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December 2, 2009

Senator Robert Casey
U.S. Senate
Washington, DC 20510
Sent via Email to [Bryn McDonough](mailto:Bryn.McDonough)

Dear Senator Casey,

The Pennsylvania Association of Student Financial Aid Administrators has been following with interest Congressional deliberations on President Obama's proposals to revise federal student financial assistance programs. PASFAA is growing concerned with the extended nature of these deliberations and the ability of student aid offices in Pennsylvania to comply with new requirements that could be effective as soon as July 1, 2010, less than seven months from now.

In recent weeks, college presidents have received correspondence from the U.S. Secretary of Education and from Congressmen George Miller and Ruben Hinojosa urging schools to complete a transition to the Direct Student Loan Program. While all of us are taking seriously these communications, we want to emphasize that a transition to Direct Lending is not a simple task and that schools vary widely in their ability to allocate the resources, personnel, money, and time needed to accomplish this transition and ensure that all loan processes work flawlessly for students by July 1, 2010.

It is PASFAA's view that the U.S. Department of Education has not yet provided adequate support to ensure a smooth and seamless transition for schools and for students. To PASFAA, the most practical way to ensure a successful transition would be to extend the programs established under the Ensuring Continued Access to Student Loans Act (ECASLA) through June 30, 2011. Doing so would protect students from any interruptions in loan access and allow schools some needed breathing room from the rapidly approaching July 1, 2010 deadline for the discontinuation of the FFEL Program. One option worth considering would be to require all schools to process some loans through the Federal Direct Loan program for the 2010-11 academic year and to fully transition to Direct Lending on or before July 1, 2011. This will allow schools to properly allocate the resources and staff necessary to ensure that "all systems are go" before they implement Direct Lending for all of their students and parents. It will also allow time to provide adequate communications to students and parents, and to conduct proper testing of systems and other changes.

Regardless of whether ECASLA is extended, we believe that the U.S. Department of Education must do a great deal more to assist schools that are transitioning from the FFELP to the Direct Loan Program. This issue is especially crucial in Pennsylvania, where only 81 of 360 schools (22.5 percent) participating in the federal loan programs currently disburse any loans via the Direct Loan Program.

PASFAA believes that the following items are needed to ensure a smooth transition to the Direct Loan Program for all schools and to ensure that all students receive crucial loan funds in a timely, accurate manner for the 2010-11 academic year:

- Provide “hands on” assistance for schools that do not have the staff or resources necessary to transition to Direct Lending by July 1, 2010.
 - The Department of Education should have personnel available who are fully trained in the various Financial Aid Management Systems used by schools.
 - Department of Education personnel should be able to provide on-site assistance with the implementation of Direct Loan modules that must be installed and tested at these schools.
 - Department of Education personnel should be able to assist with training for financial aid and other staff who must use these new Direct Loan modules.
 - The Department of Education should partner with PHEAA to provide specialized training for Pennsylvania schools that rely upon PHEAA’s Financial Aid Services (FAS) system to exchange data with the U.S. Department of Education.
- The Department of Education must provide in-person training sessions that are accessible and available to institutions needing intensive training on the Direct Loan Program.
 - The Department of Education’s single, national training conference in Nashville, TN in December is neither convenient nor feasible for most Pennsylvania institutions to attend.
 - The Department of Education’s series of transition “webinars”, while well-intended, do not provide the level of detail or offer the type of interaction necessary to assure that schools are properly trained.
 - Schools need intensive, detailed training tools that can be customized to their individual needs and that provide step by step instructions on all the aspects of transition to Direct Lending, including interfaces with the Department of Education systems and implications for school systems, websites, workflow, and staff responsibilities.
 - A “one-size fits all” approach to training does a disservice to schools who have been given full freedom by the Department of Education to make choices regarding the types of information technology and financial management systems they use to process student loans in full compliance with federal regulations.
- The Department of Education must reach out to individual schools to inform them of the resources that the Department has available to assist them in the loan program transition.
 - At a recent webinar for Pennsylvania schools, the Department of Education reported that it had formed specialized “teams” to assist community colleges, graduate schools, and other specific types of institutions.
 - Pennsylvania financial aid administrators at these types of schools report that they did not know that such teams exist and that the Department of Education has not proactively informed them that they may be able to receive specialized attention. Schools who are not familiar with the Common Origination and Disbursement (e.g., graduate and professional schools) are among those that will need specialized training.

- The Department of Education needs to provide specialized training to institutional business officers who will be integral to the proper processing and reconciliation of Direct Loan funds.
- The Department of Education's website for schools seeking transition assistance (<http://www.direct.ed.gov/participating.html>) has not been adequately updated in recent months to provide additional resources that schools can use for the upcoming academic year.
 - Specifically, schools would benefit if the Department of Education provided sample publications plans, welcome packets, school communication plans, and training plans for school personnel that schools can use and tailor to their own needs.
 - Information and resources provided by the Department should also reflect the unique needs of the specific institution types that the Department has already recognized as in need of specialized assistance.

The primary focus of PASFAA is to ensure that students and parents have full, uninterrupted access to the student loans they need to finance their postsecondary educations. In a climate of economic uncertainty, it is especially crucial that there are no disruptions or threats of disruptions in the flow of student financial aid funds.

PASFAA urges you to communicate its concerns to the U.S. Department of Education and to give serious consideration to alternatives to requiring that all loans be disbursed through the Direct Loan Program as of July 1, 2010. We believe that both items are in the best interests of Pennsylvania's students, parents, and postsecondary institutions.

Please feel free to contact me to discuss these important matters. PASFAA appreciates your support and looks forward to working with you as the legislative process moves forward.

Respectfully,



Mary Ellen Duffy
PASFAA President
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