



May 12, 2009

The Honorable Edward Kennedy
Chairman
Committee on Health, Education, Labor, and Pensions
U.S. Senate
Washington, D.C. 20510

The Honorable Michael Enzi
Ranking Member
Committee on Health, Education, Labor, and Pensions
U.S. Senate
Washington, D.C. 20510

Dear Senator:

On behalf of the 20,000 financial aid administrators at nearly 3,000 colleges and universities that the National Association of Student Financial Aid Administrators (NASFAA) represents, I urge you to reject a recent Department of Education proposal to alter “Master Calendar” provisions in the Higher Education Act.

Every year, my members help deliver more than \$160 billion of federal student aid funds to millions of students across the country. As you know, administering that much aid funding to that many students comes with many challenges.

Requiring institutions to implement new regulations in as little as 30 days (as the Department suggests) demonstrates a lack of awareness about how institutions operate. Shorter timeframes for implementing regulatory change should be reserved for issues impacting fraud and abuse, not normal modifications of student aid procedure. In fact, the Department has adequate emergency measures that it can take to prevent abuse or fraud on a timely basis. The Department can, and frequently does, permit early implementation of regulatory change to allow schools that are able to institute changes earlier to do so.

The Department’s claim that the implementation of student aid programs can take from one year up to 20 months is inaccurate. Congress sets legislative effective dates irrespective of when regulations are issued, and schools are required to make a good-faith effort to comply with all legislative directives upon their dates of enactment. The additional time to formulate thoughtful regulations required by the Master Calendar helps ensure that students do not experience any unintended negative consequences.

Successful administration of student financial assistance requires a delicate balancing act among multiple agencies and organizations that must work together. Our current federal student aid system

provides a unique example of how partnerships between schools, third-party servicers, software developers, state agencies, guaranty agencies, financial institutions, federal agencies, and contractors can operate productively on behalf of students.

In this system, three distinct years normally overlap: the *prior year* for reporting, reconciling, and auditing purposes; the *current year* for awarding, disbursing, and reporting purposes; and an *upcoming year* for planning, application, awarding, and retooling purposes. In addition, the term “year” runs along three different timelines: the fiscal year, award year, and academic year. Frequent adjustments to laws and regulations that govern how all of these entities operate add even more complexity into the partnerships and processes in place.

It takes *time* to implement program changes, especially when those changes impact a balancing act as complex as student financial aid administration. At the institutional level alone, new or revised regulations may require the development of new policies and procedures, as well as adjustments in technological systems that cut across several different institutional offices and functions. Having enough time for staff training on regulatory and legislative changes is another critical component to ensure full compliance. Further, many, many regulations issued directly affect students and adequate time is needed to develop counseling materials, financial literacy resources, and to update consumer disclosure information found in various school publications. Obvious examples now being negotiated include the campus security provisions, cash management rules, and the 90/10 requirement.

Changing the Master Calendar provisions should be given the utmost attention and consideration. At the very least, such a drastic change should not be considered as part of a technical amendments bill. Students and families who depend on the successful administration of student aid funds will bear the brunt of the adverse effects that will surely follow such a change.

As always, I am available at your convenience to discuss this matter further with you or your staff.

Sincerely,

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

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