



March 31, 2009

The Honorable Edward M. Kennedy
Chairman
Committee on Health, Education, Labor and Pensions
U.S. Senate
Washington, D.C. 20515

Dear Mr. Chairman:

Now that the House has passed H.R. 1777 yesterday, I am writing to you on behalf of the National Association of Student Financial Aid Administrators (NASFAA) urging the Senate to pass this bill and send it on to President Obama to sign into law.

The bill makes certain technical changes to the Higher Education Act of 1965, and several of these changes need to be implemented as soon as possible to benefit students, parent borrowers, and schools. There are three key reasons for fast Senate approval, including:

Parent PLUS Loan Auction. The House bill postpones for one year the parent PLUS loan auction. We earlier sent you a letter detailing the reasons we believe a one-year suspension is necessary, given the state of the economy. Nonetheless, the Department of Education has stated that it intends to proceed with plans to implement the auction. Currently, the auction is scheduled for April 15 and on April 24 the winning bids will be announced. We are concerned the Department may face legal challenges if this legislation is acted upon after those dates: legal challenges that will only lead to additional and unnecessary confusion among parent PLUS loan borrowers trying to finance their children's education.

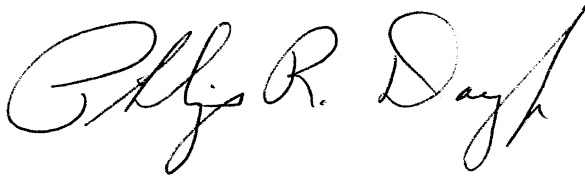
Rehabilitated Loans. The economy has also eliminated the ability of borrowers who have defaulted on their student loans to take advantage of HEA provisions allowing them to rehabilitate their defaulted loans, regain Title IV eligibility and clean up their credit reports. Each month approximately 18,000 individuals qualify for loan rehabilitation but are unable to receive it. H.R. 1777 rectifies this situation; not another day should go by that subjects more individuals to this "Catch 22" situation.

Negotiated Rulemaking. The Department of Education is in the midst of the Negotiated Rulemaking process and drafting regulations to implement the provisions of the Higher Education Opportunity Act (HEAO). The technical amendments in the House bill are reasonable corrections that have a direct bearing on the discussions hammering out the new implementing regulations. Passage of H.R. 1777 this week, combined with quick approval of the bill by

President Obama, will allow these statutory changes to be considered during the Negotiated Rulemaking sessions currently taking place. Delays in the passage of H.R. 1777 will exclude consideration of these helpful clarifications from the Negotiated Rulemaking process.

Again, we urge you to use your influence to convince your colleagues to schedule and pass the House bill this week. I am ready to offer you whatever assistance NASFAA can provide to ensure this goal is accomplished.

Sincerely,

A handwritten signature in cursive script that reads "Philip R. Day, Jr." The signature is written in black ink and is positioned above the typed name.

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