



NASFAA

**National Conversation Initiative**  
**Access and Aid for Student Success**  
**in Postsecondary Education**

# **NASFAA National Conversation Initiative: 2010 Report to the Membership**

*NASFAA's Preliminary Recommendations from the National Conversation Initiative on Access and Aid for Student Success in Postsecondary Education (NCI) are a launch point for continued consensus building, support, and eventual enactment of changes necessary to eliminate the financial barriers to higher education. The NCI Issue Papers Series takes a deeper look at selected topics and provides additional insights on specific policy areas.*



# NCI Message from the President

It is my pleasure to present to you the update of NASFAA's National Conversation Initiative (NCI) on Access and Aid for Student Success in Postsecondary Education. This report highlights the progress and setbacks that have been made through regulation, legislation, or other higher education initiatives on our NCI policy recommendations first unveiled in April 2009.

As the primary, student-focused professional association representing the financial aid interests of institutions of higher education in the U.S., NASFAA's principal goal is to promote maximum funding and effective delivery of financial assistance to students, with an emphasis on need-based aid. NASFAA is unique in that it is the only institutionally based national association with a primary focus on student aid legislation, regulatory analysis, and professional development for financial aid administrators. Nearly all major postsecondary educational institutions use NASFAA's wide array of products and services.

Research continues to demonstrate that financial barriers are preventing high school graduates from low- and moderate-income families and historically underrepresented and underserved groups from entering or succeeding in college. The surest way to secure America's future is to provide equal opportunities for all citizens—irrespective of their finances—to reach the highest levels of education.

The preliminary recommendations in our initial NCI report were crafted with the assistance of a renowned group of student access policy experts, a broad-based group of prominent financial aid directors, and NASFAA regulatory and legislative experts who scrutinized and examined more than 40 recent research projects on college access and financial aid.

But most importantly, these recommendations represented and summarized the collective wisdom of thousands of financial aid administrators across the country who participated in the NCI process through 18 town hall meetings, online forums, and personal correspondence. These professionals deal day-in and day-out with students and families, and are therefore in a unique position to make substantive recommendations for student aid reform. Financial aid administrators are truly "where the rubber meets the road" in terms of ensuring access to postsecondary education.

NCI has proved to be more than just rhetoric. Since the release of our first report, last spring, several key NCI recommendations served as the foundation for many of the association's advocacy efforts and some recommendations have been enacted into law. The NCI process and advocacy efforts have involved new methods of engaging and rallying the association's institutional membership, state and regional presidents and leaders, the NASFAA Federal Issues Committee, and other stakeholders.

The political landscape changes every day and where we focus our advocacy efforts depends on a regular—indeed, daily—assessment of our current legislative and regulatory environment. Throughout this process we have discovered that certain recommendations have gained traction, while others have lost momentum. This is to be expected, and we remain encouraged by the successes that have been demonstrated throughout this process.

In an April 2009 letter from Secretary of Education Arne Duncan, NASFAA was assured that the association's recommendations would be "fully reviewed and considered" as the policy debate on higher education issues and financial aid continues. I am pleased to report that the administration has proven good to their word in the intervening months.

One of the key tenets of our NCI recommendations pertained to simplification of both the federal student aid application and the need analysis process. We were therefore very encouraged when the Obama Administration placed this issue at center stage when they proposed a simplification plan that would a) eliminate questions in the online application about parents' financial information for students who are at least 24 or married, b) use a single screening question to determine homelessness status, and c) allow men over the age of 26 to skip the selective service question.

In another recent development, we were extremely pleased when NASFAA's recommendation to strengthen the Income-Based Repayment (IBR) Program—by limiting borrower payments to 10 percent of discretionary income and forgiving loans after 20 years—was included in legislation that President Obama signed into law in March 2010. We commend and thank President Obama and Vice President Biden for shining a light on this important matter and including our NCI recommendation as a key tenet in addressing the needs of middle class families.

I welcome your comments and suggestions on our recommendations, feedback on how they can be improved or updated, and ideas about how we can work together to increase access and persistence rates for students in need of financial assistance.

Please join us as we continue this national conversation!



Sincerely,  
Justin Draeger  
NASFAA President

# Project Update

The National Conversation Initiative (NCI) on Access and Aid for Student Success in Postsecondary Education began as a campaign to identify, advocate for, and ultimately help implement workable student aid reforms that can eliminate barriers that keep students – particularly those from low-income or disadvantaged backgrounds – from enrolling in and completing their postsecondary education.

In April 2008, NASFAA’s Board of Directors unanimously approved a motion and allocated association resources to move NCI forward. NCI officially began at the NASFAA National Conference in July 2008 and generated 30 preliminary recommendations that were delivered to President Obama within his first 100 days in office.

NCI is composed of four distinct phases. As of April 2010, we have completed the first three phases and are now well into Phase Four.

**Phase One: Information Gathering:** During phase one, a core group of NASFAA staff compiled and reviewed relevant research pertaining to critical student aid reform issues. NASFAA also launched a series of nationwide listening sessions at state and regional financial aid conferences to obtain the perspectives of financial aid administrators. In all, NASFAA held 18 listening sessions that engaged an estimated 5,000 financial aid professionals from all 50 states. Each listening session was recorded, transcribed, and analyzed to identify clear trends that needed particular attention. In addition, NASFAA utilized Web technologies and communication tools to collect information from members who were unable to attend a listening session.

**Phase Two: Review and Synthesis:** With both quantitative and qualitative data gathered and prepared for review, NASFAA convened a series of meetings with its Public Policy, Research, and Development Group (PPRDG), the primary deliberative body for assessing data and developing NCI recommendations. The PPRDG was composed of seven notable Policy Advisors from the higher education community; nine current and former financial aid In-Field Professionals, noted for their long-term leadership, advocacy and engagement on access and student aid issues; and a Core Group of NASFAA staff. These groups met several times, engaged in substantive discussions on the future of the federal student aid programs, and ultimately formulated the 30 preliminary recommendations released in April 2009.

**Phase Three: Feedback and Refinement:** The preliminary recommendations, while both innovative and comprehensive, were never meant to represent the completion of the NCI project. During Phase Three, NASFAA continued to gather reactions and feedback on the preliminary recommendations. As in Phase One, NASFAA gathered this feedback at state and regional association meetings, as well as during the 2009 NASFAA National Conference, where NCI took center stage at a general session and a follow-up breakout session. NASFAA staff also met with other members of the higher education community as well as those involved in postsecondary funding. NASFAA also convened with the staffs of several legislators and Obama Administration officials to obtain their feedback.

**Phase Four: Advocacy and Enactment:** NCI is not merely an academic exercise; it is a tool to achieve significant changes in the effectiveness of federal student aid in helping students enter and persist through their postsecondary educations. The information we gathered through Phase Three revealed which recommendations NASFAA should pursue through legislative and regulatory changes and which require further investigation and research.

NASFAA has already focused an advocacy campaign on several NCI recommendations. This campaign has applied new methods to engage and rally support—from the association membership, state and regional presidents and leaders, the NASFAA Federal Issues Committee, and others—for NCI recommendations. The results of NASFAA’s preliminary advocacy efforts based on NCI have been extremely positive, as this report will demonstrate.

**To view the Preliminary NCI Recommendations Report, go to:**  
<http://www.nasfaa.org/PDFs/2009/NCIPreliminaryRecs.pdf>

# NCI Future Scope of NCI

The preliminary NCI recommendations were comprehensive and covered topics vital to the future of college access and persistence:

- Simplification and eligibility determination
- College access through grants
- Over-reliance on federal student loans
- State-based financial aid
- Personal responsibility and savings
- Effective college outreach initiatives
- Effective education tax benefits

Because final recommendations may quickly become outdated, NCI is designed as a living project. It is expected that the recommendations will be updated on a regular basis and reissued to Congress and the administration at the beginning of their legislative cycle. The process associated with NCI will remain constant (i.e., consulting with policy advisors, basing recommendations on research and feedback from members, developing an advocacy plan, etc.).

To keep the conversation alive and at the forefront of public policy, NASFAA will annually issue a “College Access and Student Aid Report Card” that will grade our nation’s progress and success on federal student aid issues identified in NCI. Broad topics addressed in the Report Card will include the following:

- Simplification
- College Access
- Student Borrowing
- State-based Financial Aid
- Personal Responsibility and Savings
- College Outreach Initiatives

Each year NASFAA will release its Report Card to policymakers and legislators to highlight progress that has been made (or not made) through regulation, legislation, or other higher education initiatives. Grades for these areas will be based on information gathered through the NCI process, including:

- Member feedback through ongoing town-hall meetings and online surveys,
- Consultation with policy advisors and in-field professionals, and
- Review of student aid-related research.

This process will allow NASFAA to drive our policy efforts in a way that is both reactive to the current legislative and political climate and proactive in advancing the association’s agenda for the coming year.

For example, the Obama Administration’s 2009 legislative docket focused primarily on simplification and student loan reform. NASFAA therefore focused on NCI recommendations that dealt with simplification and using savings from student loan reform to increase grant funding. In future years we may focus on campus-based funds, college savings programs, or grant levels. In short, NCI allows the association to proactively pursue comprehensive student aid reform goals while still remaining agile enough to react to current trends and legislative actions.

# Recommendations Update

During Phase Three of NCI, it became clear that some recommendations required further vetting and research, while other recommendations should be deferred indefinitely. The following sections list which recommendations have been included in NASFAA's current advocacy plans and which require further investigation.

## Recommendations that Have Been Integrated into NASFAA's Current Advocacy Efforts

**Recommendation 1: Streamline the FAFSA application so that it collects only demographic, student eligibility, and dependency status data (p. 13 of the Preliminary Recommendations Report)**

**Update:** The Obama Administration and the Department of Education have taken steps to streamline the FAFSA by using skip-logic for the online form and allowing applicants to import IRS data to pre-populate some FAFSA fields. The administration is also urging Congress to simplify the eligibility formula to eliminate 29 questions regarding savings and income adjustments -- information that is not on tax returns. The administration would replace these questions with a simple check-off asking students and parents whether they own more than \$250,000 in savings and investments outside of certain exclusions such as their homes and retirement accounts. The administration would also expand colleges' ability to adjust aid eligibility to address inequities.

Members have expressed concern about eliminating asset information from the FAFSA because it would limit the ability to accurately determine a family's need for aid. However, an analysis of Department of Education aid applicant data for the 2007-08 academic year by the Council of Economic Advisers (CEA) and the National Economic Council (NEC) found that removing asset questions and all other financial questions not available through the IRS "would have minimal impact on Pell grant eligibility."

In practice, many of these questions do little or nothing to improve the targeting of aid to needy students, the report contends. In nearly every case, fewer than 5 percent of FAFSA applicants have income in these extra categories, and in most cases the percentage is even lower, and the responses are largely unverifiable.

**Recommendation 2: Students and their families who are not required to file taxes due to low income, or who receive means-tested federal benefits, should automatically qualify for the maximum Federal Pell Grant (p. 14 of the Preliminary Recommendations Report)**

**Update:** There has been little federal action to implement this, but NASFAA members have expressed widespread support for this recommendation. The Department began implementing additional skip logic improvements to the FAFSA in January 2010 to allow students who qualify for the simplified needs formula to skip asset questions because they are not used to determine their aid eligibility. While this does not go as far as NASFAA's recommendation, it should help reduce the burden of applying for aid for these students.

**Recommendation 3: Give schools the option to waive reapplication every other year for individual students or for groups of students whose circumstances have not changed significantly, as identified by the institution (p. 14 of the Preliminary Recommendations Report)**

**Update:** NASFAA members had a mixed reaction to this recommendation. Some supported it because it could reduce administrative burdens and ease the application burden for students. Others expressed concern that this recommendation could hamper the ability to accurately determine students' need for aid and could make it easier for some to game the system.

A provision in the Higher Education Opportunity Act (HEOA) authorizes the Secretary of Education to use prior, prior year financial information to determine student aid eligibility after July 1, 2010. NASFAA member institutions have submitted proposals to test using prior, prior year data as part of the redesigned Experimental Sites Initiative. Schools that participate as experimental sites can test different ways to meet program requirements, and the Department's Offices of Federal Student Aid (FSA) can incorporate these school experiences in regulatory and legislative proposals that will enhance program integrity and reduce administrative burden.

Interest in using prior, prior year data has increased since the Department and the IRS began allowing some applicants to electronically access their tax data when they apply for aid online. Because taxpayers can submit their data as late as April 15, these data will not be available in time to accommodate most aid applicants. Allowing applicants to use prior, prior year data would allow more FAFSA applicants to benefit from the new IRS data retrieval process.

**Recommendation 4: Allow families to initiate the financial aid application process through the federal tax system (p. 14 of the Preliminary Recommendations Report)**

**Update:** In January 2010, the Department began allowing students who use the online FAFSA to apply for financial aid for the remainder of the 2009-10 academic year to electronically retrieve their relevant tax information from the IRS and transfer it to their FAFSA. Students will be able to click on a link that allows them to retrieve income information from the IRS website to complete the form. The administration plans to evaluate this pilot as it continues, in order to examine how to expand the electronic retrieval option to more students in the future. This recommendation received overwhelming support from NASFAA members. However, the current pilot program has some limitations because the majority of applicants will not have filed their taxes – nor will the IRS have processed them – before applying for financial aid.

Department officials have said that making the electronic transfer of IRS tax data to the FAFSA feasible for fall college applicants would likely require the use of income data that is one year older than the information currently used to determine federal financial aid eligibility. NASFAA members have expressed concerns about the accuracy and feasibility of using prior, prior year tax data to determine student aid eligibility. However, analysis of FAFSA data has shown that using prior, prior year data would not significantly affect the distribution of aid funds.

**Recommendation 5: Provide look-up tables for students and families to show them how much they would qualify for in Federal Pell Grants and loans (p. 15 of the Preliminary Recommendations Report)**

**Update:** Simplification efforts during the past year have focused on the FAFSA application process and integration of IRS data. There have not, however, been changes to the formula that would allow families to easily predict their financial aid eligibility. The current system continues to provide a family with only an expected family contribution, which represents the amount they are not eligible to receive. The Department of Education reported to Congress in January 2009 that changing the formula to use only the adjusted gross income and number of tax exemptions would be predictable and verifiable, and would allow the federal government to immediately inform students of the types and amounts of federal student aid they are eligible to receive. This change would require statutory changes to the HEA and cannot be implemented by administrative changes to the FAFSA, and there has been no Congressional action on this part of the proposal as of yet.

**Recommendation 6: Eliminate “needs analysis” and use an “eligibility analysis” that relies on adjusted gross income and tax exemptions to determine the amount of financial aid applicants can expect to receive in a Federal Pell Grant (p. 16 of the Preliminary Recommendations Report)**

**Update:** The Obama Administration has recommended that Congress simplify the eligibility formula to eliminate 29 questions regarding savings and income adjustments – information that is not on tax returns. The administration would replace these questions with a simple check-off asking students and parents whether they own more than \$250,000 in savings and investments outside of certain exclusions such as their homes and retirement accounts. The administration would also expand the ability of colleges to adjust aid eligibility to address inequities. Congress has not acted on these recommendations.

**Recommendation 7: Use relevant tax schedules for independent students or parents of dependent students to gain a more accurate picture of their financial aid eligibility (p. 16 of the Preliminary Recommendations Report)**

**Update:** This recommendation is dependent on the enactment of a simplified eligibility formula, which, as noted above, has not been adopted.

**Recommendation 8: Eliminate all non-financial aid related questions from the application process, (e.g., Selective Service Registration, drug convictions) (p. 17 of the Preliminary Recommendations Report)**

**Update:** Despite overwhelming support for this recommendation by NASFAA members, there has been little action by the administration or Congress to eliminate these questions from the FAFSA. However, the new simplified FAFSA online uses skip logic to allow men over the age of 26 to skip the question about selective service registration.

**Recommendation 9: Set the maximum Pell Grant to 70 percent of the weighted average of the costs of in-state tuition, fees, room, and board at four-year public colleges and universities, rounded up to the nearest \$100 (p. 19 of the Preliminary Recommendations Report)**

**Update:** NASFAA believes that this is an appropriate level of Pell Grant funding. However, the fiscal realities associated with the Pell Grant have made this unlikely in the near future. In December 2009, the Department of Education acknowledged an \$18 shortfall in Pell Grant funding over the next three years due to increased enrollments, changes to the need analysis formula, and the deteriorating finances of families due to the economy. NASFAA will continue to fight for increases in the nation’s flagship grant program.

**Recommendation 10: Redirect funds from the ACG and SMART Grant programs into the Pell Grant Program (p. 20 of the Preliminary Recommendations Report)**

**Update:** Despite overwhelming support for this recommendation from NASFAA members, Congress and the Obama Administration have not acted on it. Instead lawmakers and the administration seem content to simply allow the Academic Competitiveness Grant (ACG) and National SMART Grant programs to expire at the end of the 2010-11 academic year. The Obama Administration’s 2011 budget request seeks to end funding for the ACG and SMART. Participation trends during the first four years indicate funding already provided in prior years and in fiscal year 2010 will substantially exceed the amounts needed to support anticipated grant awards, according to the budget request. As a result, the 2010 appropriation postponed the availability of \$561 million in unneeded balances until 2011. As current estimates indicate these funds will not be needed, the administration proposes to rescind the remaining available funds in the amount of \$597 million in FY 2011.

**Recommendation 11: Limit the TEACH Grant to graduate students and expand it to assist students preparing for careers in other high need areas designated by each individual state (p. 20 of the Preliminary Recommendations Report)**

**Update:** NASFAA members expressed support for this recommendation. Graduate schools appear to be more comfortable with the program than undergraduate schools, mostly because students in graduate-level education majors are more likely to stay in those programs after graduation and are therefore more likely to complete the service required to avoid having to repay TEACH Grants.

**Recommendation 14: Strengthen the IBR program by reducing the repayment threshold from 15 percent to 10 percent of students’ discretionary income and reduce the amount of time needed for loan forgiveness from 25 years to 20 years (p. 23 of the Preliminary Recommendations Report)**

**Update:** This proposal was included in the Health Care and Education Reconciliation Act that President Obama signed into law on March 30. The White House adopted the NCI recommendation in its fiscal year (FY) 2011 budget as part of a slate of policy initiatives put forward in support of the administration's "Middle Class Task Force." NASFAA was ecstatic that Congress passed this important consumer protection for student loan borrowers.

**Recommendation 22: Private companies, relatives, and others will receive a federal tax deduction for contributing to a child's college savings account (p. 34 of the Preliminary Recommendations Report)**

**Update:** This recommendation was well received by NASFAA members, but no action has been taken by the Obama Administration or Congress. Instead, the focus of recent higher education tax policy has been to expand the Hope Tax Credit with a new name, the American Opportunity Credit.

**Recommendation 23: Require account administrators to be involved in grassroots community outreach endeavors that provide state or private matching grants to augment savings and provide financial literacy training as early as the fourth or fifth grade (p. 35 of the Preliminary Recommendations Report)**

**Update:** In 2009, NASFAA began collaborating with staff from the College Savings Plans of Maryland to increase outreach and financial literacy efforts. CSPM has agreed to provide a test market for early awareness coloring books (geared to students in grades one through three) and helped NASFAA staff develop a presentation on college savings options. NASFAA is currently pursuing development opportunities for the coloring book project. The college savings presentation, "Filling the Piggybank: Saving for College", has been posted to the NASFAA website.

**Recommendation 24: Allow other agencies, such as state-designated guaranty agencies, to help fulfill outreach efforts along with other grassroots programs such as National Training for Counselors and Mentors (NT4CM) (p. 35 of the Preliminary Recommendations Report)**

**Update:** NT4CM continues to be a successful collaborative effort of NASFAA, the Department of Education (ED), and other higher education associations. NASFAA is working with the Institute for Higher Education Policy (IHEP) to explore ways to evaluate the impact of NT4CM on students, as well as expanding the program to include local partnerships which offer services to students and families from elementary school through entry into postsecondary education.

**Recommendation 25: Engage the federal government and the media in public service announcements on higher education access (p. 36 of the Preliminary Recommendations Report)**

**Update:** NASFAA supports ED's ongoing public service campaigns. We also advocate the use of one of the Department's newest websites, college.gov, to promote higher education access. College.gov is featured in NT4CM's Introduction module.

**Recommendation 26: Using FAFSA4caster and similar products as a model, develop and implement a tool which estimates aid eligibility for students beginning at age 10. Use of the tool should trigger an annual statement of potential aid eligibility, similar to a Social Security Earnings Statement (p. 36 of the Preliminary Recommendations Report)**

**Update:** FAFSA4caster is a relatively new tool, and ED continues to refine it. Within NASFAA's collaborative relationship with the Department, we will advocate for the development of an estimator geared towards younger students which generates an annual statement of potential aid eligibility.

**Recommendation 28: Repeal all taxes on scholarships, fellowships, and loan forgiveness (p. 37 of the Preliminary Recommendations Report)**

**Update:** Despite widespread support for this recommendation among NASFAA members, there has been no action taken by Congress or the Obama Administration.

**Recommendation 29: Retain tax deductions on student loan interest, benefits for employee provided educational assistance, and related tax benefits associated with 529 savings plans, Coverdell Education Savings Accounts, and IRA distributions for education costs (p. 38 of the Preliminary Recommendations Report)**

**Update:** Despite widespread support for this recommendation among NASFAA members, there has been no action taken by Congress or the Obama Administration.

**Recommendation 30: Introduce a "Human Capital Tax Credit" that gives a tax credit to companies that help pay off student loan debt (p. 38 of the Preliminary Recommendations Report)**

**Update:** Despite widespread support for this recommendation among NASFAA members, there has been no action taken by Congress or the Obama Administration.

## Recommendations Under Review for Future Advocacy Efforts

**Recommendation 12: Allow students who qualify for the maximum Pell Grant to receive the full amount regardless of cost of attendance (p. 21 of the Preliminary Recommendations Report)**

**Update:** NASFAA members were divided on this recommendation. Concerns focused on low-cost schools that might be tempted to increase costs if more were covered by the Pell Grant. However, for 2008-09 the enrollment-weighted average cost of attendance at a public community college was \$14,054, according to the College Board. Even with a significant increase in the Pell Grant, very few institutions have a cost of attendance lower than the maximum award proposed in this model.

**Recommendation 13: Move borrower loan subsidies, which are currently offered to students while they are in school, to periods of repayment in the form of an enhanced income based repayment plan and loan forgiveness (p. 23 of the Preliminary Recommendations Report)**

**Update:** Graduate and professional schools voiced strong concern about losing one of the few student aid benefits available to graduate students.

**Recommendation 15: To reduce confusion and increase predictability for students, undergraduate loan limits will not change based on grade level and will be capped at the same amount as the maximum Pell Grant, not to exceed cost of attendance when combined with other student aid sources (p. 24 of the Preliminary Recommendations Report)**

**Update:** NASFAA members expressed concern that this could result in a dramatic increase in student debt levels if the Pell Grant is not increased to appropriate levels. Members were most concerned about first- and second-year students who could quickly accumulate large amounts of debt and then drop or stop out of school.



**Recommendation 16: Create a single student loan program that incorporates the best aspects of all the Title IV federal student loan programs currently offered (p. 25 of the Preliminary Recommendations Report)**

**Update:** Prior to the president's fiscal year (FY) 2010 budget proposal to eliminate the Federal Family Education Loan Program (FFELP), NASFAA had developed a conceptual framework for a new student loan model that would combine the most desirable features of the existing loan programs. The model sought to integrate the best aspects of each existing loan program, including: low fixed interest rates, single origination and collection agents, and default prevention mechanisms provided by state non-profit entities.

Since NASFAA released its model, both the FFEL and Direct Loan (DL) programs have undergone extensive changes, some in accordance with NASFAA's recommendations. The law retains a role for state non-profit service providers to service federal loans and provide default prevention services. In addition, the Department of Education has increased the numbers of private entities servicing federal loans from one to five. Feedback from borrowers, schools, and the federal government will be used to determine the allocation of Direct Loan servicing contracts.

## **Recommendations 17-20: Concerns on Campus-Based Funds**

The following four recommendations that focused on campus-based funding raised the most concerns among schools.

**Recommendation 17:** Phase out the “base guarantee” over a four-year period, allowing institutions that are currently advantaged by the existing formula to maintain commitments they have already made to the current entering classes. Phase in a new “fair share” allotment formula (p. 31 of the Preliminary Recommendations Report)

**Recommendation 18:** Consolidate FSEOG and the FWS into one Campus-based Aid Fund and allow schools to use the funds for a work-study program or to provide additional need-based grant aid to students (p. 31 of the Preliminary Recommendations Report)

**Recommendation 19:** Eliminate the Perkins Loan program and turn all current and outstanding funds over to schools, earmarking those funds specifically for the use of institutional financial aid to students (p. 32 of the Preliminary Recommendations Report)

**Recommendation 20:** Inject new dollars into the Campus-based Aid Fund (e.g., by increasing the federal match provided to participating schools). Schools that are designated as “developing institutions” can apply for a match waiver (p. 32 of the Preliminary Recommendations Report)

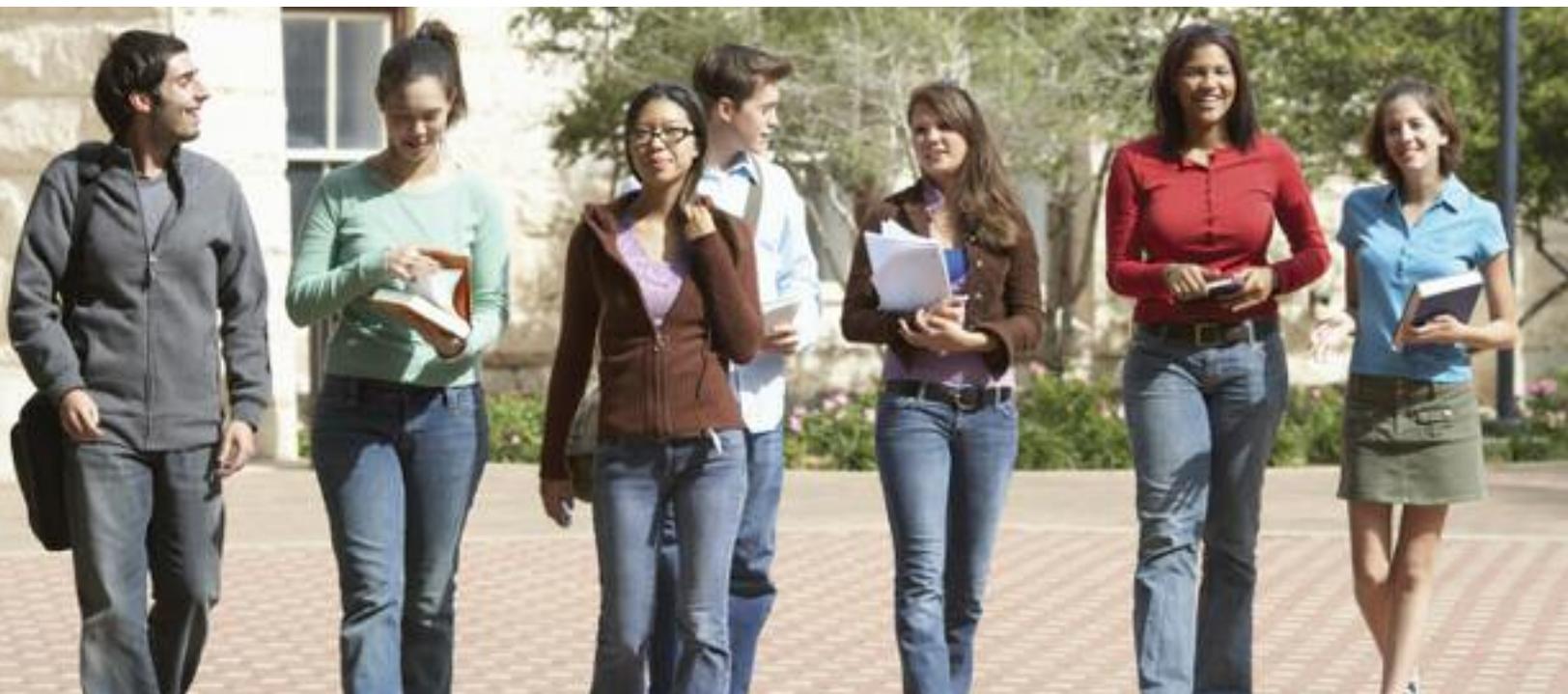
Concerns ranged from a possible loss in current funding, a loss of institutional control over current funds, and the equity of allocation formulas. Confusing the issue was a proposed expansion of the Perkins Loan program, which would have replaced the current Perkins program with a supplemental unsubsidized Stafford Loan with a 5 percent interest rate. A large number of financial aid administrators opposed such a change. NASFAA will continue to work with schools, Congress, and the Obama Administration in finding campus-based funding solutions that work for all schools.

**Recommendation 21:** Every child will receive an initial federal investment of \$500 to start a college savings account (p. 34 of the Preliminary Recommendations Report)

**Update:** While this recommendation received universal support, many viewed the investment as cost prohibitive.

**Recommendation 27:** Eliminate the Hope and Lifetime Learning Tax Credits and the Tuition and Fees Tax Deduction and redirect that funding to the Pell Grant program and Income Based Repayment (p. 37 of the Preliminary Recommendations Report)

**Update:** Some NASFAA members expressed concern that eliminating tax benefits would have a negative impact on middle-income families that don’t qualify for Pell Grants, but still face a significant financial challenge when trying to pay for college. The Obama Administration and Congress have not acted on this recommendation and instead have expanded the Hope Credit as the new American Opportunity Credit.



## 2009 NASFAA White Papers on NCI

- a. **Continuing the Conversation: Assessing Ability to Pay Under a Simplified System**  
[http://www.nasfaa.org/pdfs/2009/nci\\_issuepaper3.pdf](http://www.nasfaa.org/pdfs/2009/nci_issuepaper3.pdf)
- b. **Continuing the Conversation: Simplification**  
[http://www.nasfaa.org/pdfs/2009/nci\\_issue%20paper2.pdf](http://www.nasfaa.org/pdfs/2009/nci_issue%20paper2.pdf)
- c. **Continuing the Conversation: Eligibility Determination & Simplification**  
<http://www.nasfaa.org/publications/2009/anncisimplification061009.html>
- d. **Continuing The Conversation: Restoring Responsiveness to Campus-Based Funds**  
[http://www.nasfaa.org/pdfs/2009/nci\\_issuepaper1.pdf](http://www.nasfaa.org/pdfs/2009/nci_issuepaper1.pdf)
- e. **Continuing the Conversation: Questions and Answers on NCI Preliminary Recommendations - Grants**  
[http://www.nasfaa.org/publications/2009/annciq2\\_052009.html](http://www.nasfaa.org/publications/2009/annciq2_052009.html)
- f. **National Conversation Initiative: Draft Simplified FAFSA Provided to White House**  
<http://www.nasfaa.org/PDFs/2009/NASFAAFSA.pdf>
- g. **Continuing the Conversation: A New Loan Model**  
<http://www.nasfaa.org/pdfs/2009/nasfaaloanmodel.pdf>



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