



July 17, 2009

Dear Congressman or Representative:

Thank you for your dedication to our nation's educational agenda and the current challenges of loan reform. As a financial aid administrator of 22 years, student advocacy remains my primary focus with the sound administration of my institution's aid programs following closely. I applaud efforts to increase higher education access for low income students through the expansion of the Pell Grant program. I value my partnership with our executive, legislative and federal officials and our common goals of supporting students through valued financial aid programs. However, I write today to express concern for proposed legislation introduced on July 15<sup>th</sup> in the HR 3221 Student Aid and Fiscal Responsibility Act of 2009 (SAFRA).

SAFRA will eliminate student choice in the federal loan process by eliminating the Federal Family Education Loan Program (FFELP). The House proposal also removes Stafford Loan subsidies for graduate and professional students. Our students require a sustainable loan product that provides benefits to all student populations attending eligible degree programs. My institution's graduate and professional enrollment is approximately 5,800 students with total Unsubsidized Stafford Loan borrowing exceeding \$36 million in 2007-08. Removing the subsidy for this segment of our population would create a significant financial burden on our students and create additional barriers for their academic success. While students can opt to make interest payments on unsubsidized loans while in-school, this may be an unrealistic option in the current economy. When interest payments are not made during grace periods, interest is added to principal and debt burdens increase significantly. Default rates may rise disproportionately for this population as a result.

SAFRA also completely changes the Perkins Loan program and creates a "new" Direct Perkins Loan. The proposal removes the Perkins interest rate subsidy for the neediest of loan borrowers creating additional financial barriers noted above in the graduate/professional scenario. Historically the current Perkins Loan program has worked very well when appropriately funded. Increased administrative burdens also exist with this new program as awards, reconciliations and funding must flow through the Department of Education's COD system.

Additional concerns include the uncertainty of student loan servicing including customer service, default aversion and financial literacy resources provided to students in the FFELP model. While SAFRA does provide opportunities for state, non-profit and other agencies to vie for servicing contracts, some of the bill's associated language appears to make default aversion and financial literacy optional rather than must-haves in the bid process.

While Department of Education staff members have reiterated the June 30, 2010 target date for the elimination of FFELP is associated with the 2010-11 aid cycle, I believe our Summer 2010 loan program may be compromised. SAFRA states that no FFELP first disbursements can be made after June 30, 2010. My institution's Summer loan period will cross the deadline noted requiring an early implementation to ensure student loan funds are available during our 2009-10 award year.

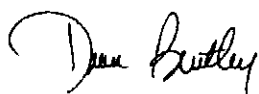
Surveys of comparable institutions indicate a conversion to Direct Lending (DL) may take 4 to 7 months. This timeline is unrealistic for a Summer term conversion as we begin registration activity and associated student communications in late fall and early winter months. Additionally our admissions recruiting cycle begins for 2010-11 in September 2009. Business processes and consumer information must be in place during the 2009 Fall season to accommodate such a massive change. We have little time to respond effectively given the burden of recent HEAO amendments and pressures from the economic decline.

I have also been assured by DL advocates that the conversion to DL is seamless. However, operational challenges do exist for institutions and should be considered to ensure students receive appropriate funding. Technical modules in student aid management systems must be implemented; student communications, websites and brochures revised; and staff must be re-trained to deliver exceptional, reliable loan services and funds. While Penn State has been touted as a fine example of a seamless transition by the House Education and Labor Committee, my colleagues tell me that Penn State redeployed a number of technical and functional staff with weekly phone calls to the Department of Education, site visits and three mailings to families so that they could transition in 5 months. I have also heard that some institutions outsourced a portion of their call centers to address related volume increases. Additional operational expenses will certainly be a challenge for my institution given the reduction in our endowment earnings.

At my institution 2-3 functional staff and 1 technical FTE would need to be assigned to a DL conversion and a new Perkins implementation. A transition would require reassigning current priorities; an unrealistic effort given our capacity constraints and budget challenges. As many as 2-3 additional staff would also need to be hired to manage DL and new Direct Perkins monthly reconciliation functions and to manage increased phone volume associated with loan servicing. Continuing students will be facing multiple, split loan programs with varied repayment options which will result in additional institutional demands from our borrowers.

I appreciate your efforts in making higher education more affordable and attainable for all students. I know that the aid process can be complex and also applaud efforts for reasonable simplification. I recognize the intent of our President's goal is a good one but hope that you will assist institutions and our students in preventing unintended negative consequences substantial loan reform may bring without careful consideration. Thank you for your attention to my concerns.

Sincerely,



Director  
Office of Financial Aid



State University of New York  
College of Environmental Science and Forestry  
Office of Financial Aid and Scholarships

September 22, 2009

Senator Charles Schumer  
313 Hart Senate Office Bldg.  
Washington, DC 20510

Dear Senator Schumer,

I write to ask that you **not support** HR 3221 when it comes before the Senate. I urge you to consider several factors in voting against this. First and foremost is the intrusion of the federal government in taking over the student loan program. To totally federalize this program sets a dangerous precedent in government policy.

Pres. Obama feels it is a good idea to have a public presence in health care to counter act private vendors. Why then is it not good to have a private presence in student loans? Furthermore, the private sector has historically provided superior service to students, parents and schools that far surpass the low bid servicers currently engaged by the Direct Loan program. I know, I am the Director of Financial Aid at SUNY College of Environmental Science and Forestry and have used the current FFELP program for over 35 years to help families pay for college. I have to clean up problems all the time from transfer students who come to my school having borrowed a Direct Loan and now have problems with the DL servicers who can not seem to get it correct that the student is in school and eligible for in-school deferments.

The bill will disallow choice by students and parents. This bill has come under further review by the CBO and may not save as much as was purported to save. This bill will cause people in New York to lose their job. Furthermore, the US Department of Education has not proven that their technical infrastructure systems can and will be able to handle the massive increase in data transmissions necessary to make this work. Under the current FFELP program, those technologies exist and they exist because of the private section investment to make the system work for students and colleges.

Please do not support this bill. I urge you and your colleagues in the Senate to carefully consider a bill that has been proposed by the Student Lending Community. The CBO clearly states the counter proposal will save the same \$87 billion that HR 3221 claims to save and will provide choice, access and no disruption in student loans. Please feel free to contact me if you wish to discuss this any further or if I can provide further assistance.

Thank you,

John View

Director of Financial Aid

SUNY - ESF

Syracuse, NY

Phone: 315-470-6671

E-mail: [jevview@esf.edu](mailto:jevview@esf.edu)

# Lebanon Valley College

September 22, 2009

Senator Arlen Specter  
711 Hart Building  
Washington, DC 20510

Dear Senator Specter,

Thank you for your support of higher education. As a financial aid administrator for over 10 years, I understand the importance of providing access to higher education and making it affordable for students and families.

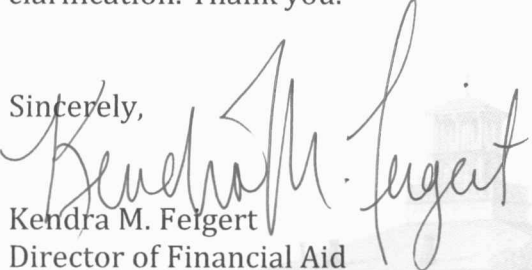
I'm writing this letter to express my concerns with the proposal to eliminate The Federal Family Education Loan Program (FFELP) included in HR 3221 Student Aid and Fiscal Responsibility Act (SAFRA). FFELP has provided access and choice to millions of Americans over the past 40 years. The elimination of FFELP not only removes student choice, but the competition necessary to produce continued improvements in service and delivery of loan funds.

In addition, the timeline proposed in SAFRA that all institutions process federal loans through the Direct Loan Program by July 1, 2010 is also of concern. I am the director of financial aid at a small private college. This past year has been extremely difficult for our institution with the downturn in the economy. Institutional budgets are tight which will make this transition to a completely new loan processing system in less than one year extremely taxing both financially and from a human resources perspective.

We strongly urge you to consider an option that would combine both the Federal Direct Loan Program and FFELP – providing choice and competition to foster a high level of customer service and origination and disbursement functions.

I am happy to discuss this further should you have any questions or need further clarification. Thank you.

Sincerely,

  
Kendra M. Feigert  
Director of Financial Aid

101 North College Avenue • Annville, Pennsylvania 17003-1400 • 717-867-6181 • Fax 717-867-6026

1-866-LVC-4ADM (1-866-582-4236) • [www.lvc.edu](http://www.lvc.edu)



7373 Admiral Peary Highway  
Cresson, PA 16630-1999

[www.mtaloy.edu](http://www.mtaloy.edu)

(814) 886-4131  
Fax (814) 886-2978

September 22, 2009

Senator Arlen Specter  
711 Hart Building  
Washington , DC 20510

Dear Senator Specter:

On behalf of myself and the more than twelve hundred students at Mount Aloysius College that rely on federal student aid to attend college, we are writing to applaud efforts to increase higher education access for low income students through the expansion of the Pell Grant Program. However, we have great concerns with President Obama's proposal to phase out the Federal Family Education Loan program (FFELP). The Student Aid and Fiscal Responsibility Act will eliminate student choice in the federal loan process. Phasing out the FFELP will have significant negative consequences for our financial aid office and, more importantly for our students and families. Our school does not want to depend on a single federal agency for our entire student lending needs and we want our students to have the widest possible choice of lenders.

Our concerns are as follows:

- The public/private partnership of the FFEL program has worked for many years to provide funding for students, promote essential default prevention measures and allow students/families choice in their lending decisions. **Let's work to improve FFELP rather than throw it away.**
- I believe a significant increase in delinquencies and defaults could occur as a result of this change. Schools are held to standards regarding their individual cohort default rates and should be able to continue to work with partners that aggressively promote repayment.
- Lenders who currently provide FFELP loans to our students also provide the funds for necessary private student loans. If those lenders are forced to leave education lending altogether, our students may not be able to get the private funding they need to supplement federal assistance. Even with increased PELL funding, unmet need will still exist at our school.
- The calculated savings from this decision should be viewed with greater scrutiny before asking thousands of schools to make processing and software changes. Additional costs to the federal government for administrative costs, payments to private contractors and additional staff should all be carefully reviewed as moving thousands of school to Direct Lending will certain result in much higher costs to the taxpayer.
- Involuntary conversion to the Direct Loan program could force us to incur costs in converting our software systems and retraining our staff.

On the basis of these concerns, we urge you to oppose the administration's student loan proposal. Legislation that eliminates choice and competition and that mandates all institutions adopt a government run program for 2010/11 is filled with risk and would lead to mass confusion. Thank you for considering our views. Please do not hesitate to contact me if we can provide you with any additional information.

Sincerely,

Stacy Schenk  
Director/Financial Aid



# California Community Colleges Student Financial Aid Administrators Association

www.cccsfaaa.org

September 8, 2009

## 2009 Executive Board

### President

Brad Hardison  
Director, Financial Aid  
Santa Barbara City College  
(805) 965-0581 x2302  
hardison@sbcc.edu

### Past President

Kristin Shear  
Director, Student Financial Services  
Santa Rosa Junior College  
(707) 524-1579  
kshear@santarosa.edu

### President Elect

Jacque Bradley  
Assistant Dean, FA & EOPS  
Mendocino College  
(707) 468-3106  
jbradley@mendocino.edu

### Vice President

Nancy Davis  
Director of Financial Aid  
San Bernardino Valley College  
(909) 384-8677  
ndavis@valleycollege.edu

### Treasurer

Sherne Padilla  
Director, Financial Aid  
Antelope Valley College  
(661) 722-6300 x6138  
spadilla@avc.edu

### Treasurer Elect

Deborah Sonia  
Financial Aid Director  
Cabrillo College  
(831) 479-5007  
desonia@cabrillo.edu

### Secretary

Judy Cohen  
Director, Financial Aid  
Laney College  
(510) 464-3420  
jcohen@peralta.edu

Senator Tom Harkin  
Chair, Health, Education, Labor and Pensions Committee  
731 Hart Senate Office Building  
Washington, DC 20510

I am writing to you on behalf of the 500+ members of the California Community Colleges Student Financial Aid Administrators Association (CCCSFAAA). Our professional association represents the financial aid staff and programs at all 110 community colleges and more than 2.6 million students comprising the largest segment of higher education in the world.

The California Community Colleges Student Financial Aid Administrators Association (CCCSFAAA) would like to make the members of the Health, Education, Labor and Pensions Committee aware of the concerns we have with the proposed student loan shift from the Federal Family Educational Loan Program (FFELP) to the Federal Direct Lending Program in order to ensure that when making this critical decision, Congress is armed with all of the information necessary to do so.

## Concern #1: Impact to Students

We want to make sure that such a shift will be advantageous and a benefit to students rather than result in delays and inconvenience. This concern arises from a question of whether or not the U.S. Department of Education (DOE) can handle the number of loans which will now be processed through COD, the federal processor. The Department has not had experience with the large loan volume which will now be their responsibility. We want to make sure that the appropriate capacity studies have been done before implementing the switch.

## Concern #2: Availability of Training: Past Practice and Insufficient Resources

Student loan lenders and guarantee agencies have provided many vital services including:

- ◆ in-person training and assistance to schools and financial aid officers
- ◆ free student and family oriented outreach and financial literacy publications

Unfortunately, the DOE has not been able to honor our request due to insufficient resources. The elimination or reduction of these services provided by the lender and guarantor partners will severely impact the education of our financial aid administrators and our ability to implement and comply with complex and dynamic regulations.

**Recommendation:**

There have been several conflicting reports of the savings that will be realized by a total conversion to Direct Lending, including the recent CBO report which reduced potential savings by \$33 million. We would like to recommend that a new cost analysis be completed by an objective third party with no vested interest in federal student loan programs. There is sufficient evidence, research, and input to answer the key question as to which program costs the tax payers and students more. The answer to this question is critical. In addition, it is imperative that any new model include the services listed above, as our ability as financial aid administrators to preserve the integrity of the programs and provide quality customer service depends on it. This switch should not be done for political reasons, but rather because it is the most effective way to serve the critical financial needs of our struggling students trying to finance their college education.

Sincerely,



Nancy J. Davis  
Vice President, Federal Issues



Where leaders are made

**Office of Student Financial Aid**

OM 100 | phone 716-888-2300 | toll free 800-541-6348 | fax 716-888-2377

September 22, 2009

The Honorable Tom Harkin  
Chairman, HELP Committee  
731 Hart Office Building  
Washington, DC 20510

The Honorable Bernard Sanders  
332 Dirksen Building  
Washington, DC 20510

The Honorable Barbara Mikulski  
503 Hart Office Building  
Washington, DC 20510

The Honorable Jeff Bingaman  
703 Hart Office Building  
Washington, DC 20510

The Honorable Jeff Merkley  
107 Russell Office Building  
Washington, DC 20510

The Honorable Jack Reed  
728 Hart Office Building  
Washington, DC 20510

The Honorable Lisa Murkowski  
709 Hart Building  
Washington, DC 20510

The Honorable Johnny Isakson  
120 Russell Building  
Washington, DC 20510

The Honorable Michael B. Enzi  
Member of HELP Committee  
379A Russell Office Building  
Washington, DC 20510

The Honorable Christopher Dood  
448 Russell Building  
Washington, DC 20510

The Honorable Kay Hagan  
521 Dirksen Building  
Washington, DC 20510

The Honorable Sherrod Brown  
713 Hart Office Building  
Washington, DC 20510

The Honorable Robert P. Casey  
393 Russell Office Building  
Washington, DC 20510

The Honorable Patty Murray  
173 Russell Building  
Washington, DC 20510

The Honorable John McCain  
241 Russell Office Building  
Washington, DC 20510

The Honorable Pat Roberts  
109 Hart Building  
Washington, DC 20510

The Honorable Richard Burr  
217 Russell Building  
Washington, DC 20510

The Honorable Judd Gregg  
201 Russell Office Building  
Washington, DC 20510

The Honorable Tom Coburn M.D.  
172 Russell Office Building  
Washington, DC 20510

The Honorable Lamar Alexander  
455 Dirksen Office Building  
Washington, DC 20510

The Honorable Orrin G. Hatch  
104 Hart Office Building  
Washington, DC 20510

The Honorable Al Franken  
320 Hart Office Building  
Washington, DC 20510

Dear Ladies and Gentlemen:

As Director of Student Financial Aid at Canisius College, a private Jesuit college in Buffalo, New York, I am writing to alert you of my concern related to the awarding and securing of student loans for the Fall 2010 semester.

First of all, I thank Congress for the support of higher education funding over the years, especially with the passage of ECASLA last year, which was extremely successful in avoiding a possible calamity of a shortage of student loan funding. The focus of this letter is to make you aware of the concerns I am having regarding current deliberations over the future of student loan financing.

This letter is not intended to address public policy matters regarding student loan reform. My desire is to make you aware of grave concerns I have regarding the timing of any possible changes. Current debate would implement 100% Direct Lending for loans disbursed after July 1, 2010. My highest concern is the lack of lead time needed by Canisius College and over 4,500 institutions nationwide to convert to the Direct Loan Program. In addition, substantial changes to the Federal Perkins Loan Program are also proposed.

Families will begin to apply for financial aid for the 2010-11 academic year on January 1, 2010. Canisius is now preparing consumer information about their financial aid processes and application procedures for 2010-11. Current high school seniors are applying to colleges now. At best, schools are now forced to hypothesize what will be available for the fall of 2010.

While the US Department of Education is gearing up in anticipation of your action, institutions have constraints other than the Department's ability to handle this massive shift. Institutional data and communication systems will have to be dramatically changed at a time when institutional budgets are extremely tight, and it appears unlikely that there will be any federal funding available to assist institutions on the implementation of new federal policies. In this economic climate, institutions are doing their best to control cost. Assurances are needed to ensure schools have loan funds available when student accounts are credited in the fall.

I am committed to working with you regarding student loan reform and to implement whatever changes are made at the federal level for the Stafford and Perkins loan programs. My highest priority is to meet our obligation to students and families

attending Canisius College. I strongly believe that we are too close to the beginning of the 2010-11 awarding cycle to meet these obligations should drastic changes to the Stafford and Perkins loan programs be implemented for the 2010-11 awarding period. Whatever reforms are enacted with respect to student aid including the lending programs, I urge that the implementation occur no earlier than the 2011-12 award year.

Sincerely,



Curtis C. Gaume  
Director of Student Financial Aid



MASFAA- People who are in the business of  
helping students obtain their educational goals

---

September 11, 2009

The Honorable Roger Wicker  
555 Dirksen Senate Office Building  
Washington, DC 20510

Dear Senator Wicker:

On behalf of the Mississippi Association of Student Financial Aid Administrators (MASFAA), I am writing to express concerns from our membership over the student loan reform provisions and to request that you fight to preserve choice and competition in the student loan program.

First, we do thank Congress for the support of higher education funding through the Federal Family Education Loan Program (FFELP) and the recent passage of the Ensuring Continued Access to Student Loans Act (ESCALA). The FFEL Program has served thousands of Mississippi students for over 40 years and continues to be the largest student aid resource for students and families. Your support of these programs for student loan financing have helped financial aid administrators meet the diverse needs of students, parents and institutions.

Our concerns are as follows:

- Services currently provided by the public-private partnership of the FFEL Program are not preserved in the student loan reform provisions. Financial literacy, loan counseling, debt management, default prevention, outreach programs for college access and success, and support programs for HBCU institutions have been hallmarks of a strong FFELP partnership in Mississippi.
- Elimination of the FFELP partnership will contribute to the rate of unemployment in Mississippi. Eliminating the partnership will mean the loss of up to 1,000 jobs in Mississippi and at least 35,000 jobs nationwide.
- Timing of the implementation of a major change to eliminate the FFELP partnership is critical. The application process for the 2010-2011 school year will begin in January 2010; many schools have already prepared consumer information materials about financial aid programs and processes. Students, families and schools are at substantial risk for information changes as they relate to college choices. Current reform provisions do not allow adequate TIME for transition.
- The costs for schools to move to 100% Direct Lending can be substantial at a time when schools are already facing budget constraints due to a depressed economy. All but two (2) of the thirty-two (32) regionally accredited post-secondary schools in Mississippi are FFELP schools and would incur additional costs for training staff and adapting data systems. TIME is needed for this transition.

---

**SEARCY TAYLOR**  
2009-2010 MASFAA President  
2226 Switzer Road  
Fax (228) 897-3907, Office (228) 897-3886

The FFEL program has been providing choice and competition for both students and families. However, eliminating FFEL from existence would extinguish healthy choice and competition. We do believe that schools, students and families benefit from competition between the FFELP and Direct Loan Program as both programs strive for improvements that benefits students and families. We are also extremely concerned about being forced to rely exclusively on the Direct Loan program to originate loans. We see value in the FFELP lending process and all of the support that comes with it, including strong customer service, customer support and staff training.

On the basis of these concerns, we respectfully urge you to oppose the elimination of the FFELP partnership and support the options for students and schools to have choice and competition. Your consideration is greatly appreciated. Please call me at (228) 897-3886 if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Searcy J. Taylor".

Searcy Taylor  
2009-2010 MASFAA President