



INDIANA STUDENT FINANCIAL AID ASSOCIATION

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To the Honorable Members of the Indiana Congressional Delegation:

The Indiana Student Financial Aid Association (ISFAA) is grateful for the opportunity to present the following student aid issues for your review. ISFAA is an association whose regular membership consists of college and university financial aid administrators dedicated to helping Indiana students fund their educational dreams. Additional associate members from organizations engaged with aid delivery also help with our cause.

On behalf of the approximately 370,000 Indiana postsecondary education students, the ISFAA leadership asks you to consider the following issues:

Key Issues

- Current Pell Grant levels need to be retained. Low-income students desperately need these funds to attend college
- Disbursement and awarding rules for non-traditional class calendars need review
- Subsidized Direct Loan interest rates should be retained at established calculation rates instead of reverting back to 6.8% for 2012-13
- FAFSA simplification helps students, schools, and taxpayers
- Experimental Sites need support as a means to find better administrative options

Federal Pell Grants

Federal Pell Grants are the foundation of federal student aid. The proposed cuts to the Federal Pell Grant Program should be carefully reviewed to determine the impact on access as well as college retention and graduation. For many students, reductions in the Pell Grant amount will lead to increased borrowing in both federal and non-federal student loan programs. Cutting the Pell Grant amount will impact the number of low income students able to attend colleges and universities. The year round Pell Program should be taken into consideration first before making cuts to the academic year awards. If our nation is going to increase the number of students

obtaining college degrees and be competitive in a world economy, we must continue to invest so that student will have financial access to higher education.

Delivery of Financial Aid

Many colleges and universities are offering non-traditional class calendar formats to better serve students. The use of non-term class schedules, sequential class arrangements, and accelerated academic schedules gives more opportunities for adults to attain higher education credentials. Federal regulations have been designed primarily for aid delivery using traditional semester/trimester formats. New awarding and disbursement rules should be considered to better serve students while reducing the administrative burden for institutions who use nontraditional education plans.

Federal Student Loan Interest Rates

Federal student loan interest rates were reduced by the College Cost and Reduction Act of 2007. Subsidized Direct Loans will have a 3.4% interest rate for 2011-12. This rate will increase to 6.8% for academic year 2012-13. Interest rates for 2012-13 should be reviewed to determine interest rates more in line with the 91 day T-bill rate and the average one-year constant maturity Treasury yield rate.

FAFSA Simplification and Non-Federal Program Needs

ISFAA supports continuing efforts to simplify the Free Application for Federal Student Aid (FAFSA) to improve access to federal financial aid. ISFAA suggests additional review of questions that could be eliminated or handled outside of the FAFSA application (example: emancipation questions). The Department of Education should continue to work with the state education commissions to identify other alternatives for collecting critical information elements needed for non-federal awards. The overall goal should be developing simplification to improve student access for all financial aid resources, not just federal student aid.

Experimental Sites

The Federal Experimental Site Initiative was recently extended for the 2011-12 academic year. This project was introduced to identify federal regulations that were burdensome and non-value-added and gave opportunities for improved aid delivery systems to be researched at the school level for potential policy and regulatory changes to be considered nationwide. The Department of Education is currently reviewing new proposals for the Experimental Sites Initiative (ESI). The new ESI should be used to reduce administrative burden for all institutions administering federal financial aid. Such reductions allow financial aid professionals to focus more effort on student success strategies rather than non-value added regulatory compliance procedures.

In conclusion, ISFAA is pleased to share these thoughts and concerns. Our goal is to work with Congress and the U.S. Department of Education to insure students have access to federal and state financial aid programs to be able to pursue their goal of a college education.

Sincerely,

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