August 4, 2017

Mr. Joe Conaty
Delegated the functions and duties of the Deputy Secretary
Co-Chair, Agency Reform Task Force
U.S. Department of Education
400 Maryland Ave, SW
Washington, DC 20202

Dear Mr. Conaty:

On behalf of the National Association of Student Financial Aid Administrators (NASFAA), I thank you for the opportunity to provide feedback on how the U.S. Department of Education (ED) can improve its efficiency, effectiveness, and accountability with key stakeholders. NASFAA represents financial aid administrators (FAAs) at 3,000 public and private colleges, universities, and trade schools across our nation. Collectively, NASFAA members serve 90 percent of undergraduate students studying in the United States as well as the large majority of graduate students. Our members are, on behalf of the students they serve, critical partners to ED.

Per your request, this letter provides suggestions for improvement in the following areas:
- New activities or functions ED should initiate;
- Ways ED can be more efficient in meeting the needs of students, families, and education partners;
- Activities or functions of ED that duplicate what others are doing; and
- How ED could best deliver the education services or products stakeholders need.

In addition, we also provide recommendations, as outlined in NASFAA's report *Improving Oversight and Transparency at the U.S. Department of Education's Office of Federal Student Aid* (FSA), for improvements in transparency at FSA.

New Activities or Functions ED Should Initiate

Spending Time on Campus: NASFAA believes that ED would benefit greatly from sending its staff to schools to learn about, observe, and participate in the day-to-day functions of the financial aid office. As it stands, ED officials typically only visit an institution under formal circumstances, such as program reviews and audits. While these are necessary activities, it would be beneficial for both ED and institutions to occasionally have a Department presence from the policy development and implementation areas on campus in a non-compliance role. Such visits would

strengthen the partnership, allow the opportunity for direct interaction with students, and provide invaluable perspective and feedback for ED employees to take back to their offices, whose work directs ED's impact on schools and students.

Collaboration and Outreach at K-12: There is also opportunity to strengthen the partnership between ED and schools through collaboration on outreach to the K-12 community. Every year many financial aid administrators volunteer their own time to conduct "financial aid nights" at local high schools and other community events. These events provide information about the availability of financial aid and the application process to students who are thinking about college, many of whom are low-income and/or underrepresented students. We know that ED shares the interest and commitment to outreach regarding the federal student aid programs, and we believe there is an opportunity for ED to collaborate with FAAs to expand these important efforts.

Institutional Ombudsman: We also encourage ED to consider implementing an ombudsman for schools. ED currently has an ombudsman for students, an important role that is central to student protections. However, there is no such position in place for schools. We ask ED to put into place an ombudsman that is specifically focused on facilitating resolution of issues experienced by schools that normal channels have failed to address in a timely manner.

Formal Stakeholder Advisory Group: Finally, both ED and schools would benefit from the development of a formal advisory group of school stakeholders. Implemented effectively, this group would meet regularly and provide on-the-ground feedback and perspective to ED staff. The group could also serve as a sounding board as ED considers new policies, ideas, and initiatives.

Ways ED Can Be More Efficient In Meeting Needs of Students, Families, and Education Partners

Formalizing ED Conference Participation: ED can be more efficient in meeting the needs of its school partners by improving lines of communication and information-sharing efforts. Every year state and regional financial aid associations hold conferences and invite representatives from ED. Currently there is no publicized formal policy regarding ED's attendance at these conferences, which often results in last minute acceptances and cancellations, leaving those planning the conference in a lurch, and worse, leaving attendees without important ED updates. Formalizing the process would improve information dissemination and would also go a long way in strengthening the relationship between ED and schools.

Continued Improvement in Coordinating Guidance: On a related note, ED representation at state and regional conferences is often in the form of regional trainers. NASFAA has been made aware of a number of instances in which a regional trainer provides information that conflicts

with information provided by ED's DC-based staff. This is obviously a confusing, and potentially risky situation for schools who are relying on ED staff to help them stay in compliance. Similarly, NASFAA members have reported that they and their students have received misinformation from FSA call centers (e.g. 1-800-4-FED-AID and school-oriented call centers). Better coordination and cross-training between regional trainers, call center staff, and DC-based staff could help resolve this issue.

Establishing FSA Customer Service Benchmarks and Targets: In addition, a commitment to establishing internal-facing deadlines and adhering to those deadlines would greatly improve ED's efficiencies and effectiveness with stakeholders. While institutions are subject to myriad ED-imposed strict deadlines, ED either does not have timeline targets or at least does not publish them in a transparent way. For example, the 2017-18 *Application and Verification Guide* was not released until November 2016, a month after the 2017-18 application cycle had begun. Often institutions report providing ED with necessary paperwork to complete a program review or receive approval for changes to a program participation agreement, only to have that paperwork go into a black hole. A survey of NASFAA members in 2016 found almost 10 percent of respondents had waited more than 18 months for the final report on their program review. In perhaps the most recent egregious example, the muddled Gainful Employment (GE) implementation highlighted the dire need for ED to develop, announce, and adhere to guidance deadlines *before* threatening institutions with administrative action. There were multiple instances in the GE roll-out where ED pushed out key information to institutions late, yet still expected schools to meet unrealistic deadlines. The lack of ED's development of or accountability to any sort of timeline left schools with a tremendous amount of unpredictability, and further underscored what is seen by many as an unequal partnership.

Activities or Functions of ED that Duplicate What Others are Doing

ED recently proposed an addition to ED audit requirements to check compliance with the Safeguards Rule of the Gramm-Leach-Bliley Act (GLBA), despite the fact that the Federal Trade Commission is the Safeguards Rule enforcement agency. Duplication like this has the potential to create confusing, burdensome, and sometimes contradictory requirements placed on institutions.

ED could also reduce duplication by streamlining reporting systems. Every year schools report information through multiple databases and platforms, including COD, NSLDS, FISAP, and SAIG. ED should explore, for example, if there is a way to implement a single system that collects data on all administrative functions (e.g. FISAP, SAIG registration/access, ECAR updates and applications to participate). Such a change would greatly benefit schools by reducing administrative burden, but it would also likely have a positive impact on workflow at ED.

How ED Could Best Deliver the Education Services or Products FAAs Need

Improved Timing of FAFSA Demo Site: The FAFSA Demo Site is a service that is heavily utilized by financial aid administrators. This site allows administrators to "demo" the FAFSA each year before it officially comes out to ensure familiarity with any modifications to the form so they can best guide students. Despite repeated requests to make this tool available earlier, ED continually releases the tool only one week before the FAFSA becomes available. ED cites workload as the reason for not being able to get it out earlier, but we ask that they re-evaluate the timing as schools rely heavily on this valuable tool.

Reexamining Program Review Philosophy: Concerning institutional compliance, we encourage ED to revisit both the purpose and approach of program reviews, and how they differ from audits. Program reviews should primarily be used to help improve operations, rather than act, as they do today, as vehicles to catch instances of noncompliance to impose fines and liabilities. Audits should serve the role of evaluating compliance and issuing findings, and action should be reserved for instances of malfeasance and misconduct. This approach would be far more helpful and productive for schools. If schools knew they could rely on program reviews to help them better administer highly complex Title IV programs rather than dread them as punitive forays, they would be more likely to request assistance from ED to ensure proper understanding of Title IV requirements to begin with.

Recommendations for Improving Transparency at FSA

NASFAA believes that improvements in efficiency, effectiveness, and accountability at ED could in large part be achieved by a commitment to better transparency at FSA. Earlier this year, NASFAA highlighted recommendations to improve transparency in the report, [Improving Oversight and Transparency at the U.S. Department of Education's Office of Federal Student Aid](). The report's recommendations are relevant to this call for feedback as well, and include:

Streamline and consolidate all required reports on FSA's website: Currently, FSA's strategic plans are on one webpage, while their performance plans and reports are on another, and priority goals are on yet another page. In addition, there is no summary anywhere on ED's webpages of FSA's reporting requirements and their due dates.

Publicize when required reports are posted on FSA's website: FSA reports are posted to the site with no public notice and often at unpredictable times of the year. The public should be made aware when required reports are posted, perhaps through Federal Register notices.

Collaborate with stakeholders to develop performance metrics for strategic goals: FSA's established performance metrics to measure success toward accomplishment of strategic goals

are largely self-assessments without input by schools or other stakeholders, and do not correspond to their objectives.

Establish a robust customer satisfaction system, publicize the results, and incorporate into FSA's performance metrics: Strategic Goal B Objective 143 in FSA's annual report is to "improve FSA's support, communications, and processes for postsecondary and financial institutions," and Strategic Goal B Objective 344 is to "support system participants in implementing legislative, regulatory, executive, and other requirements." These two objectives are particularly important to institutions, but the only performance metric that corresponds to these objectives is the use of a 10 to 12 question "ease of doing business" survey sent to institutions. Certainly, a more robust measurement tool for quantifying and assessing those goals and objectives can be developed.

Expand the FSA Data Center to include more data, with public stakeholder input, while protecting student privacy and data security: In 2009, FSA established the FSA Data Center as a centralized, online source for data. While the available data has continued to increase since then, policymakers and the public would benefit from having more data to help make decisions, evaluate programs, and develop policy proposals. We are not aware of any outreach being done by FSA to determine what data is provided in the data center. For example, stakeholders, including NASFAA, have unsuccessfully requested the release of more data related to applicants for Public Service Loan Forgiveness in order to estimate the future impact and effectiveness of the program. NASFAA sent an official letter requesting this data in October 2016, and to date has not received a response. Also, more data about loan repayment behavior is sorely needed to assist policymakers in improving the loan repayment process.

Implement the ability to query available data in FSA's databases: To be most useful, interested parties should be able to run their own queries against available data. We understand that FSA is exploring this possibility for its largest database, the National Student Loan Data system, and it would be helpful for other ED databases as well. As an example, when developing its FAFSA simplification proposal, NASFAA's working group was interested in the numbers of FAFSA applicants who answered specific FAFSA questions and the demographic characteristics of those respondents (e.g., how many dependent versus independent applicants reported receipt of child support). However, this type of specific query is currently not possible and NASFAA's working group was unsuccessful in otherwise obtaining this data from FSA.

Require FSA to publicize more data on an annual basis: While the data released by FSA and the reports on FSA's Data Center are useful, they are largely published at the discretion of FSA, which can create an incentive to not publish certain data that may be considered undesirable. FSA should not be releasing data only when it serves their purposes.

For example, FSA has traditionally released data on FAFSA completion times during its application processing update at its annual FSA Training Conference in the fall. FAFSA completion times were steadily declining year after year as FSA streamlined the application process. However, in May of 2015, FSA implemented the FSAID process, which many anticipated would slow application completion times. At the FSA Training Conference held in December of 2016, ED did not release completion time statistics, nor could they be found on any of ED's public websites. The National College Access Network was able to obtain completion time data through a Freedom of Information Act request, which indeed showed that FAFSA completion times were increasing. The perception from the broader community is that FSA does not release data that shows its decisions in an unflattering light.

Make publicly available all technical guides: As stated previously, the Department of Education compiles data that are used as metrics measuring institutional quality, like repayment rates. The fact that the technical guides used by FSA to calculate these metrics are not publicly available means that there is no check or balance on how FSA reaches its conclusions. For example, there was a significant calculation error in repayment rates released last year. Because a technical guide and underlying data were not made available to schools, it was only thanks to significant research by an astute financial aid administrator that the error was detected and eventually corrected by ED. Everyone benefits when data is accurate and the best way to ensure accuracy is to make publicly available all technical guides related to any calculated metrics.

ED is to be praised for seeking feedback that will lead to an introspective review of its relationship with partners. We are grateful for the opportunity to provide input on ways in which ED can improve efficiency, effectiveness, and accountability with stakeholders, and are hopeful that our feedback and suggestions will yield a stronger partnership between schools and the Department. We are happy to discuss our suggestions further should you have any questions.

Sincerely,

Justin Draeger
President & CEO

cc: Sara Broadwater