



WASFAA

Western Association of Student Financial Aid Administrators

May 30, 2012

Ms. Wendy Macias
US Department of Education
1990 K. Street NW, Room 8017
Washington, DC 20006

Dear Ms. Macias:

In response to the notice in the Federal Register of May 1, 2012, the following comments regarding the upcoming Negotiated Rulemaking session are being offered on behalf of the Western Association of Student Financial Aid Administrators. WASFAA represents financial aid administrators at post-secondary institutions in the Western region of the United States that includes Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Washington, and the territories of Guam, the Commonwealth of the Northern Marianas, Palau, American Samoa, the Federated States of Micronesia and the Republic of the Marshall Islands. Based on the stated topics of fraud and abuse and the campus-based programs, we would like to offer the following concerns and recommendations:

Fraud and Abuse:

We recognize the need to locate and control fraud and abuse in the federal Title IV student aid programs. We are concerned about creating undue regulations in this area. Because circumstances of fraud can be very unique, it will be difficult to develop regulations that address all potential abuses. We believe that, with the assistance of the Department providing institutions additional tools to identify potential fraudulent behavior, institutions will be better equipped to address situations as they occur.

1. We request that the Department identify profiles of possible “Pell runners” or other fraud cases, such as, students who have received aid from more than two institutions within three years or students who frequently withdraw from classes. This information is available through COD and by providing a comment code on the ISIR record, schools could be alerted to potential student aid abuse and take measures to assure that the student meets all qualifications.
2. Students who are referred to NSLDS by institutions for repayment of a federal grant repayment are flagged on the ISIR record and prevented from receiving further financial aid at any institution until the debt is paid or a repayment plan is set up by the Department of Education and followed. However, there are limitations on which students can be referred to the Department of Education for repayment. Current regulations do not allow overpayments for students who receive aid and then never attend classes from being referred to the Department, despite new regulations requiring at least early partial payment of Pell Grant funds. In addition, most institutions absorb overpayments on their student accounting systems and bill the student through the institution. This is also considered an institutional debt and not eligible to be reported to NSLDS as a student aid overpayment. The result is that there is nothing preventing the student from attending another institution, receiving aid and repeating this behavior. We recommend that the NSLDS system be expanded to allow institutions to report outstanding federal overpayments in cases where the student received aid for classes never attended or the institution or for federal overpayments assumed by the institution and provide a flag or comment on the ISIR record to prevent further aid until the overpayment is resolved.

3. Ironically, the student loan program is the only entitlement program. The annual loan limits range from \$5,500 per year to \$11,500 per year, making this program a target for fraudulent borrowing. Many schools, particularly community colleges, have long requested the ability to set institutional policies governing the amounts that students may borrow. In addition to helping curtail the growing student debt problem, this flexibility would assist colleges in controlling fraud and abuse on the part of students taking out federal student loans.

Campus-based Programs:

1. We strongly support the President's proposal to expand the Federal Work-Study program and change the allocation formula to direct funds to institutions that serve the greatest numbers of low-income students.
2. We request broadening of the SEOG awarding regulations. Current rules require institutions to first provide funds to the students with the lowest EFC who are also receiving Pell Grants. Most community colleges do not receive enough SEOG funds to provide grants to students with EFC's above 0. In many cases, these students also receive state grants and institutional funds. We recommend that the preference be to students who are Pell-eligible, regardless of the where their EFC falls within the Pell eligible range.
3. Due to the new law restricting Pell Grant eligibility to a lifetime limit of six years, many community college students who plan to transfer are requesting that their Pell Grant be cancelled so that it is available when they transfer to more expensive 4-year colleges and universities. We request regulations that clarify that these students are eligible for SEOG awards.

Thank you for the opportunity to provide these comments. Please feel free to contact me if WASFAA can be of any service.

Sincerely,



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