



INDIANA STUDENT FINANCIAL AID ASSOCIATION

www.isfaa.org

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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 350,000 Indiana postsecondary education students, the ISFAA leadership asks you to consider the following issues:

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. However, in order to avoid additional applications/processing, the Department of Education should work with the state education commissions to determine 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.

Income Based Repayment

The Income-based Repayment (IBR) became available for student borrowers on July 1, 2009. The program allows for reduced federal student loan payments for students who work in positions with lower salaries. The monthly payments are based on a percentage of the borrower's income. Additional legislation has been proposed to cap monthly payments at a lower percentage of income, so as to make repayment of these loans more realistic to achieve. This would be a great benefit to individuals repaying student loans, especially those challenged within the current economic climate.

Federal Pell Grants

ISFAA appreciates the additional funding to award Pell Grants year round. ISFAA encourages continued future increases to Pell Grants to provide additional higher education funding to low

and moderate income students. Continued funding for the Pell Grant program is crucial to ensure those students with high financial need will have access to higher education.

Federal Perkins Loans

With the 2010-2011 financial aid awarding cycle already having started and the Student Aid and Fiscal Responsibility Act (SAFRA) still pending, ISFAA recommends any changes to the Federal Perkins Loan program not take effect until 2011-2012. This will allow a sufficient timeframe for institutions to make the necessary changes without service interruptions to students.

Unsubsidized Federal Student Loans

Many middle class families depend on federal unsubsidized (non-need) based loans to pay educational costs. When federal loan limits are reached, many middle income families turn to private education loans for funding. Many of the private loans have upfront fees and high interest rates which add a significant amount to a student's overall loan debt. Higher federal unsubsidized aggregate and annual loan limits should be part of an overall strategy to help middle class families finance a college degree.

Experimental Sites

The Federal Experimental Site Initiative will end on June 30, 2010. This project was introduced to identify federal regulations that were burdensome and non-value-added and give 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 Department of Education to insure students have access to federal and state financial aid programs to help them better afford to pursue their dreams of earning a college education.