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**The Need for Reform of the New York State Tuition  
Assistance Program (TAP)**

*By the members of NYSFAAA Executive Council*

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## **Summary**

We are pleased to submit for consideration the executive summary report of a statewide Tuition Assistance Program (TAP) Survey that was coordinated by NYSFAAA's State Government Relations Committee (SGRC). The TAP Survey was distributed via email statewide to financial aid administrators at colleges and universities, TAP certifying officers, bursars, registrars, admissions officers, institutional research officers, and high school counselors.

After having conducted the statewide TAP survey, NYSFAAA has identified 3 primary issues surrounding potential TAP Reform:

1. Multiple TAP Schedules and the need for transparency and equity in TAP awarding.
2. Rethinking the use of NYS Net Taxable Income (NTI) for TAP award determination.
3. The Definition of "Independent Student" for both state and federal financial aid.

## **About NYSFAAA**

NYSFAAA ([www.nysfaaa.org](http://www.nysfaaa.org)) is a not-for-profit volunteer association that represents over 1,300 New York State financial aid administrators at 300 statewide colleges and universities. NYSFAAA partners with state and local agencies to provide and support college outreach opportunities for New York State students and families.

NYSFAAA members are organized into 8 geographic regions around the state, with an elected regional executive board member assigned to represent each separate region. In addition to providing ongoing and relevant regulatory training opportunities for its members, NYSFAAA is an advocate for continued access to post-secondary education for all citizens of the state.

## **TAP Survey**

The executive summary report was a collaborative effort of the New York State Financial Aid Administrators Association (NYSFAAA) State Government Relations Committee (SGRC) and was developed after an analytic review of a statewide TAP Survey that was distributed during November-December 2011. The survey was electronically delivered statewide to college financial aid directors and business officers (bursars). The majority of colleges and universities in New York State responded to the survey.

This report compliments similar reports that have been submitted for legislative consideration on the status of NYS student financial aid in the past. Most notably, these reports include: "Report of the Commission on New York State Student Financial Aid" (December, 1999), "Report of the Temporary Task Force on the Tuition Assistance Program" (December, 1996). It should also be noted that a larger, more extensive review of TAP is currently being conducted by the State University of New York (SUNY), in conjunction with the City University of New York (CUNY), which may parallel some of the findings and recommendations found in this report.

The survey found little fault with legislative support or the general purpose of TAP which, since its inception, has continued to subsidize tuition costs for eligible New York State residents

attending New York State colleges-more than any state in the nation. Therefore, this report will focus on selected recommendations that follow two general tracks: process and eligibility.

NYSFAAA sincerely believes that the recommendations submitted, as reflected by the NYSFAAA members who responded to the survey, deserve legislative attention and consideration. Some of the identified concerns and recommendations involve eligibility and process areas that largely have remained unchanged since the inception of TAP. Where initial legislative intent reflected the needs and concerns of the time, it is reasonable to conclude that certain components of TAP eligibility criteria, and award processing methods, need to be reviewed and reevaluated for change. Although NYSFAAA recognizes that any program changes must be considered in light of severe budget constraints, we are hopeful that additional program efficiencies might be found to offset any possible budgetary concerns.

Our recommendations for improving TAP are intended to ensure that the program continues to efficiently and equitably serve eligible NYS students.

## **History and Background**

In 1974, the Legislative Select Committee on Higher Education proposed the initial TAP legislation that was adopted later that year. As stated by the Select Committee, their objective was to “guarantee to every graduate of high school an opportunity and freedom of choice for at least two years of post-secondary education during their lifetime.”

As summarized in the “Report of the Commission on New York State Student Financial Aid,” the primary student aid targets that the Select Committee saw as glaring problems were the children of middle class, who had increasing difficulty in meeting higher education costs. The then-existing Scholar Incentive Program for the economically disadvantaged and the educational opportunity programs designed for the same student clientele did not benefit this group.

The Commission’s Report further acknowledged that, over the years, the emphasis on financial aid fluctuated between assisting the middle-income and the neediest students-which began with merit based aid. The Tuition Assistance Program’s early focus was on middle-income students. In more recent years, grant programs, whether State, Federal or institutional, have been directed toward the most needy students. In today’s uncertain economic climate, students from all economic sectors continue to seek continued financial support in their efforts to pursue the ideal American dream- a college education.

NYSFAAA applauds Governor Andrew Cuomo’s recent 2012 budget proposal in the sense that it outlines a broad effort to redesign and reinvent state government with the goal of creating greater efficiency within state government. NYSFAAA also supports the Governor’s and New York State Legislature’s efforts to produce long term cost savings and better services to the citizens of New York. With a similar objective, and based on the results of a statewide TAP survey, NYSFAAA respectfully submits the attached TAP recommendations for review and consideration.

## **Issue: Multiple TAP Schedules, the need for Transparency and Equity**

TAP Award Schedules are currently a function and result of annual budget decisions. Schedules are based on the first year of a student's TAP Award, for both dependent and independent students. This results in 15 different award schedules, with several different minimum and maximum award amounts. According to the recent NYSFAAA TAP Survey, and based on ongoing feedback from college financial aid administrators and counselors across the state, multiple award schedules are both confusing and inequitable. Survey comments indicated that there are instances where financial aid administrators have been unable to satisfy a student or respective family's inquiry in instances where an award for one sibling differed from another, even though respective parental net taxable income was the same. From an administrative standpoint, college financial aid administrators find the multiple award schedules confusing and difficult to administer-both from an internal training standpoint and student counseling perspective. When pressed to identify another state or federal program (financial aid or non-financial aid related) that utilized such a great number of award schedules or variables, NYSFAAA was unable to identify such a program.

### **Recommendation**

Offer a single award or limited/reduced award TAP schedule where NYS can index income brackets within the reduced schedule(s) for both dependent students and independent students.

Observation: NYSFAAA acknowledges the different financial needs of dependent students and independent students. Therefore, NYSFAAA recognizes the need for different award schedules for both student categories.

## **Issue: TAP and the New York State Net Taxable Income (NTI) Standard**

TAP award amounts for eligible New York State students are primarily based on New York State NTI. Conversely, award amounts for federal student aid are based on federal data elements that a student and parent submit on the Free Application for Federal Student Aid (FAFSA).

Applying for both federal and New York State financial aid used to be a separate, cumbersome process, which has been simplified in recent years. New York State residents attending college within New York State now have the option to link directly to the TAP application online from the FAFSA on the Web's "Submission Confirmation Page." If a student exits the FAFSA website before selecting the link to TAP on the Web, the New York State Higher Education Services Corporation (HESC), within 3 days of receipt of the FAFSA data, will forward the student an email or postcard notifying the student to complete their TAP application online. Although the FAFSA link to TAP on the Web simplified the federal-state financial aid application process, the NYSFAAA TAP Survey indicated that an alternative federal data approach to NTI be considered for award determination. One approach suggested by numerous financial aid administrators was to use the FAFSA derived "Expected Family Contribution" (EFC) to calculate TAP awards, or derive an "adjusted NTI" that is correlated from federal FAFSA data.

The EFC is the amount that the student and family can be expected to contribute to the costs of the student's college education. EFC is the mathematical result of a complex federal formula and takes into consideration both student and parental income and certain assets.

The "Report of the Temporary Task Force on the Tuition Assistance Program" also recommended the EFC, or federal data element approach, for TAP award determination. This report also recognized that an impact study would first need to be conducted to assess the impact on institutions and student awards. Since EFC is used to calculate Pell Grant and other federal grant awards, it could simplify and standardize the student financial aid counseling process.

### **Recommendation**

Consider a federal and federal-state standardized approach for TAP award determination, such as the FAFSA developed EFC. This would eliminate the state's current administrative and costly burden of state income verification. Since the federal process updates the EFC formula for inflation, the new approach would better protect New York State students in times of economic change since it would reflect changes in the national economy. Federal requirements for verifying income would ensure the accuracy of income reported.

### **Issue: Independent Student Definition and Professional Judgment**

There are distinct and inequitable differences between the federal definition and the New York State definition of independent status. If financially independent the parental income, if any, is not considered in the calculation of student financial aid.

One of the primary differences between the federal and state definition of independency is the age of the student. Under the federal criteria, a student is considered independent if they are 24 years of age or over by December 31 of the award year. The New York State definition of an independent student is someone who is 35 years of age or older.

NYSFAAA survey responders have reported several instances where students and families have expressed frustration and confusion regarding the different definitions as it relates to age and independence. The age requirement of 35 years may have had some measure of relevance when TAP was first created, however, it is difficult to justify the distinct difference between the federal and state definition without concluding that the state is attempting to reduce TAP disbursements. While the state's fiscal condition should always be considered in the determination of program policy, it is difficult to explain or defend the state's unchanged independent student definition.

Under the federal program, financial aid administrators can use professional judgment to grant independent status to an otherwise dependent student (by definition) under unusual circumstances. More specifically, a financial aid administrator can make such a determination, known as "dependency override" when a parent cannot be legitimately expected to contribute to the costs of the students. Presently, there are limited exceptions to the state's independent student definition, and financial aid administrators cannot exercise "Professional Judgment" for TAP like they can for other federal aid programs.

## **Recommendation**

Reconcile the federal and state criteria for determining the definition of independent student, while preserving the federal definition as the state's new standard. Also, give financial aid administrators the ability and discretion to utilize "Professional Judgment" as allowed under the federal student aid programs. There are appropriate audit safeguards in the federal programs for exercising "Professional Judgment." In addition, the Department of Education has provided adequate and ongoing guidance to financial aid administrators in the proper discharge of "Professional Judgment," particularly as it relates to dependency overrides. Therefore, if approved, the authority to make "Professional Judgment" dependency status changes for TAP could be based on existing guidance as provided by the federal programs. For reference, refer to Federal Dear Colleague Letter GEN 03-07 and pp. 104-106 of the Application and Verification Guide of the Federal Student Aid Handbook).

## **Conclusion**

NYSFAAA remains available to discuss TAP Reform recommendations with the New York State Legislature, including the full results of the statewide TAP survey. NYSFAAA also supports, and will participate in, a new statewide committee that could be convened to discuss, review, and report its final "TAP Reform" findings to the New York State Legislature.

## The NYSFAAA Executive Council and State Government Relations Committee

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*The executive summary of the statewide TAP Survey, and the recommendations submitted for legislative consideration in the White Paper herein, are the expressed, collective opinions of the New York State Financial Aid Association, and do not reflect the individual opinions of any colleges or institutions listed above.*



**Listed below are those who were the developers/authors/contributors of this white paper.**

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**Listed below are the members of the 2011-2012 Executive Council who provided the guidance, direction, and support and approval for this initiative.**

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