

Delayed Implementation to Provide Relief to Schools and Ensure Access to Students

September 2009



Recommendations:

- **To delay several burdensome reporting and information dissemination requirements to allow schools to focus on mandatory conversion to Direct Loan participation**

Under H.R. 3221 and pending Senate legislation, thousands of schools will be required to transition to the Direct Loan program since the Federal Family Education Loan Program will be discontinued on July 1, 2010. If any higher education institutions have problems with this transition, it could threaten their students' ability to access federal student loans.

In June 2009, NASFAA surveyed 167 institutions that had switched from the Federal Family Education Loan (FFEL) program to the Direct Loan (DL) program within the past year to learn about their experiences in making the transition (see attached). Eighty percent of respondents said they were able to convert from FFEL to DL within four months, but 14 percent said it took longer than seven months. The majority of the schools that took longer than seven months were 2-year public institutions. A significant contributing factor to complications in the transition was the competition for institutional resources, primarily Information Technology (IT) staff.

NASFAA continues to urge schools to make appropriate preparations for this pending legislation, but given the relatively small numbers of schools that have made the transition, and the timetable for passing this legislation, we are concerned that some schools will face huge challenges in making this transition in the time period proposed. The outcome of this transition has a direct impact on the availability of the largest source of student aid funds for students.

NASFAA's members are currently using large amounts of administrative resources to implement current or proposed HEA provisions. This leaves them with fewer resources to switch to Direct Loans. If Congress is intent on eliminating the FFEL program, NASFAA urges you to consider delaying several HEA provisions and reporting requirements, so that financial aid offices have sufficient resources to ensure their students have seamless access to loans and continue to receive the financial counseling they need. Specifically, we seek a delay in:

- **Federal Direct Perkins Loan Program:** Eliminating the current Perkins Loan program and replacing it with another will take a significant amount of resources for schools.

In addition, most schools are creating their financial aid budgets now, in preparation for awards that will be made in the spring. The uncertainty of the Perkins Loan program makes it difficult for schools to determine how much money they will have in campus-based funds to award students next year.



Delaying implementation of this program for at least one year will be vital to students who will be relying on existing Perkins dollars this next year.

- **Reporting Requirements from the HEOA:** Implementing the reporting requirements – including the Net Price Calculator – from the HEOA requires a significant amount of school resources. It requires coordination between the financial aid office, business offices, IT departments, and other offices, all of which will be busy trying to implement a Direct Loan conversion.

Schools also require sufficient time to build statistics once the rules that govern those sections of law are known. As there is no separate effective date section (hence the effective date of enactment), we suggest adding an amendment to SAFRA that delays the implementation of these reporting requirements.

Suggested Legislative Text

NASFAA suggests adding an amendment to SAFRA as follows:

“Any reporting or information dissemination based on the changes made by PL 110-315, the Higher Education Opportunity Act of 2008, adding or amending sections 485(a)(7)*, 485(a)(1)(Q) – (U)** and, concerning fire statistics, 485(i), shall not be required until at least two years after the effective date of any final regulations published by the secretary implementing those changes. Corresponding reporting under sec. 132(i) shall likewise be delayed.”

*485(a)(7) – Disaggregation of grad/completion rates under 485(a)(1)(L) and athletically related aid statistics under 485(e)

**485(a)(1)(Q)-(U) deals with student body diversity, information regarding employment obtained by graduates or admission to graduate and professional programs, fire safety statistics, and retention rate reporting.

NASFAA also suggests changing Title I, sec. 132 (h)(3) as follows:

(3) USE OF NET PRICE CALCULATOR BY INSTITUTIONS.—Not later than ~~two~~ three years after the date on which the Secretary makes the calculator developed under paragraph (1) available to institutions of higher education, each institution of higher education that receives Federal funds under title IV shall make publicly available on the institution’s website a net price calculator to help current and prospective students, families, and other consumers estimate a student’s individual net price at such institution of higher education. Such calculator may be a net price calculator developed—