



2018 Briefing Document

Southern Association of Student Financial Aid Administrators

The Southern Association of Student Financial Aid Administrators is a regional organization of individuals from nine member states that provides an avenue for a support and resource network; offers professional training opportunities that enable and enhance the ethical and effective delivery of educational resources to students; seeks to cultivate personal and professional leadership development; advocates for public policies that support financial aid programs; and, commits to the recognition of the diverse needs of all of the constituents we serve.

We have prepared this document in an effort to provide valuable information for your work related to the Title IV federal financial aid programs and reauthorization of the Higher Education Act. We thank you for the opportunity to visit with congressional staff for our annual Hill visit.

Reauthorization Recommendations

SASFAA urges Congress to consider the following positions.

1. Create a Super Pell

Students who complete 30 or more credit hours in an award year would receive an additional \$300 in Federal Pell Grant. The additional funds would incentivize students to enroll for more credit hours and graduate on-time. By graduating on-time, the need for borrowing would also be decreased – further driving down loan default rates. SASFAA endorses this proposal.

2. Ability to Reduce Loan Limits for Categories of Students

The ability to impose loan limits on certain categories of students or an entire student body would provide institutions with the necessary resources to keep students from over borrowing based on income expectations after graduation. SASFAA also supports including language that allows institutions the ability to limit loans based on enrollment status. While the current legislation indicates categories of students, it is important to clarify that enrollment status should be included since the current language could be narrowly defined as the major in which a student enrolls. SASFAA endorses this proposal.

3. Elimination of Origination Fee

SASFAA strongly supports the elimination of loan origination fees. This fee confuses and inconveniences students while leaving them short of funds when needed the most for educational expenses. SASFAA supports the elimination of this fee. SASFAA endorses this proposal.

4. Eliminate Private Sector Caps and Community Service Requirements for Work-Study

The federal work—study community service requirement has become increasingly difficult for many institutions to meet. If students choose to serve in programs and areas with young children, they are now required to have extensive – and expensive – background checks. Fewer and fewer agencies have the funds to perform the required background checks and are unwilling to hire student workers. Institutions are at risk of having Federal Work-Study funds reduced by the dollar amount missed in meeting the community service requirement. By

allowing schools to use additional funds in the private sector, institutions will be able to better serve students by placing them in positions where they can receive experience in their career path. SASFAA endorses this proposal.

One Grant, One Loan

The Supplemental Educational Opportunity Grant (SEOG) remains vital to an institution's ability to help low income students who might be on the verge of forgoing a college education if they have to borrow. While the funds are limited, SEOG does provide institutions a resource to help our neediest students. Recent studies have shown the power of small, supplemental emergency grants helping at risk students complete their programs in a timely fashion. SEOG allows aid administrators to target aid in this thoughtful and effective way.

The Perkins Loan program continues to be a vital resource for students at many institutions. For many students, the elimination of this resource will be a determining factor in college affordability. Since there has only been nominal funding for Perkins in recent years and since most institutions fund the Perkins Loans through revolving funds, it is recommended that institutions be allowed to retain and fund the Perkins Loan program as long as their revolving funds support the program. SASFAA encourage reconsideration of this proposal.

5. Aid as a Paycheck

Requiring institutions to disburse aid over an entire term would be extremely complex. Increases in disbursements would necessitate the hiring of additional staff and costly updates to computer systems in order to ensure that students are paid timely and accurately. While some students may benefit from more frequent aid distribution, a one size fits all model might be less effective for other borrowers who need more funds up front and have not shown difficulties handling their funds. Aid officers are often in the best position to know what pattern of disbursement will best support responsible borrowing and spending for each group of students. SASFAA suggests language that endorses aid as a paycheck and other alternate disbursement methods but does not mandate a single method across all institutions or groups of students. SASFAA encourage reconsideration of this proposal.

6. Loss of Graduate PLUS

While we are pleased to see the separation of graduate and parent borrowing in the PROSPER act, SASFAA is very concerned about the complete elimination of the Graduate PLUS program. Jobs which drive our economy and our national and state competitiveness increasingly require education beyond a bachelor's degree. Jobs that require a master's degree are expected to grow 21.7 percent through 2020, faster than the growth at any other education level. In the southern states, our economies are highly driven by jobs in bio-tech, engineering, medicine, and other occupations requiring graduate degrees. Without access to sufficient and easy to obtain loans, talented students may not be able or willing to continue on with graduate education. Combined with the loss of federal work-study and deferment of interest on undergraduate subsidized loans, our society may fall behind as our brightest students may be unable to obtain the degrees needed to drive our nation forward. This may stifle innovation and entrepreneurship which could make the southern states and the United States thrive. SASFAA encourage reconsideration of this proposal.

7. Loss of Interest Subsidy

The elimination of the undergraduate in-school interest subsidy adds to borrowers' student loan debt and takes away one of the last need-based aid benefits available to middle-class families. Many students from low-income backgrounds are reluctant to borrow and the in-school subsidy helps convince families that the investment in their future is worth it. Additionally, eliminating the subsidy without reinvesting the savings in additional aid for students would substantially increase the cost of education and delay the ability of students to participate actively in the economy through buying homes, starting families, or creating innovative businesses. SASFAA encourage reconsideration of this proposal.