

February 13, 2009

The Honorable Arne Duncan
Secretary
U.S. Department of Education
400 Maryland Avenue, SW
Washington, DC 20202

Dear Mr. Secretary:

On behalf of the 3,000 financial aid offices that the National Association of Student Financial Aid Administrators (NASFAA) represents, I am writing to urge you to reverse a decision made by the Department in the waning days of the prior Administration. The Department has informed schools that their participation in the Experimental Sites Initiative experiments that began in 1995-96 will end on June 30, 2009. This initiative brings regulatory relief and improvement to financial aid offices and their students. It is authorized by Higher Education Act section 487A [20 U.S.C. 1094a]. The concept behind the law was to allow a representative sample of higher education institutions to use alternative approaches to financial aid administration and that the Department would work with Congress to have successful alternatives enacted into law – alternatives that would benefit ALL schools.

These experiments include:

1. Loan proration practices for graduating borrowers;
2. Inclusion of loan fees in the calculation of student cost of attendance;
3. Alternative entrance loan counseling procedures;
4. Alternative exit loan counseling procedures;
5. Overaward tolerance and the disbursement of loan funds;
6. Credit of Title IV funds to otherwise non allowable institutional charges;
7. Credit of Title IV funds to prior term charges; and
8. Award of Title IV aid to students not passing an "Ability to Benefit" test.

Schools that participate in the Experimental Sites Initiative are provided with administrative relief from burdensome regulatory and statutory requirements in exchange for using accepted research methodology to demonstrate that less cumbersome approaches work to award federal student aid funds without compromising the integrity of the programs. The experiments have proven that administrative cost savings and improved service to students resulted from these alternative methods. The loan regulation experiments (numbers 1-4 above) have proven that alternative approaches do not result in higher default rates and students benefit by having timely access to loan funds to pay their expenses. Resources, both financial and human, are freed to better serve student aid recipients and their parents. Students benefit from targeted compliance activities rather than jumping through hoops simply because they are there. Financial aid disbursements are more timely

and predictable, thus fostering continued persistence toward college degrees. All of this is clearly documented through the annual reports that the Experimental Site schools have faithfully provided to the Department with data that clearly supports the benefit to streamlining regulations.

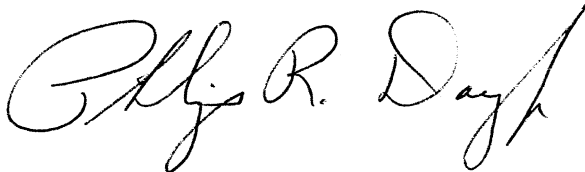
The result of the Department's ill-conceived action will force section 487A-participating schools to change policies, procedures, and administrative processes and systems. The loss of a school's Experimental Site designation may be seen in Washington as a simple administrative decision, but it is not. There are real consequences. These postsecondary institutions will need to revert to other burdensome administrative practices that the school's Experimental Site program simplified. The financial aid offices will need to abandon what works and adopt more cumbersome administrative processes and procedures which will confuse students and parents. Also, this will result in added expense to the schools -- not only for systems and procedural replacement costs, but also for increased staffing costs. These expenses are not budgeted for this year and come at a time of institutional financial belt-tightening, including hiring freezes.

As stated above, the Experimental Site Schools have worked to test and implement changes that would benefit all institutions and their students. Attached is a list of the participating schools. More institutions would have participated but the program was necessarily limited by the Secretary. These schools, and others around the country, have a stake in the outcomes of the experiments.

The participating schools volunteered for this initiative in good faith, assuming that the collective work would be used to provide administrative relief for all schools and students. We believe that there should be further dialogue on the Experimental Sites Initiative so that NASFAA and the financial aid community can fully understand the Secretary's position before any significant program changes are implemented. These conversations should include key legislative members so the aid community knows whether they are receptive to simplifying student aid delivery based on data collected through the research-based approach of experimental sites, as was the original intent of the Initiative. This is important information for schools to have before making the decision to enter into new experiments or continue current experiments.

Mr. Secretary, we do not believe that Congress intended for these schools to lose their designation as Experimental Sites schools before the possibility of a change in regulations has been fully vetted. In fact, final language in Section 492 of the Higher Education Opportunity Act states "*The Secretary shall continue the voluntary participation of any experimental sites in existence as of July 1, 2007, unless the Secretary determines that such site's participation has not been successful in carrying out the purposes of this section.*" Even the Department's most recent evaluation of the program found "The flexibility provided institutions participating in these experiments with non-trivial administrative relief. This relief not only allowed financial aid office staff to concentrate on other issues but reduced the time demands on students and their families as well." Finally, no federal funds are put at risk by the schools participating in this program. Again, we respectfully request the Department reverse this decision and issue a letter to that effect to the schools that earlier received the notice of termination of experiments.

Sincerely,

A handwritten signature in black ink that reads "Philip R. Day, Jr." The signature is written in a cursive style with a large initial "P" and a long, sweeping underline.

Dr. Philip R. Day, Jr.
NASFAA President and CEO

cc: Chairman George Miller
Chairman Edward M. Kennedy
Ranking Member Howard P. "Buck" McKeon
Ranking Member Michael B. Enzi

Attachments: List of Institutions Participating in One or More Experiments

Attachment: Institutions Participating in One or More Experiments:

1. Arizona State University
2. Ball State University
3. Binghamton University
4. Boise State University
5. Boston University
6. Butler University
7. Cerritos Community College
8. Clemson University
9. Coastline Community College
10. Colorado State University
11. Columbia College
12. Creighton University
13. George Mason University
14. Georgia Southern University
15. Glendale Community College
16. Harvard University
17. Holy Cross College
18. Hope College
19. Idaho State University
20. Imperial Valley College
21. Indiana University - Bloomington
22. Indiana University - Kokomo
23. Indiana University - Purdue University Indianapolis
24. Indiana University - South Bend
25. Iowa State University of Science & Technology
26. Irvine Valley College
27. Johns Hopkins University
28. Kansas State University
29. Kent State University
30. Laney College
31. Long Beach City College
32. Los Angeles Mission College
33. Marian College
34. Massachusetts Institute of Technology
35. Metropolitan State College of Denver
36. Michigan State University
37. Minnesota State University Moorhead
38. Missouri State University
39. Modesto Junior College
40. Montana State University - Billings
41. Montana State University - Bozeman
42. Montana State University - Northern
43. New York University
44. Northern Arizona University
45. Ohio University
46. Oklahoma State University
47. Oxnard College
48. Pennsylvania State University
49. Portland State University
50. Purdue University
51. Rose - Hulman Institute of Technology
52. Rutgers, the State University of New Jersey
53. Saint Louis University
54. San Diego City College
55. San Diego Mesa College
56. San Diego State University
57. Southeastern Louisiana University
58. Southern Illinois University at Carbondale
59. Southern Illinois University Edwardsville
60. State University of New York at Stony Brook
61. State University of New York College at Potsdam
62. State University of New York Upstate Medical University
63. SUNY College at Brockport
64. SUNY College of Technology at Alfred
65. Texas A&M University
66. University of Alabama
67. University of Arizona
68. University of California, Los Angeles
69. University of California, Riverside
70. University of California, Santa Cruz
71. University of Colorado at Boulder
72. University of Evansville
73. University of Florida
74. University of Idaho
75. University of Illinois at Chicago
76. University of Illinois at Urbana - Champaign
77. University of Indianapolis
78. University of Kansas
79. University of Maryland at College Park
80. University of Michigan - Ann Arbor
81. University of Minnesota - Duluth
82. University of Minnesota - Twin Cities
83. University of Missouri - Columbia
84. University of Missouri - Kansas City
85. University of Nebraska
86. University of North Carolina - Greensboro
87. University of North Carolina at Wilmington
88. University of Oklahoma
89. University of Oregon
90. University of Rio Grande
91. University of Southern California
92. University of Tennessee
93. University of Texas at Arlington
94. University of Texas at Dallas
95. University of the Pacific
96. University of Utah
97. University of Virginia
98. University of Washington - Seattle
99. University of Wisconsin - Eau Claire
100. University of Wisconsin - Green Bay
101. University of Wisconsin - Madison
102. University of Wisconsin - Milwaukee
103. University of Wisconsin - Stout
104. Valparaiso University
105. Virginia Commonwealth University
106. Virginia Polytechnic Institute & State University
107. Washington State University
108. Western Washington University
109. Yuba College