effective than mailed letters for communication. Borrowers who did not complete their course of study or those overwhelmed by their debt needlessly default on their federal student loans, severely damaging their credit, and making them ineligible for future Title IV aid. Vital information about Income-Based Repayment programs, as well as state-based programs designed to help students complete their course of study, are difficult to communicate under current regulations. HEA must recognize current and potential future technological communication tools to benefit students and families.
- Many NASSGAP members continue to serve in the role of guaranty agencies for the FFELP. In return for the many services that we provide to our constituencies, including financial literacy, loan counseling and default aversion, we are paid an Account Maintenance Fee (AMF) under Section 458 of the Higher Education Act. The AMF payments to our members fund FAFSA completion events, college outreach and access initiatives and financial literacy programs. Without the AMF payments, states would still be required to fulfill their obligations under their agreements with the US Department of Education with no funding to carry out the mandate. The broad outreach efforts provided by guaranty agencies are vital in our communities and we request that provision for AMF payments be extended as part of the HEA reauthorization.

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.

Respectfully,

Elizabeth McDuffie
President