



WASFAA

Western Association of Student Financial Aid Administrators

August 17, 2009

The Honorable Edward M. Kennedy
Chairman, Committee on Health, Education,
Labor and Pensions
United States Senate
Washington, DC 20501

The Honorable Michael B. Enzi
Ranking Member, Committee on Health,
Education, Labor and Pensions
United States Senate
Washington, DC 20501

Dear Chairman Kennedy and Ranking Member Enzi:

The Western Association of Student Financial Aid Administrators (WASFAA) is an organization that represents postsecondary educational financial aid professionals from Alaska, Arizona, California, Idaho, Nevada, Oregon, Washington, Hawaii, Guam, the Northern Marianas Islands and the Freely Associated Nations of the Pacific. On behalf of the more than 976 members from 316 colleges of WASFAA, we would like to provide our support and concerns on provisions in the Student Aid and Fiscal Responsibility Act (H.R. 3221) as the Senate embarks on its version of a higher education reconciliation bill.

The financial aid community does not oppose reform. Rather, we embrace reform that benefits students and we look to their interests to guide our recommendations. Congress has the historic opportunity to secure new funding to move Pell Grant funding to levels that can make a real difference and provide additional support to the Federal Work Study Program. WASFAA strongly opposes redirecting any savings gained within the Title IV financial aid program toward other goals such as reducing the national deficit. The support is needed for higher education to reflect the national commitment to increase college attendance and achieving President Obama's goal of doubling college graduates by 2020.

Federal Pell Grants

We support investing in the Pell Grant program with a higher maximum in 2010 and indexing future increases to the CPI plus 1 percent.

WASFAA members also strongly support the expansion of Pell Grants to be awarded to students year round. There are many students in the region that would be categorized as "non-traditional" and they take classes year round. However, the new verbiage of "acceleration of program completion" would exclude these non-traditional students who take classes year round and not necessarily to complete their program earlier. WASFAA believes the Pell Grant program has always been considered an entitlement program to those students that demonstrated financial need and would recommend deletion of the provision that year-round Pell Grants include an acceleration of program completion requirement because it contradicts the core principle of the Pell Grant program and its intended purpose.

Federal Stafford Loan Interest

It would help make college more affordable for students if the interest rate on Stafford loans returned to a variable annual rate based on the 91-day Treasury bill plus 2.3 percent capped at 6.8 percent; however, we would like this relief sooner than the July 1, 2012 date provided in H.R. 3221. For simplification, the Stafford interest rates should be the same for all Stafford loans (both subsidized and unsubsidized) and for all students (both undergraduate and graduate).

Federal Perkins Loan

We appreciate \$6 billion authorized in H.R. 3221 and the recognition that the Perkins Loan program provides a low-cost federal loan to our neediest students. However, we are concerned that it will lose the in-school subsidy and have other allocation factors than the institution's student need compared to

students nationally. Students attending private and graduate institutions would be disadvantaged if allocation was based on a low tuition incentive or the number of "Pell-eligible" students. We also believe the requirement to award students after their eligibility for subsidized and unsubsidized Stafford is exhausted is not in the student's best interest if the interest rate on the Perkins loan is lower. We do not support the plan for a "new" Perkins Direct Loan, however, we support new funding for the existing Perkins program.

Student Loan Reform

The fact that the status quo of having both FFEL and DSL Stafford loan programs is not possible for the future is understood. We would just like to emphasize the importance of sufficient lead time to convert to DSL or a hybrid program that will replace the present program utilized by the majority of students. There will be significant financial and administrative burden and likely subsequent confusion and processing risks associated with requiring thousands of postsecondary institutions to switch to an entirely new loan process for the 2010-2011 academic year. We would also want to advocate for a system where contracted servicing would allow borrowers to have one servicer along with continued access to customized and local default prevention and financial literacy programs. These are very important components to a loan program that provides the necessary and critical services to students. This would also provide repayment simplification and effective default prevention. We support competition and choice of loan providers and guarantors by students and schools by having the private sector involved in the development of a new hybrid student loan program so that the successful partnership of private and federal support of students can continue.

FAFSA Simplification

A shorter, more streamlined FAFSA would encourage more needy students to complete this most important form in the financial aid process. Rather than asking questions unrelated to family financial status, perhaps questions related to eligibility such as selective service registration and drug convictions could be eliminated by including in the certification section what federal databases will be checked to verify eligibility for federal financial aid.

The majority of needy families and students qualify for the simplified needs analysis where assets are not considered. FAFSA on the web could use skip logic to eliminate the asset questions. H.R. 3221 simplifies the FAFSA by ceasing to collect information on assets but imposing a \$150,000 cap for eligibility for need-based aid. WASFAA feels as long as assets remain a part of the formula, whether in the calculation or as a cap, the asset questions must remain.

New Programs

The present grant and loan programs have assisted needy students for many years. Funding for these programs have been difficult to obtain during our current national economic crisis and it would not appear to be a great time to establish and allocate funds to new programs such as the State Innovation Completion Grant, Community College Modernization and Construction and American Graduation Initiative. Access and increase degree completion can be obtained through increased funding in the Pell Grant, Stafford and Perkins programs.

We appreciate the careful consideration of strategies to increase higher education access and thank you for keeping higher education a high priority.

Sincerely,
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