



# WASFAA

Western Association of Student Financial Aid Administrators

September 9, 2009

The Honorable Robert Shireman  
Deputy Undersecretary  
U.S. Department of Education  
400 Maryland Avenue, SW  
Washington, DC 20202

Dear Mr. Deputy Undersecretary:

The Western Association of Student Financial Aid Administrators (WASFAA) is an organization that represents post-secondary 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 and our organization includes a Graduate and Professional Issues Committee. We listened to your presentation at the recent NASFAA Annual Conference in San Antonio and were excited by some new developments such as FAFSA simplification, but discouraged by some dismissive comments made about graduate students. The impression by many financial aid administrators serving graduate students was that assisting graduate students was not deemed important because of their smaller numbers (You stated that undergraduates are 90% of the student population and graduates are 10%) and because of their ability to make higher incomes.

We feel strongly that it is important to provide financial aid support to this smaller population of students because our nation requires a highly skilled workforce to compete effectively in the 21<sup>st</sup> century global economy. Many teachers or professors with graduate degrees will be needed to teach at the college level to reach President Obama's goal of leading the world in the number of college graduates.

Financial assistance is needed to maintain diversity in the ten-percent of graduate students. A graduate education should not be inaccessible to the economically disadvantaged, racial and ethnic minority or first-generation promising undergraduate student. We must encourage, not discourage them by having them face uncertainty of financial resources. The alternative is graduate education only for the rich.

Attaining a graduate education may result in a stable and higher income. However for many graduate students, especially in professional programs, it comes at a cost of many years of income forgone and an accumulation of extremely high debt equivalent to making a second mortgage payment for 10-30 years. It should be noted that the majority of graduate students are pursuing a master degree in fields such as business, engineering, social sciences and public administration that do not have the assurances of stable and higher income potential in our nations present economic environment. Theology students are investing in a career that traditionally does not come with a high expected income.

The Federal financial aid support for graduate students is limited and the majority is in the form of student loans that have to be paid back, and is paid back at a higher percentage rate than undergraduate students. We have no Pell Grants for low-income graduate students. To ensure graduate education is well represented by our diverse communities we need to continue to be able to provide them with low-interest subsidized loans. Though the graduate numbers are smaller the majority of student loan borrowing is done at this level and reduced interest rates and higher annual loan limits for the undergraduate population only is understandably less costly but does little to encourage our neediest students to bravely pursue higher education beyond the four-year colleges. The annual limit for the subsidized Stafford for graduate students has remained at \$8,500 since 1992 and we were extremely discouraged by the original H.R. 3221 bill that would have eliminated subsidized Stafford for graduate

students. We appreciate quick action that removed this provision that would have reduced a benefit for this particular student population.

Graduate students were negatively affected the most by the double hit of legislation that reduced lender subsidies and the ongoing credit crisis. Many of our students have higher cost loans with applied fees reducing the funding they have to pay education expenses. The FFEL program seems to be targeted for being a source to expand the undergraduate Pell Grant program. Not infusing new funding results in a "Rob Peter to pay Paul" scenario since graduate students do not have access to this federal grant program.

There were numerous occasions for attendees serving graduate students to get together at the WASFAA and NASFAA annual conferences and here is a summary of some of the comments put forth.

- We have been working with a much reduced Perkins loan pool and would welcome a new infusion of federal funds to this program that helps make up the difference on the level annual limits of the Stafford Loan program. We feel an award parameter based on number of "Pell-eligible" students would ignore the needs of low-income graduate students.
- Many of our graduate students were excited to learn about the new lower Stafford fees they read about in the news media, only to be disappointed that this benefit was only for undergraduate students.
- The tax benefit programs help all graduate students and should be maintained to ease the much heavier debt burden that they receive instead of federal grant support.
- Health professions students are confused by SAR messages that say they are near or in excess of their loan limits. Our understanding is that the Department of Education system does not have a way of recognizing HEAL eligible schools and the higher aggregate levels for some health profession students.
- Health professions FAA feel that there should be a way where Title VII financial aid could be reflected in the NSLDS records, not just Title IV.
- One effect of the credit crisis and lender subsidy cuts was the loss of a great many private alternative loan providers. Law students need options for covering bar costs after graduation. We have nothing to offer international students that previously utilized private loans.

In summary, whereas employers have stated that one-sixth of jobs in 2016 will require a graduate degree, it is imperative that we broaden not constrict access for graduate students so that all bright undergraduate students have an opportunity to pursue a career that requires a graduate degree. Every child should be able to fulfill that wish to be a scientist, doctor, lawyer or even the President of the United States.

Thank you or your consideration of our comments and concerns.

Sincerely,  
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