



Statement
Of
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Lifelong Learning, and Competitiveness

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“Opening Doors of Educational Opportunity”

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Mr. Chairman and members of the Subcommittee, I thank you for the opportunity to testify today. I am Dallas Martin, President of the National Association of Student Financial Aid Administrators (NASFAA). Formed over forty years ago, NASFAA represents student financial aid administrators at some 3,000 postsecondary institutions across the nation.

Our association illustrates the diversity of our higher education enterprise with members from private and public institutions, community colleges, four-year schools, proprietary schools, and graduate/professional institutions. At these schools, NASFAA represents approximately 12,000 financial aid professionals who are dedicated to helping families apply for and receive the funds they need to send their students to college. Given the complexity of the state, federal, and institutional aid programs, it is necessary to have someone with that kind of expertise guiding families through the process.

The topic you have chosen to address today is very important because it fundamentally affects the future of our nation, not only in terms of our current and future competitiveness in the industrialized world, but also because it addresses the fiscal and economic health of our nation's citizens. While the United States continues to enjoy a period of economic prosperity that has benefited many, it has not been a period that has been helpful to those who are and remain at the lower end of our economic scale. It is well-documented that educational opportunity is not equal among all of our citizens, whether at the elementary, secondary, or postsecondary levels.

As stated by the Congressionally-appointed Advisory Committee on Student Financial Assistance, low income students who graduate from high school academically prepared to enter college still confront significant financial barriers and are less knowledgeable about the financial resources that are available to them. Clearly the cost of higher education has risen steadily as a percentage of family income. As a result, more low

income students must abandon plans to attend college on a full-time basis. Instead, many of these students are working long hours, attending college part-time, and borrowing more heavily. In fact, these students, as well as many others, who have to use credit financing through student loans to help pay for college are finding that the current federal limits on annual and cumulative borrowing amounts are unrealistic in terms of their needs. As a result, students and their families are forced to turn to more costly private or alternative loan options that are not as favorable and which are not regulated by our federal Title IV loan statutes.

While the financial aid system in the United States is the most comprehensive in the world and assists some 13 million students annually, it still is incredibly complicated and confusing to many students and their families. Therefore, they turn to the people who have the primary responsibility for bringing it all together and who have the expertise necessary to guide them through the process--the financial aid administrators. Nowhere else can a student and his or her family get the complete information they need about state, federal, and institutional aid programs and the procedures and timelines necessary to navigate the process efficiently and effectively. Since the passage of the Higher Education Act of 1965, the aid programs have grown dramatically, and that growth has brought equal expansion in the role and responsibilities of financial aid administrators. Although complicated by many other outside influences that I will discuss later, the financial aid administrator assists students and their families in a variety of ways.

Even before a student applies for student aid, a financial aid administrator can help the student and parents to...

- Understand the aid process by sponsoring financial aid early awareness activities for students and families in elementary, middle-school, and high school so that they can not only plan for postsecondary expenses, but, more importantly, know that college is possible and that academic preparation is important
- Estimate the costs of education, including direct costs (tuition, fees, on-campus housing, etc.) and indirect costs (transportation, other living expenses, books and supplies, etc.)

- Know the deadlines for applying for various types of student aid
- Estimate student aid eligibility
- Gain a thorough understanding of the types of aid that are available and the requirements to qualify
- Complete the Free Application for Federal Student Aid (FAFSA), which is the basic building block for determining the student aid package
- Know how to complete the FAFSA when circumstances aren't typical (a parent has lost a job, the student's parents live overseas, the student was raised in foster care, etc.)
- Understand when to submit an appeal to reflect unusual circumstances that cannot be reflected in the FAFSA
- Determine which additional applications are needed so that the student can receive funds from all of the sources for which he or she qualifies
- Remain aware of follow-up steps in the application process
- Identify free scholarship search engines and resources
- Notify individuals and families about the tax benefits they may be eligible for such as the Hope and Lifetime tax credits, the deduction for educational expenses, or the deduction for student loan interest

Once the student applies for aid by submitting the FAFSA and any other additional aid applications, the financial aid office will notify the student of the amount he or she can expect to receive, and from what sources. Aid administrators can then help the student and their parents to...

- Identify alternative sources of funds if additional money is needed to meet educational costs
- Understand student loan terminology and identify the types and sources of loans that are right for the borrower
- Know when and how the student's funds can be applied to direct costs as well as reimbursed for indirect costs
- Understand the student's rights and responsibilities as a student loan borrower

As a student continues in school, aid administrators can help them...

- Stay on track to continue to qualify for funds by progressing in their academic programs and reapplying for aid on-time each year
- Keep an eye on their loan debt and explain what the future repayments might be like
- Handle questions about whether to defer interest payments on unsubsidized loans while in school or pay the interest as it comes due
- Identify and find a Federal Work-Study job including FWS community service positions
- Provide refunds and assistance when a student needs to temporarily cease studies (such as to assist with a illness in their family) but plans to resume attendance later
- Find ways to budget so that the student doesn't have to borrow excessively and leave school with an excessive debt burden

Financial aid administrators even assist former students if they have financial difficulties—to help them avoid defaulting on a student loan—by providing information about deferments, forbearance, or loan consolidation options.

On a larger scale, aid administrators help reach out to students, often regardless of the institution they plan to attend. Beyond helping students and parents individually, they also ...

- Participate in outreach programs, such as College Goal Sunday, which is a national program offered by many states to help low-income and disadvantaged families find the means to attain a college education
- Offer “Financial Aid Night” or early awareness presentations to help students and parents learn how to apply for financial aid and understand the differences between the various sources of aid

- Advocate before policy makers at both the national and state level to ensure that financial aid funding remains available, affordable, and accessible to families
- Provide advice on current and proposed legislation affecting student aid programs to ensure they are achieving their intended purposes
- Seek additional ways to assist their students, whether by investigating new scholarship and loan programs, exploring ways to cut student costs, or expanding informational sources and implementing new technology to better meet students' needs.
- Take part in training activities sponsored by their state, regional, or national financial aid associations in order to update their skills and gain new information about changes in the federal student aid process and best practices so they may better serve students and families
- Comment on proposed federal and state regulations to ensure that the student aid process remains equitable and is not burdensome for families
- Respond to media requests for practical information to help families
- Develop detailed informational materials for students and parents, including financial literacy materials
- Participate in long-range planning for the institution
- Submit reports to federal and state agencies as well as institutional reports
- Research and participate in technology upgrades to improve the total student aid process on campus

Financial aid administrators, unlike many other institutional administrators, don't graduate with a degree in financial aid administration – such degrees just don't exist. Instead, they learn from colleagues, they are trained by the national, regional, and state financial aid associations, the Education Department, and in some cases by state guaranty agencies and lenders. They are responsible for understanding and managing almost countless requirements, including the Title IV statute, some 449 sections of exceptionally detailed federal regulations, a Federal Student Aid Handbook of seven volumes and 763 pages, state rules and regulations, donor scholarship requirements, and lender and guaranty agency loan requirements. Further, financial aid administrators must understand

Family Education Rights and Privacy Act (FERPA) requirements, citizenship and immigration rules related to eligibility, Selective Service requirements, IRS requirements, state residency requirements, and numerous others that impact the student aid programs.

Financial aid offices lead the way on many college campuses in the areas of automation and application of new technology. Document imaging and workflow systems are now key tools for many aid offices, yet they were virtually unheard of until the last decade. One of the more recent innovations to aid in processing efficiency is the Digital Dashboard technology that provides metrics and key performance indicators for the financial aid office. These allow staff to compare year-to-year data on applications received and processed, percentage of files selected for verification and completed, status of award packaging and loan processing, and how offers and disbursements compare to funds available for each program. A suggested metrics and key performance indicator list is shown as Attachment A to illustrate some of the data tracking and reporting that aid administrators must perform.

As society has grown to expect more real-time communications, the financial aid office has also had to adjust to synchronous communication, which includes any form of technology-supported tool that permits students to communicate with others at the same time. Financial aid offices must constantly adjust their practices to reach students in the way that they respond to best. Gone are the days of “snail mail”; today it is “real-time” communication or you are considered to be in the dark ages. To further help you understand the scope of the financial aid office activities Attachment B provides a calendar year and on-going monthly timeline of a typical financial aid administrator’s responsibilities.

Financial aid administrators juggle all of these responsibilities in a constantly changing world of program requirements. Changes to the financial aid programs do not occur only during reauthorization of the programs. Instead, nearly every year, changes are made to one or more of the student aid programs. Sometimes these changes are made during budget reconciliation, or on an annual appropriations bill. In addition, changes to tax

legislation may affect interest on loans, the receipt of scholarships, or direct tax benefit programs offered by the federal government.

At times, current events may cause the Congress to legislate new requirements to remedy what is a real or perceived problem or need. Sometimes these requirements can be extremely burdensome because of the time, effort, and expense involved in creating systems and processes to address the issues, they may have virtually no impact on the amount of dollars spent in the programs. A prime example of one of these issues is verification of selective service registration. When imposed two decades ago, less than two percent of financial aid applicants were even identified as potentially not being registered, yet the requirement was imposed on everyone at great expense and is still in the law today. This is not to say that I do not believe in a student's civic obligation to register with Selective Service, but the solution imposed to resolve a very small problem added unnecessary complexity to already complicated delivery system.

Another example to illustrate how excessive burdens are imposed on the financial aid office involves the recently enacted ACG/SMART grant programs. The Education Department's interpretation of the law for these programs has caused major problems for the financial community. On April 18, the negotiated rulemaking committee could not reach consensus due to the unworkability of the academic year progression aspect of Department's interpretation. Further, the inclusion of the merit component in the law has essentially invited the Department to step into academic purview. The Department is now regulating grade point average calculations, the ability to consider a grade equivalency to advanced placement exam scores, and whether transfer credits are part of a student's overall postsecondary background in terms of academic year progression. The definition of eligible program is problematic under the proposed regulations and the ineligibility of certificate programs for these grant programs was another sticking point preventing consensus. These are just some of the questions that still exist in these recently enacted programs that aid administrators have already had to begin to administer. Unfortunately, because reasonable resolution has not been reached on these issues, confusion and administrative complexity have been added that impact the program's effectiveness.

Still, in spite of all of these challenges, I can assure you that the vast majority of financial aid administrators are dedicated, extremely hard-working individuals who do everything they can to provide accurate timely information and help to families and students who without financial aid would be unable to achieve a postsecondary education. The vast majority are ethical and strive to meet their responsibilities in a professional and caring manner. They work long hours for some of the lowest administrative salaries on campus, and in many cases they are not recognized by other administrators for the contributions they make to the institution and the students they serve.

Many financial aid offices are also expected to fulfill all of these responsibilities with limited financial and human resources. While the Department of Education requires all schools that participate in the Title IV federal student aid programs to demonstrate administrative capability and ensure compliance with all regulations, to my knowledge, never has a school been cited during a program review for not providing the personnel and fiscal resources necessary to carry out their required responsibilities. This failure on behalf of the Department, and some schools that do not provide adequate resources, has forced many financial aid offices to seek assistance from lenders, guaranty agencies, and others to print student financial aid consumer information, to perform student loan exit and entrance counseling, to establish call centers, and to provide additional staffing during peak periods in the financial aid office. While all of these are functions that the school itself should ideally perform, without adequate resources to conduct all of its administrative capability requirements, it is not surprising that some financial aid offices would accept assistance from these entities to perform those tasks. While I might question whether or not this was the best course of action for a school to take, I cannot fault the financial aid office for using these types of resources to comply with their regulatory responsibilities and offer service to their students.

In closing, Mr. Chairman and members of the Subcommittee, I look forward to working with you and your colleagues as you develop legislation to reauthorize the Higher Education Act. The current controversy about preferred lender lists and institutional

relationships with loan providers shows a need for some additional legislative clarity on what is or is not permissible. We must be careful not to impose unnecessary restrictions that make it impossible for responsible collaboration to occur among these parties. It should not obscure the good work you can accomplish to ensure that our students and their families have the financial assistance they need so that they may take advantage of all the opportunities a postsecondary education can provide for them.

Let me note that until earlier this year the Pell Grant maximum award had been frozen for four years and we still need further increases in order for the program to achieve its intended goal. Likewise, Stafford Loan annual and cumulative limits are nowhere near what they need to be to permit undergraduate and graduate students to borrow from federal loan sources and to avoid borrowing higher cost private educational loans. Similarly, the LEAP and campus-based programs serve important financial needs of students and yet are woefully under-funded. While all of these Title IV programs are complimentary to each other, there are improvements that can be made to make them better. And, when we consider reauthorizing the federal student aid programs, let us recognize that far too many of our citizens have been left behind. There is so much work that needs to be accomplished so that all Americans have the student aid they deserve so that they can stake a claim on the American dream.

I pledge NASFAA's support and the support of my members to assist you, Mr. Chairman, and to assist your colleagues as you begin your critically important legislative work reauthorizing the Higher Education Act. My members know all too well how far away we are from achieving the goal of equal opportunity for low- and middle-income families and students. Our focus, first and foremost, must be on meeting the financial needs of our students and families.