

Testimony  
of  
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Training

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Chairman Meadows, Chairwoman Foxx, Ranking Member Connolly, Ranking Member Hinojosa, and members of the subcommittees:

Good morning. Thank you for inviting me to testify today. The National Association of Student Financial Aid Administrators (NASFAA) represents financial aid administrators at more than 3,000 public and private colleges, universities, and trade schools across our nation. Collectively, NASFAA members serve 90 percent of undergraduate students studying in the United States.

By nature of their occupational duties, financial aid administrators are required to work very closely with the Department of Education (ED), particularly with the Office of Federal Student Aid (FSA). In their role as stewards of federal financial aid funds, compliance officers, and—most importantly—counselors, NASFAA members are the effective link between FSA and today’s postsecondary students, and it would be accurate to say that most financial aid offices interact with FSA every single working day. NASFAA and its institutional members are well positioned to offer feedback on the effectiveness and appropriateness of FSA as a performance-based organization (PBO).

The purpose of a PBO within the Department of Education as it relates to institutions of higher education and students is specifically outlined in the law. FSA, the PBO for delivery of federal student financial assistance, as defined under 20 U.S.C. 1018, has the express purposes of:

- (a) Improving service to students;
- (b) Reducing costs;
- (c) Increasing the accountability of officials responsible for administering the operational aspects of the federal student aid programs;
- (d) Providing greater flexibility in the management and administration of the federal student aid programs;
- (e) Integrating information systems;
- (f) Implementing open, common, integrated systems for aid delivery; and

(g) Developing a data system to ensure program integrity.

Over the years FSA has had some important successes. They helped students and families by simplifying the Free Application for Federal Student Aid (FAFSA) by implementing smarter skip logic, reducing the time applicants take in completing the FAFSA every year. Similarly, they worked with the Internal Revenue Service (IRS) to implement the Data Retrieval Tool (DRT) for students to use in the application process.

Schools also receive capable assistance regarding compliance issues on a regular basis from the training officers and school participation team members at their FSA regional offices. Further, FSA publishes a Handbook on an annual basis to assist schools with implementing regulations. Even though schools would like to see this document published earlier in the application cycle, the content of the Handbook has improved greatly over recent years. It is also worth mentioning that FSA's focus on improving consumer information led them to the development of a strong, relevant tool for students and families, the Financial Awareness Counseling Tool (FACT).

In addition, FSA has made some important progress in targeting fraud and abuse surrounding the completion of the FAFSA. Most notably, it recently acquired the domain name FAFSA.com, which was previously operated by a private company that charged students for assistance in completing the free federal application form, and now owns the mark "FAFSA" from the U.S. Patent and Trademark Office.<sup>1</sup>

And finally, FSA deserves to be commended for their work on the transition to one-hundred percent direct lending--a major endeavor, that by-and-large was achieved without any significant disruptions in systems or delays in disbursement, although loan servicing issues remain.

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<sup>1</sup> Federal Student Aid, "Details on the Transfer of FAFSA.com to the Department of Education," <https://studentaid.ed.gov/sa/about/announcements/fafsa-com-transfer?sf40145884=1>

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To be sure, none of this could have been achieved without the hard-working FSA staff, including trainers, software experts, and customer support employees.

Unfortunately, despite these successes, one need not look too deeply to see that FSA is not acting in accordance with its required purposes in its role as a PBO, and in some cases, acts in ways that directly conflict with its stated purposes.

This is particularly true related to the PBO's charges (c), increasing accountability of officials responsible for administering the operational aspects of the program, and (d), providing greater flexibility in the management and administration of the financial aid programs. On these charges, the general experience with FSA from institutions has actually been the opposite: a lack of accountability on the part of FSA and a stifling, archaic approach to institutional management and administration of the aid programs. For many schools, the working relationship with FSA has become so tenuous that it is having adverse effects on students.

Perhaps most frustrating is that institutions have little recourse, given the structure that exists between institutions and the federal government. Schools are reluctant to raise valid concerns about FSA's operations for fear that it would negatively impact an institution's relationship with the agency. Schools often shy away from asking FSA questions or vocalizing complaints about poor customer service or unworkable FSA initiatives for fear of a possible compliance review and potential loss of student aid funding. Instead, many schools struggle trying to interpret rules and regulations without assistance from FSA, which may result in students not receiving the aid to which they are entitled. Discussions, debates, decisions, and—perhaps most troubling—accountability are often one-sided. One could argue that the relationship is set up for failure, as it is nearly impossible for institutions to “partner” with an organization that at the same time determines whether they will survive or close down.

My testimony today will outline three significant concerns and challenges with FSA as a PBO, including:

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

I will end by offering some proposed solutions to modify and strengthen FSA and its role with institutions.

### **The Relationship Between FSA and Institutions**

FSA and institutions should be partners in the successful administration and delivery of federal student aid, but instead, FSA regularly acts as a watchdog. FSA rarely consults schools before making major changes or setting deadlines, often resulting in confusion, misunderstandings, unintended and unanticipated consequences, and compliance challenges by institutions.

A prime example is FSA's recent communication, guidance, and deadlines related to the gainful employment (GE) regulation. It has been nothing short of a debacle. Final regulations published on October 31, 2014, notified schools that they would have to report seven award years of data for gainful employment programs.

As you can see in the timeline we provided (Appendix A), necessary guidance to report the data was published anywhere from 120 days in advance to 2 weeks after the initial July 31 deadline. I'd like to highlight a few key pieces of guidance.

The day *before* reporting was due, FSA provided instructions to schools on how to confirm their data was submitted without any issues. Ten days *after* the July 31 deadline, the Department provided additional guidance on how to report certain programs, acknowledging that their own guidance thus far was lacking and may have led schools to believe they did not need to report data on certain programs.

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Even still, FSA refused to provide any deadline extensions, even after we sent a formal request<sup>2</sup> on behalf of the financial aid community.

*Nearly a month after* the July 31 deadline, FSA finally provided program tracking functionality allowing schools to look up whether the school reported data for GE programs as identified by ED. Many schools did not realize there were minor data conflicts in their initial reports.

Only nine calendar days after the program tracking tool was released, school presidents received their first warning letter regarding the institution's non-compliance with GE regulations. These warning letters threatened the school with violations of administrative capability, a serious allegation that can result in the loss of eligibility to participate in the Title IV aid programs. These threatening letters were sent to schools from every corner of higher education, from large research institutions to flagship public and private universities, to community colleges. In many cases, these schools were actually in compliance, but simply had data conflicts that could have been resolved through a collaborative effort between schools and ED. Instead, over the next three weeks, FSA provided even more reporting-related guidance and yet *another* warning letter to schools.

To make matters worse, we heard from schools throughout the reporting process that ED began making system corrections during workdays at the same time schools were trying to correct data, all without announcement or forewarning.

It was only after all GE reporting deadlines passed that FSA provided instructions to schools on how to confirm their compliance with the GE reporting requirements. Clearly, this information would have served schools better if it was released *before* the first deadline to make sure the institutions were in compliance with the rules. But just as schools receive this invaluable tool, FSA sends out another non-compliance notice *the next day*.

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<sup>2</sup> NASFAA, Letter to Under Secretary Mitchell, Deputy Assistant Secretary Mahaffie, and Chief Operating Officer Runcie, (July 24, 2015), [http://www.nasfaa.org/uploads/documents/nasfaa\\_ge\\_reporting\\_deadlines\\_1.pdf](http://www.nasfaa.org/uploads/documents/nasfaa_ge_reporting_deadlines_1.pdf)

As of the final October 1 deadline, several hundred schools were still in a questionable status regarding the satisfactory completion of their GE reporting for the previous years. To date, ED has not provided any of these schools a notification that their data conflicts have been corrected, leaving many schools wondering when another shoe will drop--this time with sanctions.

Had ED used a more reasonable timetable to implement its new regulations, the system of reporting could have been adequately tested in a real partnership with institutions to identify problems and create solutions before going live, thereby potentially avoiding the threatening and embarrassing letters FSA sent to schools.

One of our members, a financial aid director in Ohio, summed up these last few months of GE reporting very accurately by saying, "GE reporting...has been an incredibly frustrating experience of wasted time - time which could have been more productively spent on our students and families."

In another example, FSA quietly and without warning to institutions ended a portion of its enrollment reporting contract with the National Student Clearinghouse in the fall of 2014 that resulted in reporting delays, sometimes putting students incorrectly into loan repayment when they were in fact still in school. The change affected the daily operations of financial aid offices, yet FSA made no public announcement of the change until the repercussions became apparent several months later. The termination of the contract led to institutions, on very short notice, having to do more labor-intensive, manual work to meet students' needs; a backwards move in an age where efficiency through technology is the norm.

Ultimately, this change directly contradicted multiple purposes of a PBO: it decreased services to students due to the additional workload, it removed flexibility, and it eliminated one of the integrated systems to administer federal aid. To make matters worse, FSA assured institutions in an Electronic

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Announcement<sup>3</sup> that they would do their part to keep information up to date in their system, the National Student Loan Data System (NSLDS), but have yet to make significant improvements to the notoriously and unacceptably slow database that still does not provide data in real-time, even though this technology has existed in the private sector for many years.

NASFAA sent a letter<sup>4</sup> to FSA outlining institutions' concern on this issue, requesting that FSA 1) address the operational issues, and 2) reach out to institutions in the future when considering major decisions that would impact day-to-day functions in the financial aid office. That letter was sent June 3, 2015, and as of today, we have yet to receive a response.

According to FSA's most recent five-year strategic plan,<sup>5</sup> one of FSA's goals is "Develop efficient processes and effective capabilities that are among the best in the public and private sectors." Both of these examples demonstrate that FSA has a very long way to go before being "among the best" with respect to efficiency and effectiveness. Just ask the schools. Additionally, these point to the fact that there may be a more fundamental issue in question: Is it even appropriate for the functions of FSA to be so all-encompassing? After all, how is a single entity without real oversight supposed to partner with schools?

### **The Tendency of FSA to Step Outside Its Purview**

Under the broad umbrella of ED, FSA is *not* responsible for the development of policy for the federal student aid programs. Policy development falls under the purview of the ED's Office of Postsecondary Education (OPE).<sup>6</sup> It is a sensible

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<sup>3</sup> Federal Student Aid, IFAP, "School Responsibilities Upon Receiving Paper In-School Deferment Forms," (March 12, 2015), <http://www.ifap.ed.gov/eannouncements/031215SchoolResponsibilitiesUponReceivingPaperInSchoolDefermentForms.html>

<sup>4</sup> NASFAA, Letter to Chief Operating Officer Runcie, (June 3, 2015), [http://www.nasfaa.org/uploads/documents/20150603\\_NASFAA\\_Letter\\_Enrollment\\_Processing.pdf](http://www.nasfaa.org/uploads/documents/20150603_NASFAA_Letter_Enrollment_Processing.pdf)

<sup>5</sup> Federal Student Aid, "Federal Student Aid Strategic Plan FY2012-16," (December 2011), [https://studentaid.ed.gov/sa/sites/default/files/fsawg/static/gw/docs/FiveYearPlan\\_2012.pdf](https://studentaid.ed.gov/sa/sites/default/files/fsawg/static/gw/docs/FiveYearPlan_2012.pdf)

<sup>6</sup> Congressional Research Service, Memorandum: "Student Aid Administration: Trends in Funding, Program Statistics, and Outstanding Federal Student Loans," (October 2015).



delineation and rightly separates the development of policy from the operational matters (the latter being the purview of FSA). However, in recent years FSA has engaged in mission creep by routinely implementing operational procedures that, in effect, set policy.

The strongest, and some would argue the most disturbing, example of this occurred in 2012 when Congress placed a limitation<sup>7</sup> on how long students could receive subsidized loans. In order to meet the regulatory requirements of this provision, FSA began collecting Classification of Instructional Program (CIP) codes to categorize academic programs. Per the statutory requirement, this information was only needed for students who were borrowing a subsidized loan. However, FSA took it upon themselves to require that schools report CIP codes for *all* borrowers, including graduate students who are ineligible for subsidized loans. Requiring significant amounts of new data, at a significant expense and burden to schools, is tantamount to policy, not operations. Furthermore, the collection of this information, coupled with data ED already has on file for thousands of financial aid recipients, veers closely toward collecting student unit level data, something that is currently banned by law.

### **The Lack of Accountability**

The “performance-based organization” model is based on a premise that government agencies can be results-driven and still deliver outstanding service to stakeholders. Indeed, under a successful model, increased latitude in certain processes and heightened accountability and oversight overall could result in a strong, productive government agency. However, FSA is severely lacking in their accountability. In the private sector, companies are accountable to both their customers and partners. In the federal government, agencies are normally accountable to the administration and Congress, which represents the public.

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<sup>7</sup> Public Law 112-141, Moving Ahead for Progress in the 21st Century Act, enacted July 6, 2012

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However, in the case of FSA, the Chief Operating Officer (COO) is not confirmed by the Senate and is certainly not accountable in any way to students or institutions. These lack of incentives have led to an agency that is often technologically out-of-date and subpar when it comes to customer service.

The overall inability to properly plan and report continues to hinder FSA from meeting its obligations to the public and Congress as a performance-based organization (PBO). We are unable to find evidence that FSA consistently meets statutory planning and reporting obligations,<sup>8</sup> such as:

- Produce and make available to the public a 5-year performance plan on an annual basis
- Consult with external stakeholders in the development of the performance plan and the annual report
- Fully provide evaluation ratings of the performance of the COO and senior managers
- Publish recommendations for legislative and regulatory changes

FSA last published on the “Strategic Planning and Reporting” component of its website<sup>9</sup> a five-year plan in December 2011.<sup>10</sup> Recently, we discovered that FSA has produced a strategic plan for fiscal years 2015-19 that, according to page ii of the report, was published in October 2015; however, this report is nowhere to be found on the FSA website. Furthermore, the practice of publishing a 5-year strategic plan at the end of the first year is ineffective. Why strategically plan for a year that has already passed?

Even though OPE participates in negotiated rulemaking to make recommendations for regulatory changes, FSA also has a statutory obligation to provide suggestions to amend laws and regulations to increase the effectiveness

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<sup>8</sup> 20 USC 1018(c)(1) & USC 1018(c)(2)

<sup>9</sup> Federal Student Aid, “Strategic Planning and Reporting,” <https://studentaid.ed.gov/sa/about/strategic-planning-reporting>

<sup>10</sup> Federal Student Aid, “Federal Student Aid Strategic Plan FY2012-16,” (December 2011), [https://studentaid.ed.gov/sa/sites/default/files/fsawg/static/gw/docs/FiveYearPlan\\_2012.pdf](https://studentaid.ed.gov/sa/sites/default/files/fsawg/static/gw/docs/FiveYearPlan_2012.pdf)

and capability of the federal student aid portfolio.<sup>11</sup> While we pointed out that FSA has started to push its way into the policy arena through recent process-based changes, we support its function to suggest changes to laws and regulations through established channels.

We commend FSA for creating strategic goals and objectives that by and large illustrate an understanding of its own weaknesses and opportunities for improvement, but these are largely self-assessments with no apparent input by schools or other stakeholders.

A cursory glance through their strategic objectives shows that FSA lacks even basic performance metrics and targets that even remotely correspond with their objectives. In other words, their stated performance metrics do not actually evaluate performance. For example, the performance metrics for FSA Strategic Goal A (“provide superior service and information to students and borrowers”) and B (“work to ensure that all participants in the system of funding postsecondary education serve the interests of students, from policy to delivery”) found in the 2014 FSA Annual Report<sup>12</sup> provide little opportunity for policymakers, stakeholders, and taxpayers to properly gauge the success of FSA.

Strategic Goal B Objective 1 is to “improve FSA’s support, communications, and processes for postsecondary and financial institutions,” and Strategic Goal B Objective 3 is to “support system participants in implementing legislative, regulatory, executive, and other requirements.” These two objectives are particularly important to institutions, but the only performance metric that corresponds to these objectives is the use of a 10 to 12 question “ease of doing business” survey<sup>13</sup> sent to institutions—hardly a robust measurement tool for quantifying and assessing those lofty goals and objectives.

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<sup>11</sup> 20 USC 1018(c)(2)(F)

<sup>12</sup> Federal Student Aid, “Annual Report FY2014,” (November 2014), <https://www2.ed.gov/about/reports/annual/2014report/fsa-report.pdf>

<sup>13</sup> U.S. Department of Education Schools Partners Survey, <http://www.reginfo.gov/public/do/DownloadDocument?objectID=39790001>

These holes in the fulfillment of FSA's goals, metrics, planning and reporting responsibilities consistently appear in external reports and audits of FSA.<sup>14</sup> These obligations have been on the books for almost 20 years, so it leaves us scratching our heads as to why FSA continues to fail to properly report.

FSA, students, and partners would be better served if they focused on even the simplest of performance metrics. For example, despite our many calls for target timeframes for program review close-outs, program renewals, and new program approvals, FSA's response times in meeting basic operational duties continue to lag for months at a time, with no end in sight. To be sure, FSA is extremely vigilant about ensuring schools meet deadlines (recall the GE debacle), however it is not uncommon for an institution to have to wait months, and in some cases years, to hear back from FSA on important items like program reviews, renewals, and program participation agreement (PPA) modifications. These delays detrimentally affect not only the school but also the students it serves, especially with respect to changes or additions to programs eligible for Title IV aid.

In one instance, an institution completed the paperwork needed to add an additional program to its PPA in October, and did not hear anything from FSA until May. As a result of this delay, their process of adding the program came to halt, ultimately impacting students. For another (more glaring) example, an institution that participated in a program review in 1996, was dinged with an audit finding from that review over 17 years later in 2013.<sup>15</sup> Unfortunately, these are not the only such instances we have learned of. Not only is such a lengthy response time completely unacceptable from a customer service standpoint, it is also damaging and unhelpful to institutions and, ultimately, students. This, of course, is not to mention the deep and embarrassing irony surrounding the value of deadlines in

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<sup>14</sup> U.S. Department of Education Office of Inspector General, "Federal Student Aid's Performance as a Performance-Based Organization," (December 2008); Government Accountability Office, "Office of Federal Student Aid: Better Strategic and Human Capital Planning Would Help Sustain Management Progress," (October 2004); Government Accountability Office, "Federal Student Aid: Additional Management Improvements Would Clarify Strategic Direction and Enhance Accountability," (April 2002).

<sup>15</sup> Task Force on Federal Regulation of Higher Education, "Recalibrating Regulation of Colleges and Universities," (February 2015), [http://www.help.senate.gov/imo/media/Regulations\\_Task\\_Force\\_Report\\_2015\\_FINAL.pdf](http://www.help.senate.gov/imo/media/Regulations_Task_Force_Report_2015_FINAL.pdf)

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this “partnership.” While schools must strictly adhere to deadlines for everything from gainful employment reporting to PPA submission, FSA has no such deadlines, even self-prescribed deadlines.

The lack of accountability—a key part of a PBO—tremendously erodes the goodwill between institutions and FSA. When it comes to reporting requirements, deadlines, and trust, the one-sided nature of the relationship puts a strain on institutions and their faith in FSA as a “partner” and ultimately makes institutional planning impossible, negatively affecting students.

As you can see, we have serious concerns with FSA’s performance as a PBO due to the nature of its relationship with schools, the tendency of FSA to step outside its purview, and the lack of accountability to institutions and--most importantly--to the public.

There is also the overarching issue regarding the operational efficiency of FSA. While there are high expectations of institutions in terms of their ability to be operationally effective and efficient, FSA appears to have no such standards for themselves, as noted multiple times in our testimony today and—in no short supply—by the Department of Education Office of Inspector General and by the Government Accountability Office.<sup>16</sup> The below two examples illustrate the current operational inefficiency of FSA.

First, when ED, without warning, ended a portion of the enrollment reporting contract, they assured schools that “As long as a school is fully compliant with enrollment reporting requirements, borrower enrollment information should

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<sup>16</sup> U.S. Department of Education Office of Inspector General, “Federal Student Aid’s Oversight of Schools Participating in the Title IV Programs,” (September 2015); Government Accountability Office, “Federal Student Loans: Education Could Do More to Help Ensure Borrowers Are Aware of Repayment and Forgiveness Options,” (August 2015); U.S. Department of Education Office of Inspector General, “Audit of the Followup Process for External Audits in Federal Student Aid,” (June 2015); U.S. Department of Education Office of Inspector General, “Federal Student Aid’s Performance as a Performance-Based Organization,” (December 2008); Government Accountability Office, “Office of Federal Student Aid: Better Strategic and Human Capital Planning Would Help Sustain Management Progress,” (October 2004); Government Accountability Office, “Federal Student Aid: Additional Management Improvements Would Clarify Strategic Direction and Enhance Accountability,” (April 2002).

generally be accurate and up to date in NSLDS.”<sup>17</sup> However, it is commonly known that NSLDS is unacceptably slow, usually taking between 30 and 60 days on the short end to update records. Regardless of how often schools report enrollment (and note, they do not have an option to be late, without serious repercussion), the time lags and general clunkiness of the process precludes the ability to have accurate, updated enrollment information for a significant percentage of borrowers in the system.

For a second example, related to the gainful employment issue mentioned above, an institution reached out to FSA to share a concern they had about a difference of opinion with their software provider about a specific requirement. While FSA staff agreed with the institution’s perspective, they were not willing to reach out to that software provider to correct them, even though that particular provider serviced thousands of institutions. Instead, FSA told the institution they would have to encourage the software provider to reach out to FSA for assistance. If that seems unhelpful and needlessly bureaucratic, that’s because it is.

### **Recommendations**

Both in response to the content delivered in the testimony above and in the spirit of desiring to improve the partnership between FSA and schools, NASFAA offers the following recommendations.

- 1. FSA needs additional oversight and accountability.** Congress should reexamine its role in confirming the COO. The results of accountability measures must be prominently available to the public and on an official schedule required by Congress. We would recommend more recurring hearings on FSA’s effectiveness and how well it is serving students and partners.

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<sup>17</sup> Federal Student Aid, IFAP, “School Responsibilities Upon Receiving Paper In-School Deferment Forms,” (March 12, 2015), <http://www.ifap.ed.gov/eannouncements/031215SchoolResponsibilitiesUponReceivingPaperInSchoolDefermentForms.html>

- 2. Congress should hold FSA more accountable to ensure FSA meets statutorily required deadlines.** Given the amount of funds that flows through FSA annually (\$133.8 billion a year in grants, work-study funds, and low-interest loans to approximately 12.9 million students in FY2014<sup>18</sup>), the range of entities and students who are affected each year by FSA functions, and the importance of education to our national well-being, annual hearings to follow up on required FSA strategic planning and annual reports would heighten and reinforce accountability. Congress should also set standards for FSA's response time for items such as program approvals and renewals. NASFAA's Reauthorization Task Force made a recommendation on this: Require the Department of Education to provide the final report for a Program Review to an institution within 60 days after receipt of the institution's response.<sup>19</sup>

Congress could also go beyond FSA's self-assessment, and as it has done in this hearing, call for independent assessments by institutions, students, and other partners. A robust survey of school satisfaction, with assurance of anonymity, should be conducted on a regular basis.

- 3. FSA should consult schools and partners before making strategic plan changes and updates.** Administration of federal student assistance is a highly complicated affair; FSA cannot achieve good results if it acts in isolation from the entities affected by its actions. FSA needs to be accountable to its partners, including with schools that carry out its mandates and help to achieve its goals.

In addition, before FSA undertakes any major strategic plan changes or performance initiatives, including those mandated at higher levels within the Department of Education, it should be required to consult with its

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<sup>18</sup> Federal Student Aid, "Annual Report FY2014," (November 2014), <https://www2.ed.gov/about/reports/annual/2014report/fsa-report.pdf>

<sup>19</sup> NASFAA, "Preliminary Report of the Reauthorization Task Force," (July 2013). <http://www.nasfaa.org/uploads/documents/ektron/eb252365-beb1-44d9-945a-02b58016e107/b689608cc4194ce2b35ad70c374b18062.pdf>

partners to gauge impact and determine the most effective process for implementation. Consultation needs to continue throughout the process to rectify unanticipated problems or curtail damage caused by unintended consequences.

- 4. FSA should establish basic, measureable 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.

- 5. Congress should consider whether FSA should have as many responsibilities as it currently does.** Is it appropriate for FSA to be in charge of all implementation, all training, all program reviews and approvals, but 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? One organization in charge of implementation, training, program approval, compliance reviews, serving both gatekeeping and penalty functions, is a

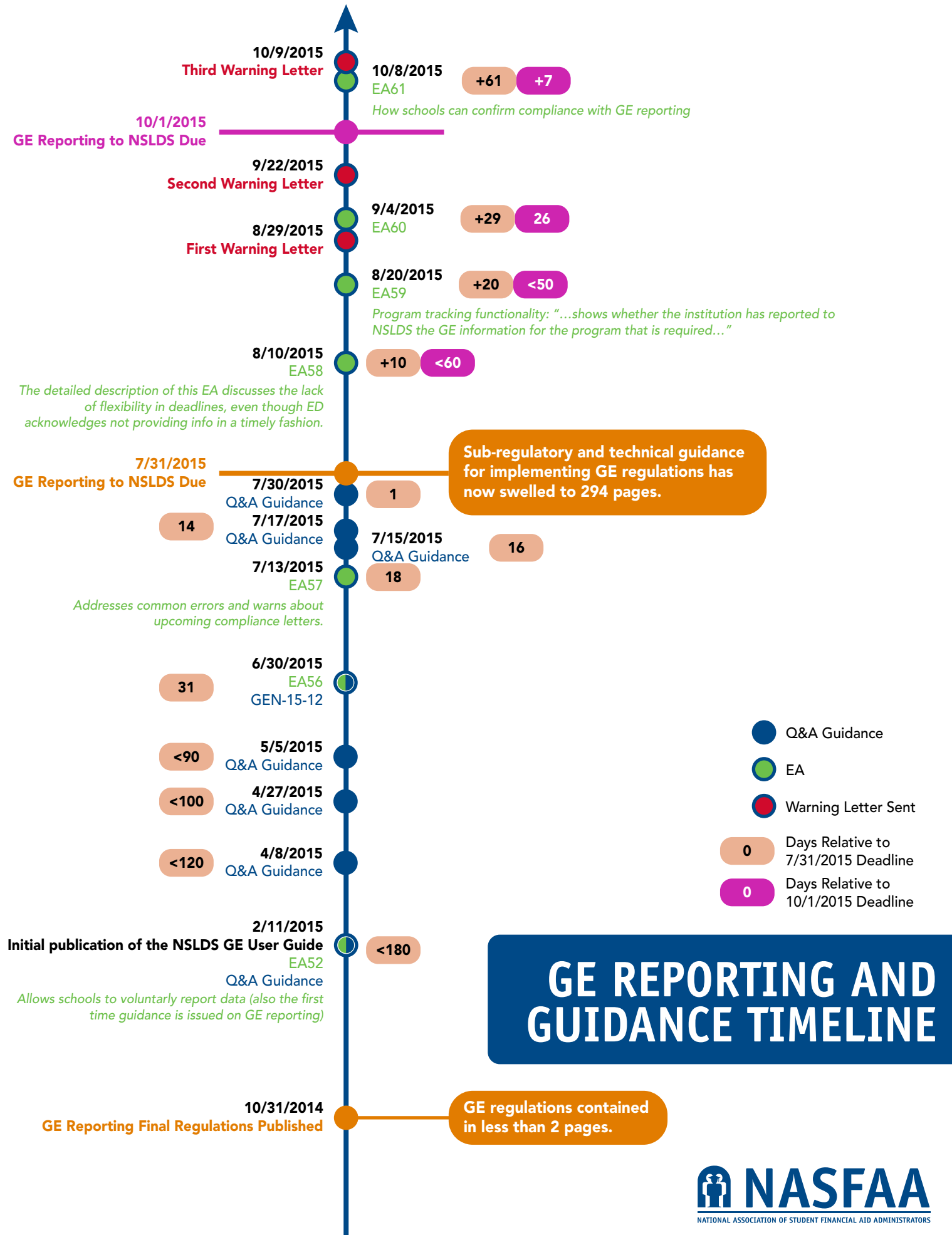


tall order and rife with conflicts of interest. Such an approach can have advantages but only if it communicates effectively and objectively.

- 6. FSA should consider partnering with and/or studying other PBOs to evaluate themselves against partners and also to share best practices.** The identification of best practices is a commonly recognized approach to assessing and improving performance. FSA should seek out and study other PBOs to exchange information about organization, performance metrics, assessment of success, and reporting to oversight entities.

## **Conclusion**

We do not believe that any of these challenges are insurmountable. By increasing partnerships with schools, increased accountability to the public and stakeholders, and some structural changes that must be made in law, we believe that each of these issues can be appropriately addressed. The continued disregard for required reporting and planning procedures, overzealous oversight, and botched implementations all indicate that we need to demand more. When these changes are appropriately implemented, we believe that FSA can be the partner that schools and students need by providing the best-in-class service as mandated and intended through the PBO designation.



# GE REPORTING

10/31/14	<b>GE Reporting final regulations published</b>		8/10/15	<b>EA 58 (2 pgs)</b> (+ 10 days) (<60 days)	<ul style="list-style-type: none"> <li>• Clarifying how to report programs that were discontinued/ceased to be eligible before 7/1/15 (effective date of regulations).               <ul style="list-style-type: none"> <li>o Some programs still had to be reported, but no extension provided.</li> <li>o "While the deadline for reporting has now passed, we understand that some institutions may not have understood that reporting for discontinued programs is required. Moreover, these and other institutions would not have had the guidance provided above when they reported for their programs. If your institution has not yet reported all required data, your institution should do so as soon as possible. We expect to send letters by the end of the month to institutions that have not reported or who may have reported incomplete data."</li> </ul> </li> </ul>
2/11/15	<b>Initial publication of the NSLDS GE User Guide (263 pgs)</b> (<180 days)				
	<ul style="list-style-type: none"> <li>• Technical manual for schools to use when reporting GE data.</li> </ul>				
	<b>EA 52 (2 pgs)</b> (<180 days)				
	<ul style="list-style-type: none"> <li>• Schools may voluntarily report data; Reminder about 7/31/15 deadline.</li> </ul>				
	<b>Q&amp;A guidance</b> (<180 days)				
	<ul style="list-style-type: none"> <li>• Transfer of still-applicable guidance from prior GE regulations to new Q&amp;A site.</li> <li>• Details about reporting due on 7/31/15 and 10/1/15.</li> </ul>				
4/8/15	<b>Q&amp;A guidance</b> (<120 days)				
	<ul style="list-style-type: none"> <li>• Reporting institutional debt.</li> </ul>				
4/27/15	<b>Q&amp;A guidance</b> (<100 days)				
	<ul style="list-style-type: none"> <li>• Reporting enrollment status.</li> </ul>				
5/5/15	<b>Q&amp;A guidance</b> (<90 days)		8/20/15	<b>Updated version of the NSLDS GE User Guide</b> (+20 days) (<50 days)	<ul style="list-style-type: none"> <li>• Technical manual for schools to use when reporting GE data.</li> </ul>
	<ul style="list-style-type: none"> <li>• Private loans, institutional debt for students enrolled in more than one program.</li> </ul>				
6/30/15	<b>Updated version of the NSLDS GE User Guide</b> (31 days)			<b>EA 59 (2 pgs)</b> (+ 20 days) (<50 days)	<ul style="list-style-type: none"> <li>• Program tracking functionality: "...shows whether the institution has reported to NSLDS the GE information for the program that is required..."               <ul style="list-style-type: none"> <li>o 9 calendar days before the first warning letter (8/29/15).</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• Technical manual for schools to use when reporting GE data.</li> </ul>				
	<b>GEN-15-12 (12 pgs)</b> (31 days)		8/29/15	<b>First warning letter</b>	<ul style="list-style-type: none"> <li>• Referenced in EA 60</li> </ul>
	<ul style="list-style-type: none"> <li>• Summary of regulatory requirements; Reminder about 7/31 deadline.</li> </ul>				
	<b>EA 56 (1 pgs)</b> (31 days)		9/4/15	<b>EA 60 (3 pgs)</b> (+ 29 days) (26 days)	<ul style="list-style-type: none"> <li>• Reporting/Resolving incorrect credential level data; Required separate NSLDS and COD corrections.</li> <li>• 6 calendar days after first warning letter.</li> </ul>
	<ul style="list-style-type: none"> <li>• Updated GE user guide; Reminder about 7/31 deadline.</li> </ul>				
7/13/15	<b>EA 57 (2 pgs)</b> (18 days)		9/22/15	<b>Second warning letter</b>	
	<ul style="list-style-type: none"> <li>• Addressing common errors.</li> <li>• Warning about compliance letters.</li> <li>• Reminder about 7/31 deadline.</li> </ul>				
7/15/15	<b>Q&amp;A guidance</b> (16 days)		10/1/15	<b>GE reporting to NSLDS due</b>	<ul style="list-style-type: none"> <li>• 2014-15 data for all programs.</li> </ul>
	<ul style="list-style-type: none"> <li>• Reporting students without Title IV aid until subsequent years of enrollment.</li> </ul>				
7/17/15	<b>Q&amp;A guidance</b> (14 days)		10/8/15	<b>EA 61 (2 pgs)</b> (+ 61 days) (+ 7 days)	<ul style="list-style-type: none"> <li>• How schools can confirm compliance with GE reporting.               <ul style="list-style-type: none"> <li>o 1 day before third warning letter (10/9/15).</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• Determining and reporting assessed amounts for tuition, fees, books, supplies, and equipment.</li> </ul>				
7/30/15	<b>Q&amp;A guidance</b> (1 day)		10/9/15	<b>Third warning letter</b>	
	<ul style="list-style-type: none"> <li>• Confirmation of reporting submission and finding and resolving errors.               <ul style="list-style-type: none"> <li>o Guidance does not indicate how to confirm compliance, only that the school did not make errors during the submission process.</li> </ul> </li> </ul>		10/15/15	<b>Updated version of the NSLDS GE User Guide</b> (+68 days) (+14 days)	<ul style="list-style-type: none"> <li>• Technical manual for schools to use when reporting GE data.</li> </ul>
7/31/15	<b>GE reporting to NSLDS due</b>				
	<ul style="list-style-type: none"> <li>• 2008-09 to 2013-14.</li> <li>• Medical/Dental residency programs 2007-08 to 2013-14.               <ul style="list-style-type: none"> <li>o 2006-07 to 2010-11 was previously reported 11/15/11, but had to be re-reported under the new rules. Nov. 2011 due date was an extension from the original 10/1/11 date. No extensions provided with the new regulations.</li> </ul> </li> </ul>				

**Committee on Oversight and Government Reform  
Witness Disclosure Requirement – “Truth in Testimony”  
Required by House Rule XI, Clause 2(g)(5)**

Name: Justin Draeger

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1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2012. Include the source and amount of each grant or contract.

As of October 31, 2015 NASFAA received two honorarium's from the U.S. Department of Education's National Center for Education Statistics (via RTI International and Coffey Consulting) for participation in two Technical Review Panels:

- August 4-5, 2015: National Postsecondary Student Aid Survey: 2016 Technical Review Panel. \$800.
- August 25-26, 2015: Beginning Postsecondary Students Longitudinal Study (BPS) 12:17 Technical Review Panel. \$800.

Both of these checks were made payable to NASFAA.

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2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

President & CEO of the National Association of Student Financial Aid Administrators.

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3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2012, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

As referenced above, as of October 31, 2015 NASFAA received two honorarium's from the U.S. Department of Education's National Center for Education Statistics (via RTI International and Coffey Consulting) for participation in two Technical Review Panels:

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Both of these checks were made payable to NASFAA.

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*I certify that the*  
Signature:

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*is true and correct.*

Date: 11/13/2015

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**Justin Draeger**  
**NASFAA President & CEO**

**Justin Draeger Justin Draeger** is President and CEO of the National Association of Student Financial Aid Administrators. He serves as the primary voice of NASFAA and as the liaison between 3,000 financial aid offices and Congress and the federal government. Most of Justin's career has been devoted to assisting disadvantaged populations achieve their educational goals and better their communities. For the last 15 years, Justin has been engaged in administering, interpreting, and developing student financial aid policy. His prior experiences include working as a financial aid director and regulatory and policy analyst. He has held senior positions overseeing government relations, communications, and public policy work. Justin is frequently quoted in the press and has appeared on The Today Show on NBC, National Public Radio, APM's Marketplace, Fox Business News, CNBC, and C-SPAN, and is often quoted in national news outlets. Justin currently serves on the boards of directors of Baker College, the Association Mutual Health Insurance Company, and other organizations that promote health and education. He earned his undergraduate from Brigham Young University and his MBA from Baker College.