



The Honorable Tom Harkin
Committee on Health, Education, Labor & Pensions
428 Senate Dirksen Office Building
Washington, DC 20510
November 12, 2009

Dear Senator Harkin:

The Eastern Association of Student Financial Aid Administrators (EASFAA) is a professional association with more than 350 individual members from Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont and the US Virgin Islands. EASFAA is made up completely of volunteer members committed to both professional development and advocacy for student financial aid. We would like to thank you for the opportunity to express our support and concerns on provisions included in H.R. 3221 the Student Aid and Fiscal Responsibility Act of 2009 (SAFRA) that may also be included in its Senate counterpart.

Federal Pell Grants – We strongly support investing in the Pell Grant program with a higher maximum in 2010 and indexing future increases to the CPI plus 1 percent. These actions help to provide families with the much-needed assurance that a college education is within their financial reach. Although we support the expansion of Pell Grants to be awarded to students year round, we are concerned that the language in H.R. 3221 removes many “non-traditional” students from full eligibility by requiring an “acceleration of program completion”. Non-traditional students are by nature enrolled year round, but are unlikely to be able to “accelerate completion” due to family and work responsibilities.

FAFSA Simplification – We support the National Association of Student Financial Aid Administrators (NASFAA) position on the continued effort toward FAFSA and needs analysis simplification. However, our members are concerned that adding an asset cap question to the financial aid application process will undo the recent achievements in simplification.

Federal Perkins Loans – EASFAA members are encouraged by the provision to strengthen the Federal Perkins Loan program by providing up to \$6 billion to the program. We strongly urge Congress to allow the Perkins program to continue to

provide low interest loans at a fixed rate to undergraduate and graduate students where no interest is paid while the student is in school nor during a nine-month grace period. Currently, institutions award the Federal Perkins Loan to their most needy students who typically do not have access to other financial resources with which to fund their education. Changing this program to mirror the Federal Direct Unsubsidized Stafford Loan, where interest would accrue while the student is in school and during their grace period, would ultimately cost the student more money over the life of the loan and thus burden the neediest of students. Further, the allocation formula provided in H.R. 3221, would disadvantage students attending private and graduate institutions, as it is based on a low tuition incentive or the number of Pell-eligible students. Finally, our members believe that the loan forgiveness and cancellation benefits currently provided to Perkins Loan borrowers should be retained. These provisions are vital to students pursuing careers in underserved areas and are a valuable incentive for those in repayment to consider these options.

Student Loan Reform - H.R. 3221 stipulates the elimination of the Federal Family Education Loan Program (FFELP) on June 30, 2010. EASFAA members are concerned about the timeline to convert to the Direct Loan program for the many schools who are currently FFELP participants. Our members are particularly concerned, now that it appears that a final bill may not be ready until December or later. The student application process for the 2010-2011 school year will begin in two short months (January 1). Schools may have already prepared consumer information materials including information about financial aid programs and processes and are actively preparing in advance of January 1 for the next year's processing cycle. The timely availability of financial aid information has become increasingly important to the decision-making of students and families. Ample and timely guidance and assistance will be required to ensure students and institutions that loan funds will be available when student accounts become due in the fall. We are particularly concerned about the students who will be transitioned between the two loan programs and the potential for disjointed and confusing servicing of their loans. The Department of Education should be directed to pay special attention to these students. Additionally, many of our members are concerned about the loss of important default prevention and financial literacy components for students and families that FFELP lenders and guarantors have historically provided. FFELP participants have provided workshops, presentations, loan counseling, financial literacy, career exploration, outreach programs, need-based scholarships, funding for college access and research to improve the retention of low income students. These important components should be considered in the conversion to all Direct Loans. Stronger language, specifically encouraging guarantors and other nonprofits to compete for "Innovation in College Access and Completion National Activities" dollars should be included in the bill. EASFAA members are concerned about losing the expertise and partnerships that have been developed over the 40+ years of FFELP. These partners have provided much more than

just student funding. A move to 100% Direct Lending should not have negative unintended consequences.

EASFAA members support student financial aid reform that benefits students and families. Congress has the historic opportunity to secure new funding for Pell Grants and to provide additional support to other vital programs. EASFAA strongly opposes redirecting any Title IV money towards other goals such as reducing the national deficit. Our institutions are on the front lines of helping students achieve their educational dreams and insuring that our nation continues to lead the way in college attendance and academic achievement. We hope to work together with Congress and the U.S. Department of Education to insure these vital programs continue to work for students and families in order to meet President Obama's goal of doubling college graduates by 2020. Please feel free to contact me if I can be of further assistance.

Sincerely,

Barbara L. Miller
EASFAA President