

May 10, 2016

Chairman John Kline  
Committee on Education & the Workforce  
2176 Rayburn House Office Building  
Washington DC, 20515

Chairwoman Virginia Foxx  
Subcommittee on Higher Education  
and Workforce Training  
Committee on Education & the Workforce  
2176 Rayburn House Office Building  
Washington DC, 20515

Chairman Kline and Chairwoman Foxx:

On behalf of the National Association of Student Financial Aid Administrators (NASFAA), I respectfully submit the following report related to your formal request for information dated March 18, 2016 (Appendix A). NASFAA surveyed member institutions about their operational experiences with the U.S. Department of Education's Office of Federal Student Aid (FSA) to provide you direct feedback from financial aid administrators.

In total, 789 NASFAA member institutions, including respondents from all sectors of higher education, participated in the survey. The response rate is an indication of the great interest on this topic amongst our members.

We appreciate the opportunity to assist your office and look forward to working with you to ensure that FSA meets its statutory obligations and functions in a way that makes the financial aid process as efficient and effective as possible for all stakeholders. Should you have any questions, comments, or concerns, please do not hesitate to contact me.

Respectfully,



Justin Draeger  
NASFAA President

## Background

NASFAA was founded in 1966 by financial aid administrators organized by regions throughout the United States to be a unifying voice for an emerging profession. Today, NASFAA's core membership of practicing financial aid administrators has grown to include every sector of higher education throughout the nation. All told, NASFAA members serve 90 percent of all undergraduates in the country. Our board of directors consist solely of practicing financial aid administrators and our single largest revenue source comes from dues paying members.

Given our background and membership, it has been natural for us to have a long-standing relationship with the Department of Education's Office of Federal Student Aid (FSA). Together, NASFAA works with FSA to help our members correctly implement and operationalize new laws, regulations, and guidance. NASFAA works to stay in regular communication with FSA regarding issues that arise in the field from institutions, and in turn, NASFAA welcomes FSA participation in our annual national conference and other meetings.

In recent years, the relationship between schools and FSA has been strained with the increased growth in regulatory and operational burdens placed on schools and an increase in oversight activity by FSA, all of which leave schools feeling less like partners and more like adversaries. This tension has been exacerbated by a double standard where schools are required - and in some cases threatened - to meet aggressive and often unrealistic deadlines, while ED continually falls short of meeting their own timelines.

NASFAA was asked to testify in a House Committee on Education and the Workforce and House Committee on Oversight and Government Reform hearing on November 18, 2015. NASFAA President Justin Draeger provided testimony<sup>1</sup> at the hearing, outlining NASFAA members' experience with FSA and how that related to FSA's status as a performance based organization (PBO). While highlighting recent successes of FSA, the testimony also outlined three significant concerns and challenges with FSA as a PBO, including:

- The adversarial nature of the relationship between FSA and schools;
- The tendency of FSA to step outside its purview; and
- The lack of accountability to other stakeholders, including institutions, or the public.

The testimony was given in the spirit of desiring to improve the partnership between FSA and schools and concluded with several recommendations. We are hopeful that the additional data provided to the House in this report will be used to facilitate a strong, effective working relationship between schools and FSA.

---

<sup>1</sup> Draeger November 2015 testimony: [https://www.nasfaa.org/uploads/documents/draeger\\_fsa\\_written\\_testimony.pdf](https://www.nasfaa.org/uploads/documents/draeger_fsa_written_testimony.pdf)

## Results and Findings

### Sample Size and Response Rate

In order to provide the most accurate, representative feedback to the House inquiry, NASFAA developed a survey to be distributed to its member institutions. The survey, which consisted of four questions, both multiple-choice and open-ended, was distributed to 2,718 NASFAA members across the country representing all sectors of higher education in April 2016. In total, 789 NASFAA members participated in the survey, yielding a 29 percent response rate.

This response rate is in alignment with NASFAA's average response rate of 30 percent, indicating, as we suspected, a strong interest in this topic. Given this response rate with respect to the size of our membership, we consider this survey data to be statistically representative of the entire NASFAA membership.

### Survey Respondents by Sector

As Table 1 illustrates, survey respondents by sector were reflective of overall NASFAA membership distribution.

**Table 1: Distribution of NASFAA Members and Survey Respondents by Sector**

Sector	% of NASFAA Membership	% of Survey Respondents
Community College	27.5%	31%
For-Profit	10%	6%
4-year Public	19%	22%
4-year Private Not-for-profit	39%	35%
2-year Private Not-for-profit	1%	3%
Graduate/Professional	4.5%	4%

## Processing Time

The survey asked institutions to indicate processing time, to date, for several items that require Department of Education (ED) approval. Items listed on the survey were derived from prior feedback from NASFAA institutions on challenges in working with FSA. If applicable, members were asked to indicate the entire processing time for each operational item, to date. The “to date” component of the question is notable because it means that many of the items could still be outstanding. Participants were also told to exclude any time in which FSA was waiting for a response, additional information, etc., from their institution. The survey instrument is shown in Appendix B.

As the data indicate in Table 2, a significant number of institutions are experiencing processing times that extend, at times, greater than 18 months for things as simple as program participation agreement (PPA) changes or, even more seriously, program review closeouts. For example, there were 292 total respondents that had a program review, and 15% either received final report within 3 months or just had the review completed within the past 3 months and are still waiting for the report. An additional 10% of respondents have been waiting more than 18 months to receive their final report. The reason this is so serious is that the longer a program review report is outstanding, the more exacerbated are the penalties for disputed compliance interpretations and the more students are impacted by questioned procedures.

**Table 2: Entire Processing Time by FSA to Date<sup>2</sup>**

Item	0-3 Mon.		3-6 Mon.		6-9 Mon.		9-12 Mon.		12-18 Mon		> 18 Mon.	
	#	%	#	%	#	%	#	%	#	%	#	%
Approval of PPA Renewals	236	32%	185	25%	97	13%	45	6%	31	4%	25	3%
Approval of PPA changes to add a new program that requires ED approval before disbursement	176	26%	113	16%	62	9%	26	4%	22	3%	15	2%
Approval of PPA changes to add a branch campus or location that require ED approval before disbursement	109	17%	57	9%	26	4%	10	2%	8	1%	8	1%
Approval of other PPA changes that require ED approval before disbursement	111	17%	46	7%	22	3%	11	2%	7	1%	4	1%
Approval of PPA changes that require ED notification only before disbursement	261	38%	89	13%	44	6%	18	3%	10	1%	14	2%
Receipt of final program review report	99	15%	53	8%	25	4%	22	3%	25	4%	68	10%
Receipt of final FSA audit report	111	18%	50	8%	34	5%	18	3%	14	2%	22	3%
Receipt of requested policy or procedural guidance	285	44%	30	5%	15	2%	8	1%	4	1%	10	2%

<sup>2</sup> Percentages in columns do not add up to 100% as respondents were allowed to choose multiple items.

## Outstanding Items

Survey participants who answered the processing time to date question were then asked to note if their item was still outstanding at the time of the survey. The data in Table 3 show that the highest percentage of items in outstanding status are: approval of PPY changes to add a new program that require ED approval before disbursement at 12 percent; receipt of final program review report at 10 percent; and processing of PPA changes that require ED notification only before disbursement at 8 percent.

**Table 3: Outstanding Items<sup>3</sup>**

Item	Still Outstanding	
	#	%
Approval of PPA Renewals	113	4%
Approval of PPA changes to add a new program that requires ED approval before disbursement	95	12%
Approval of PPA changes to add a branch campus or location that require ED approval before disbursement	30	4%
Approval of other PPA changes that require ED approval before disbursement	37	5%
Approval of PPA changes that require ED notification only before disbursement	66	8%
Receipt of final program review report	78	10%
Receipt of final FSA audit report	47	6%
Receipt of requested policy or procedural guidance	42	5%

<sup>3</sup> Percentages in column do not add up to 100% as respondents were allowed to choose multiple items.

### Processing Time to Date and Still Outstanding

Since the question about processing time instructed respondents to answer the question “to date”, some of those items may have still been outstanding at the time of survey. Table 4 combines Tables 2 and 3, providing a more granular view of the outstanding items. Of the respondents that had a program review 13% either received final report within 3 months or just had the review completed within the past 3 months and 1% are still waiting for the report. An additional 9% of respondents have been waiting more than 18 months to receive their final report and 4% of those are still waiting for the report. It is notable that nearly all time frames have some percentage of outstanding issues.

**Table 4: Processing Time to Date and Still Outstanding<sup>4, 5</sup>**

Item	0-3 Mon. (%)		3-6 Mon. (%)		6-9 Mon. (%)		9-12 Mon. (%)		12-18 Mon (%)		> 18 Mon. (%)	
	To Date	Outstanding	To Date	Outstanding	To Date	Outstanding	To Date	Outstanding	To Date	Outstanding	To Date	Outstanding
Approval of PPA Agreement Renewals	30%	2%	23%	3%	12%	2%	6%	2%	4%	2%	3%	2%
Approval of PPA changes to add a new program that require ED approval before disbursement	22%	2%	14%	3%	8%	2%	3%	1%	3%	2%	2%	1%
Approval of PPA changes to add a branch campus or location that require ED approval before disbursement	14%	1%	7%	1%	3%	1%	1%	0%	1%	1%	1%	0%
Approval of other PPA changes that require ED approval before disbursement	14%	1%	6%	1%	3%	1%	1%	1%	1%	1%	1%	0%
Approval of PPA changes that require ED notification only before disbursement	33%	2%	11%	1%	6%	1%	2%	1%	1%	1%	2%	1%
Receipt of final program review report	13%	1%	7%	0%	3%	1%	3%	1%	3%	1%	9%	4%
Receipt of final FSA audit report	14%	1%	6%	1%	4%	1%	2%	1%	2%	0%	3%	1%
Receipt of requested policy or procedural guidance	36%	1%	4%	1%	2%	1%	1%	1%	1%	0%	1%	1%

<sup>4</sup> These data were initially cut by sector, and given the small response from the 2-year private not-for-profit, they were not included in Table 4 analysis.

<sup>5</sup> Percentages in columns do not add up to 100% as respondents were allowed to choose multiple items.

### Impact of Processing Time:

Respondents who answered the processing time to date question were also asked to indicate if the amount of time had a negative impact on office operations and the ability to serve students. Table 5 highlights that many respondents noted a negative impact on office operations and ability to serve students for each item. The data show that the office operations were negatively impacted the most by the time associated with: approval of PPA changes to add a new program that requires ED approval before disbursement at 19 percent; approval of PPA renewals at 15 percent; and receipt of requested policy or procedural guidance at 11 percent. The ability to serve students was negatively impacted the most by the same items: approval of PPA changes to add a new program that requires ED approval before disbursement at 23 percent; approval of PPA renewals at 13 percent; and receipt of requested policy or procedural guidance at 10 percent.

**Table 5: Indicated Time Period Had Significant Negative Impact<sup>6</sup>**

Item	Office Operations		Ability to Serve Students	
	#	%	#	%
Approval of PPA Renewals	122	15%	105	13%
Approval of PPA changes to add a new program that requires ED approval before disbursement	147	19%	183	23%
Approval of PPA changes to add a branch campus or location that require ED approval before disbursement	67	8%	72	9%
Approval of other PPA changes that require ED approval before disbursement	58	7%	62	8%
Approval of PPA changes that require ED notification only before disbursement (e.g. changes in personnel, institutional name or address changes, closure of branch campuses or locations)	63	8%	43	5%
Receipt of final program review report	69	9%	44	6%
Receipt of final FSA audit report	28	4%	19	2%
Receipt of requested policy or procedural guidance	84	11%	75	10%

### Open Ended Comments on Areas for Significant Improvement

The issues listed in the survey were not intended to be exhaustive, and we wanted to give members an opportunity to highlight any other issues or areas of concern that they felt warranted significant improvement. The survey asked, “If there is an area not listed above that, in your experience, needs significant improvement (for example, an aspect of loan origination or servicing), please indicate it below and detail why. The issue need not be limited to a specific timeframe, but if the timeframe was problematic please provide that information.”

Over 25 percent of respondents offered open-ended comments. After reading through, we have selected five that best represent the tenor of the collective comments to share within this report.

<sup>6</sup> Percentages in columns do not add up to 100% as respondents were allowed to choose multiple items.



*"I have been trying to get my PPA information changed since October 2014. It was also due for recertification as of March 2015. I am still waiting for the process to be completed. I was also given incorrect information about my requirements for GE since my PPA was in recertification."*

*"It is less than optimal that FSA has used a series of electronic announcements to roll out policy matters on a subject over a long period of time. The best (worst) example of this is gainful employment - if it takes 50-70 separate electronic announcements to roll out a policy change, it calls into question whether it is a well-conceived policy in the first place and it makes it extremely difficult for any institution to keep up with the numerous changes and updates. Similarly, it is difficult for an institution to cope with the various changes made to acceptable verification documentation over the course of the awarding cycle. It's hard to be sure we're up to date on the current acceptable documentation requirements and then to be sure the staff is trained and then re-trained appropriately when things change mid-cycle."*

*"I'm at 4.5 years on a program review. At this point I'm not sure who is the point person on the program review. We do know we will have a financial liability due to a different interpretation of the FSA handbook. Due to budget issues on my campus we've been holding those funds, but the delay is putting pressure on those funds."*

*"I have encountered a silo effect within the organization. I had to fill out multiple forms and speak to multiple departments who were not communicating with each other while I went through re-certification at the same time that I needed to update the Destination Point Administrator (DPA) and Campus President. While the process was not long (less than 60 days) it delayed my school's ability to implement the Clearinghouse processes."*

*"Gainful Employment reporting was a mess. The instructions weren't clear, the Department sent impolite letters/emails to thousands of institutions about how they didn't report properly but then when you went to call or follow up, no one would get back to you and none of the phones would take voicemail."*

#### Accurate, Timely Service by FSA

Survey respondents were asked to identify areas in which ED provides a high level of accurate, timely service. In each of the areas listed in Table 5, 50 percent or more of survey respondents indicated ED was providing a high level of accurate, timely service. Data show that the area rated the highest was the annual FSA conference, with 79 percent of respondents indicating it as an area in which ED provides a high level of accurate, timely service. Also receiving high marks was ED's electronic services for schools (COD, NSLDS, e-App, e-Campus-based system, etc.), with 63 percent of participants indicating it as an area in which ED provides a high level of accurate, timely service.

**Table 6: Areas in which ED Provides a high level of accurate, timely service**

Area	#	%
Annual FSA Conference	588	79%
Electronic services for schools (COD, NSLDS, e-App, e-Campus-Based system, etc.)	471	63%
Electronic Services for students (online loan counseling, student-focused websites, etc.)	422	56%
Written policy guidance (Electronic Announcements, Dear Colleague Letters, FSA Handbook, etc.)	420	56%
Services from ED regional trainers	374	50%

These areas were also not intended to be exhaustive, so respondents were given the opportunity to provide open-ended feedback areas in which ED has done an exemplary job. The survey asked, "Based on your experience, please describe any additional areas where FSA has done an exemplary job."



Twenty-five percent of respondents offered open-ended comments. After reading through, we have selected five that best represent the tenor of the collective comments to share within this report.

*“Calls to COD or CPS are always top-notch. They have always been very helpful in walking me through a process and getting fixed what needs to be fixed.”*

*“ED regional trainers do an exemplary job through their knowledge, responsiveness, and willing to assist schools directly*

*“FSA Conferences are meaningful and very appreciated. Similarly, having federal trainers available for regional and state financial aid conferences is critically important for our professional community”*

*“I am particularly impressed with our regional trainers. Their guidance has always been helpful to me.”*

*“I love the new website for students. Easy to navigate and great to have all of the information consolidated to one website.”*

## Discussion

The amount of time and delays that schools are experiencing related to processing is a matter of major concern. Many schools are reporting processing delays beyond three months, with some reporting 18 months or greater. While each of the items are different and require distinctive documentation and procedures, it stands to reason that even a three-month processing time would be considered a long time for a school to wait for basic approvals. Notable, also, is that participants were told to exclude any time in which FSA was waiting for a response, additional information, etc., from their institution, so the processing times reported were for when ED had all of the completed information from the schools. While we do not have longitudinal data to compare FSA service over time, anecdotally schools have indicated that delays in processing have worsened over the last several years.

The natural, and most immediate, questions are: Are these timeframes within ED's targeted goals for processing times? Does ED even have targeted goals?

Unfortunately, there is no public document, nor mention in any public strategic plans, of processing targets of any kind for FSA operations. Any private sector organization or company would undoubtedly have clear goals about processing timeframes and targets. The fact that this office within a federal agency, which has been given significant flexibility to operate as a PBO, does not have these targets raises serious concerns about its ability to partner with institutions, and about oversight of its operations and service.

As Table 2 highlights, approval of PPA renewals, processing of PPA changes that require ED notification only before disbursement, and receipt of policy or procedural guidance have the highest percentage of long-term processing times. These delays negatively impact students, since often times schools are prohibited from making disbursements to students in impacted programs if their updates have not been approved.

Long processing timeframes represent a serious operational shortfall with FSA. As noted in one of the open-ended comments, one institution has been waiting four and a half years for the resolution of their program review. While this is an extreme example, it is not acceptable to have program reviews drag on for months and months considering schools are often required to turn over program review documentation to FSA on very short timetables, usually within weeks.

All of these processing delays erode the partnership between the federal government and institutions. Comments from NASFAA members indicate that schools feel silenced and even intimidated by these delays for fear of reprisal from FSA if they inquire or complain too often or too loudly.

Processing delays also negatively impact a school's ability to serve students, as illustrated in Table 5. Simply stated, schools that are continually waiting for FSA to process program changes, approvals other necessary operational processing, or responses to policy guidance requests, are required to spend more resources working through a cumbersome bureaucratic process rather than working with their students. This is particularly troublesome, as financial aid administrators have reported to us that they feel a strain on the amount of time they can spend with students due to increased compliance workloads.

However, the survey did make clear that there are areas in which schools think FSA is excelling and providing a high level of timely, accurate service. Many respondents feel FSA is excelling with their annual conference; electronic services for schools; electronic services for students; written policy guidance; and services from FSA regional trainers, provided those trainers are given information from the main office in Washington, DC, in a timely way.

The positive responses in these areas were also reflected in the open-ended comments. There was a great deal of praise for the FSA annual conference and the amount of information that was offered through the sessions. In addition, many respondents commended their regional trainers for their devotion to attending state and regional conferences and their accurate and timely responses. In addition, many respondents spoke highly of the COD and CPS systems, expressing praise for them being well-maintained.

## Recommendations

Both in response to the survey data above and in the spirit of desiring to improve the partnership between FSA and schools, NASFAA offers the following recommendations:

1. **Establish targets for processing PPA changes and academic program approvals, and for closing out program reviews.** Just as schools have clear, defined deadlines for items that are due to ED, ED should establish and adhere to a set of their own internal deadlines related to important items like PPA changes, academic program approvals, and the closing out of program reviews. Where a delay in a program review final report is due to unclear policy guidance that even the reviewer needs help with, the school should be held harmless to the extent possible. This would resolve issues with processing and items remaining outstanding for long periods of time. In addition, equal accountability for both partners would help to strengthen the goodwill of the relationship.
2. **Establish basic, measurable customer service goals.** Currently, FSA does not have basic customer service goals, such as measuring the time it takes to complete certain tasks, approve program additions or changes, respond to processing questions, and submit final compliance review reports.

Just as there is a Master Calendar in the law for ED's major annual activities, FSA should have an internal calendar or timeframes for accomplishing basic functions. This is a key part of the partnership: Schools must report data and certain activities, such as program additions or additional locations, by specified deadlines, and they must respond to ED oversight, such as program reviews, within a clearly defined timeline. However, ED, and FSA in particular, are not held to similar standards. The time it takes to complete certain tasks, such as approving programs, issuing guidance for new initiatives, and communicating final compliance review reports, needs to be reasonable and measurable against an established expectation.

3. **Formally Establish School Operational Feedback Groups:** Administration of federal student assistance is a highly complicated affair and FSA should consult formally with a wide range of schools and partners before making operational changes and updates. FSA cannot achieve good results if it acts in isolation from the entities affected by its actions.

Even if institutions oppose certain regulations or policy interpretations, schools understand that when it comes time for implementation, it is better to be in compliance than subject to federal sanctions. That alone ensures that schools are very interested in successfully helping FSA operationalize regulatory changes or new initiatives. Thus, when FSA perceives a widespread compliance issue, it should be apparent that the problem cannot be resolved by threats; the problem is likely deeper-rooted within the requirement itself, or the implementation process.

Consultation needs to continue throughout the process to rectify unanticipated problems or curtail damage caused by unintended consequences. The establishment of a school user group, for this specific purpose, would help to ensure this feedback occurs regularly. This, for example, would have been very helpful during GE implementation: What ED originally thought was a high level of noncompliance turned out to be significant system and reporting challenges between schools and FSA. A formal user's feedback group could have forestalled and certainly de-escalated the troubled GE implementation.

4. **Establish standard procedures for stakeholder consultation.** Related, FSA should establish standard procedures to consult with, and/or respond to, stakeholders when new reporting requirements or other procedures are proposed, or when major issues are identified within the financial aid community, and timelines for implementation that encompass adequate testing of new or revised systems. These stakeholders include not only schools, but also other key constituents, including members of the policy community and relevant software providers and vendors.

5. **Congress should consider redefining the scope of FSA.** Is it appropriate for FSA to be in charge of all implementation, all training, all program reviews and approvals, and also ultimately deciding on who can and cannot participate in the Title IV programs? As we have pointed out, FSA is a large and complex bureaucracy with a wide range of functions that can sometimes conflict with or overstep each other. For example, if FSA training or other guidance is unclear, in error, late, or misleading, can FSA compliance reviews be totally objective?

Can schools feel comfortable seeking guidance from the same organization that sanctions them or perpetually delays program participation agreements and program reviews? One organization in charge of implementation, training, program approval, compliance reviews, serving both gatekeeping and penalty functions, is a tall order and rife with conflicts of interest. Such an approach can have advantages but only if it communicates effectively and objectively. We urge Congress to reconsider the scope of FSA, its organization as a PBO, and whether it needs additional accountability in terms of reporting to Congress.

## **Conclusion**

Prior to this survey, the understanding of the relationship between FSA and schools had been largely anecdotal. Now, with this survey data, we have a broad, nationally representative view of the operational experiences schools are having with FSA, and better information on areas in which FSA is excelling, and areas in which they have room for improvement. We do not believe that any of these challenges are insurmountable. By increasing partnerships with schools and increased accountability to the public and stakeholders, we believe that each of these issues can be appropriately addressed.

Given that this data collection was done in the spirit of relationship transparency and improvement, we look forward to the ways in which we may work together to ensure the findings may help to facilitate a stronger partnership in the future.

## Appendix A: Formal Letter of Request

### MAJORITY MEMBERS:

JOHN KLINE, MINNESOTA, *Chairman*  
JOE WILSON, SOUTH CAROLINA  
VIRGINIA FOXX, NORTH CAROLINA  
DUNCAN HUNTER, CALIFORNIA  
DAVID P. ROE, TENNESSEE  
GLENN THOMPSON, PENNSYLVANIA  
TIM WALBERG, MICHIGAN  
MATT SALMON, ARIZONA  
BRETT GUTHRIE, KENTUCKY  
TODD ROKITA, INDIANA  
LOU BARLETTA, PENNSYLVANIA  
JOSEPH J. HECK, NEVADA  
LUKE MESSER, INDIANA  
BRADLEY BYRNE, ALABAMA  
DAVID BRAT, VIRGINIA  
BUDDY CARTER, GEORGIA  
MICHAEL D. BISHOP, MICHIGAN  
GLENN GROTHMAN, WISCONSIN  
STEVE RUSSELL, OKLAHOMA  
CARLOS CURBELO, FLORIDA  
ELISE STEFANIK, NEW YORK  
RICK ALLEN, GEORGIA



### COMMITTEE ON EDUCATION AND THE WORKFORCE U.S. HOUSE OF REPRESENTATIVES 2176 RAYBURN HOUSE OFFICE BUILDING WASHINGTON, DC 20515-6100

### MINORITY MEMBERS:

ROBERT C. "BOBBY" SCOTT, VIRGINIA  
*Ranking Member*  
RUBÉN HINOJOSA, TEXAS  
SUSAN A. DAVIS, CALIFORNIA  
RAÚL M. GRIJALVA, ARIZONA  
JOE COURTNEY, CONNECTICUT  
MARCIA L. FUDGE, OHIO  
JARED POLIS, COLORADO  
GREGORIO KILILI CAMACHO SABLAN,  
NORTHERN MARIANA ISLANDS  
FREDERICA S. WILSON, FLORIDA  
SUZANNE BONAMICI, OREGON  
MARK POCAN, WISCONSIN  
MARK TAKANO, CALIFORNIA  
HAKEEM S. JEFFRIES, NEW YORK  
KATHERINE M. CLARK, MASSACHUSETTS  
ALMA S. ADAMS, NORTH CAROLINA  
MARK DeSAULNIER, CALIFORNIA

March 18, 2016

Mr. Justin Draeger  
President  
National Association of Student Financial Aid Administrators  
1101 Connecticut Avenue NW, Suite 1100  
Washington, DC 20036

Dear Mr. Draeger:

As you are aware, the Office of Federal Student Aid (FSA) is responsible for managing student aid programs authorized under Title IV of the *Higher Education Act*. To improve the management of these programs, Congress designated FSA as a Performance-based Organization (PBO) through the *Higher Education Amendments of 1998*. This status provides FSA with certain flexibilities and independence in order to better serve students who rely on financial assistance. These flexibilities were granted to FSA with the expectation of performance-driven results and efficiencies. As a congressional committee with oversight of FSA, the Committee on Education and the Workforce has been examining the office and its operation as a performance-based organization, and we are increasingly concerned by what the Committee has learned.

On November 18, 2015, members examined FSA during a joint subcommittee hearing with the Committee on Oversight and Government Reform. The hearing highlighted significant issues with FSA's processes and failures to meet its statutory obligations. For example, FSA provides inconsistent guidance to its contractors, rarely acts in a timely manner, and does not always effectively work with stakeholders and institutions in the financial aid process. Based on witness testimony and other stakeholder input the Committee has received, we are concerned FSA is falling far short of its legal responsibilities and hurting students and borrowers in the process.

At a hearing on February 24, 2016, members raised these concerns with Dr. John King, then Acting Secretary of Education. Dr. King was asked how FSA intends to act as a more effective partner with institutions and better serve students. In response, Dr. King failed to discuss any concrete action the Department will take to correct its own policies and processes. Instead, Dr. King merely explained how the Department plans to expand its oversight of the nation's schools. While we support the federal government's oversight authority, we are concerned this



Mr. Justin Draeger  
March 18, 2016  
Page 2

increasingly aggressive approach ignores the underlying problems plaguing FSA and undermines the partnership between the Department and institutions necessary to effectively serve students.

FSA must meet its statutory obligations and function in a way that makes the financial aid process as efficient and effective as possible. Toward that end, the Committee would like additional input from institutions concerning their experiences with FSA and whether they believe the office is meeting its responsibilities. We would appreciate NASFAA's assistance with gathering this information, which will assist the Committee in conducting oversight of FSA and ensuring the best interests of students and taxpayers are met.

Thank you for your input and assistance. If you have any questions, please contact Jenny Prescott or Clint Raine at the Committee at (202) 225-6558.

Sincerely,



---

JOHN KLINE  
Chairman  
Committee on Education and the Workforce



---

VIRGINIA FOXX  
Chairwoman  
Subcommittee on Higher Education and  
Workforce Training

## Appendix B: 2016 FSA Operational Issues Survey Instrument

Thinking back to your most recent interaction with Federal Student Aid (FSA) please provide feedback in each of the areas listed below.

Note: Exclude any time in which FSA was waiting for a response, additional information, etc. from your institution.

	Please indicate the entire processing time by FSA to date.							Check here if this item is still outstanding.	Check here if this time period had a significant negative impact on:	
	0-3 months	3-6 months	6-9 months	9-12 months	12-18 months	Greater 18 months	N/A		Your operations	Your ability to serve students adequately
Approval of Program Participation Agreement (PPA) renewals										
Approval of PPA changes to add a new program that require ED approval before disbursement										
Approval of PPA changes to add a branch campus or location that require ED approval before disbursement										
Approval of other PPA changes that require ED approval before disbursement										
Approval of PPA changes that require ED notification only before disbursement, such as changes in personnel, institutional name or address changes, closure of branch campuses or locations, and change										
Receipt of final program review report										
Receipt of final FSA audit report										
Receipt of requested policy or procedural guidance										



If there is an area not listed above that, in your experience, needs significant improvement (for example, an aspect of loan origination or servicing), please indicate it below and detail why. The issue need not be limited to a specific timeframe, but if the timeframe was problematic please provide that information.

Please indicate areas below where, in your opinion, ED provides a high level of accurate, timely service. (Check all that apply.)

Annual FSA Conference

Electronic services for schools (COD, NSLDS, e-App, e-Campus-Based system, etc.)

Electronic services for students (online loan counseling, student-focused web sites, etc.)

Written policy guidance (Electronic Announcements, Dear Colleague Letters, FSA Handbook, etc.)

Services from ED regional trainers

Based on your experience, please describe any additional areas where FSA has done an exemplary job.