



★ FROM THE OFFICE OF THE PRESIDENT ★

September 15, 2010

Dear Director Correal:

The National Association of Student Financial Aid Administrators (NASFAA) is a nonprofit membership organization representing more than 18,000 financial aid professionals at 2,800 colleges, universities, and career schools across the country. Each year, aid administrators help over 16 million students receive funding for postsecondary education—these professionals are truly on the front lines when it comes to ensuring that students and families have the resources and education they need to make prudent borrowing decisions and successfully repay their loans.

Federal student loans are different from other types of consumer loans, in that they are made to individuals with no credit history or immediate ability to repay. These loans are special in that they represent a national investment in the future income potential of students. But this investment comes with risk, especially as our nation experiences a steadily increasing student loan default rate (7 percent for fiscal year 2008, up from an all-time low of 4.3 percent in FY 2003) and growing fears that we are creating a generation of young adults plagued by unmanageable debt. These problems are compounded by unstable economic conditions, rising unemployment rates, and the increasing cost of higher education. The ability for borrowers and their families to make responsible and informed decisions about borrowing is of paramount importance.

NASFAA supports national efforts to ensure that student borrowers:

- a) understand their loan information and obligations,
- b) are able to ask questions before entering into financial transactions,
- c) understand how to determine how much debt is manageable, given their career prospects, and
- d) have the information and tools they need to successfully repay their loans.

NASFAA would be pleased to partner with Treasury on formulating and implementing a national strategy that includes these specific goals, and ensures that the next generation of college students is not saddled with crippling debt. Please feel free to contact me at policy@nasfaa.org if you have any questions or wish to discuss these issues further.

Sincerely,

Justin Draeger
President