

**California Association of Student Financial Aid Administrators (CASFAA)
2005 Reauthorization Recommendations Summary**

Pell Grant Program

- Supports use of Pell Grant as exclusively as need-based program.
- Opposes proposal for merit based components to the Pell Grant program.
- Support year round Pell Grant.
- Eliminate the current “tuition sensitivity” provision so that low income students attending low cost institutions have a chance to be awarded the maximum Pell Grant.
- Add a bonus Pell Grant in the amount of any calculated negative EFC up to the maximum of \$750
- Eliminate current provision that mandates that schools ineligible to participate in FFEL or DSL due to high default rates also become ineligible to participate in the Pell Grant program.

Stafford Loan Program

- Support the efforts to achieve the parity between the Federal Family Education Loan (FFEL) and William Ford Direct Loan (DL) Programs by equalizing the terms and conditions of student loans so that all borrowers no matter what loan delivery system (FFEL & DL) have the same loan terms and conditions.
- Change to variable interest rate with a cap of 6.8%
- Changes the number of payments required for loan rehabilitation from the current requirement of monthly payments for 12 consecutive months to a new requirement of 9 payments during 10 consecutive months.
- Eliminate the 36-month limitation on Forbearance and eliminate the written request for Forbearance required by Section 464(e).
- Guarantee Fees should be eliminated.
- Increase Stafford annual loan limits to more reasonable levels. Undergraduate Subsidized Stafford level should be \$7,000; Graduate Subsidized Stafford level should be \$10,000. Undergraduates without access to PLUS should be eligible for Unsubsidized Stafford of \$7,000; Graduates should be eligible for \$15,000.
- Aggregate limits for Stafford loans should be increased to reflect the change in annual limits.
- Schools should have the option to set lower loan limits by category of students. Schools would be protected from review by any court or ED.
- Undergraduate Stafford loan limits would be the same for all years.
- Origination Fees should be eliminated.
- Eliminate loan pro-ration for student borrowers enrolled in programs of at least one academic year in length but retain this provision for programs of less than an academic year in length.
- Eliminate the 30-day delay for first-time borrowers and multiple disbursements for one-term loans.
- Establish a common overaward tolerance of \$500 applicable to the campus-based and Stafford programs for consistency and simplification.

Perkins Loan Program

- Supports the continuation and maintenance of the Perkins Loan Program.
- Re-instatement of federal capital contributions for the Perkins Loan Program.
- Increase Perkins annual loan limits to more reasonable levels. Undergraduate Subsidized Stafford level should be \$6,000; Graduate Subsidized Stafford level should be \$10,000.
- Eliminate the current requirement that Perkins Loan forbearances and in-school deferments be requested in writing.
- Acknowledges the shared interests and joint responsibility of the Department and participating institutions in administering the Perkins Loan program and (2) directs the Secretary to establish flexible regulations that promote administrative efficiencies and provide appropriate discretion for both parties.
- Reduce the number on-time monthly payments required to rehabilitate a Perkins loan to conform to the rehabilitation requirements for a Stafford loan.
- Improve disclosure in consolidation process regarding loss of benefits.
- Retain Perkins interest subsidy after FFEL consolidation.

Consolidation Loan Program

- Change to variable interest rate with a cap of 6.8%.
- Eliminate the single holder rule.
- Opposes providing borrowers who are in repayment with a consolidation loan with the mechanism to refinance their student loans unless the borrower meets the current conditions outlined in the HEA.
- Opposes the use of any federal subsidies for the purpose of refinancing consolidation loans unless the borrower meets the current conditions outlined in the HEA.

Work Study

- Increase the Job Location and Development (JLD) program maximum to \$75,000 from the current maximum of the lesser of \$50,000 or 10% of the institute's Federal Work Study allocation.
- Maintain the current community service requirement at 7% of the Federal allocation.

Needs Analysis

- Make income protection allowance (IPA) regionally sensitive.
- Encourages the Congress to direct the Secretary of Education to revisit the methodology currently used to calculate the per-person state tax burden used in Federal needs analysis.
- Keep all VA benefits, including Chapter 30, consistent

Return of Title IV Funds

- Allow financial aid administrators to override the RTIV requirement in the event the withdrawal resulted from documented extraordinary circumstances.
- Consider that a student has earned 100% of his or her Title IV aid if the withdrawal occurs on or after the 50% point in the payment or enrollment period rather than the current 60% point.

General Provisions

- Supports the continuation and maintenance of GEAR UP and TRIO authorizations as separate entities within Title IV, HEA.
- Supports the continuation and expansion of the Voluntary Flexible Agreements. (VFA) program.
- Phase out base guarantee campus-based programs (i.e., Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS), and Federal Perkins Loan programs funds allocation) in the interest of fairness to students.
- Eliminate the provision requiring schools to track Selective Service registration.
- Eliminate the requirement to suspend or terminate a student's eligibility for Title IV funds based on drug-related convictions.
- Eliminate the requirement that financial aid office distribute voter registration materials.