



WASFAA
Western Association of Student Financial Aid Administrators

September 28, 2009

The Honorable Tom Harkin
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 Harkin 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 are writing to express our concerns relating to the awarding and securing of student loans for the 2010/2011 award year. In the WASFAA region over 2.7 million Stafford Loans are provided to students and if pending legislation results in a totally government run loan program, 74% of our schools and students will be required to change their internal system and processes.

One main concern stems not from the complication of the transition, but the sheer number of schools and student borrowers that will have to convert and prepare for funding in 2010/2011 at the same time in a very short time frame. Key to this process is that students and families not be negatively affected with uncertainty and delayed disbursements. The following are specific examples of how colleges directly and students and families indirectly will be affected:

- Every FFEL student will be required to sign a new promissory note which will take information dissemination to explain the reason for this additional requirement and follow-up.
- For repayment simplification it has always been recommended that students remain with a single lender, however the current proposal will not provide students with this option and the result will be multiple lenders, multiple servicers and increased possibility for inadvertent defaults with students having to make payments to more than one servicing entity.
- Nationwide 4,500 schools will be attempting to convert to a new service provider for Stafford Loans. This could potentially overload the system and service levels and impact service to students and families.
- Major software vendors service hundreds of colleges and may have trouble making timely systems conversions which can result in delayed processing and delayed disbursements.
- Some schools will be able to make the transition in time for timely processing and disbursement; some may require customized service and not be able to meet their processing deadlines and students will be negatively affected by delayed funding.
- Successful transition to DSL will vary by the many different types of colleges in our nation. Colleges with small staffs and programs with multiple start dates will need additional time to do data entering of information specific to their college. Some institutions may find their state budgets unable to provide sufficient funding for additional IT staffing or systems consultants.
- Many schools utilize the services of loan partners to provide in-person counseling and expert publication for their students. There is general agreement that this is the most effective way to deliver loan information and many hope that the Department of Education will contract out for similar services. However, without an alternative system at this time, many of these schools will have to rely on less effective loan counseling methods resulting in higher default rates.

The timing is critical as schools must prepare many months before students start filing their FAFSA after January 1, 2010. Printed consumer materials and websites will have to be updated with correct information about financial aid programs and processes. What would provide adequate time for correct information dissemination is either an implementation plan that would not utilize the July 1, 2010 deadline date and occur no earlier than the 2011/2012 award year or a phased-in schedule that would provide adequate time for transition. Schools should be able to select a transition date that works for their students and not be subject to conscription.

We are committed to working with you regarding student loan reform that best serves the diverse needs of our students, families and our institutions. We strongly believe that we are too close to the beginning of the 2010/2011 awarding cycle to meet our obligation to students attending our institutions based on the provisions contained in the recent House-passed *Student Aid and Fiscal Responsibility Act* (HR 3221). We hope we have an opportunity with the Senate to consider other options along with an implementation plan that will truly serve the needs of our students. We look forward to working with you to help make that happen.

Sincerely,
Mindy Bergeron
WASFAA President
John F. Kennedy University
100 Ellinwood Way
Pleasant Hill, CA 94523
925/969-3388
bergeron@jfku.edu

Tami Sato
WASFAA Federal Relations Co-Chair
Southern CA College of Optometry
2575 Yorba Linda Blvd.
Fullerton, CA 92831
714/449-7447
tsato@scco.edu