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CONSUMER BANKERS ASSOCIATION

MARKET RESEARCH 2007

Public Opinion Poll Results among Financial Aid Directors and
Administrators

FINAL RESEARCH REPORT

Submitted June 2007 by

The Hannon Group, LLC

A Public Relations and Market Research

Firm

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Executive Summary

In May 2007, the Consumer Bankers Association secured an independent Washington Metro area-based market research firm, The Hannon Group, to design and conduct a public opinion survey on issues in the student loan industry. An online survey was designed to determine public opinion regarding new proposed legislation on student loans as well as to attain viewpoints on related issues and programs such as the Federal Family Education Loan Program, preferred lender lists and tactics to enhance and promote lender options to student and family borrowers. The Hannon Group managed the entire project and presents the results of the study in this report.

The online survey was launched May 8, 2007 and distributed to 2,616 financial aid administrators throughout the country. Approximately 2,036 surveys were received without “bounce backs” or “out-of-office” notices. The results are based on the responses of 528 individuals, representing close to a 26% response rate. Most of the respondents were senior level financial aid administrators holding the title of Director of Financial Aid. Three quarters of the respondents had been in their positions for 10 years or more.

The overall findings indicate that respondents participating in this survey are in support of efforts to keep borrowers aware of different loan options and to create or maintain processes that provide borrowers options in terms of the costs of loans and the quality of loan services. There was agreement among a vast majority of respondents on the strategies and tactics to ensure awareness and enhance loan options. For example, three quarters of the respondents agreed that financial aid administrators should recommend a lender based on their best assessment of the terms of the cost of the loan and the quality of the service to the borrower. Another strategy that more than 80% of respondents supported was to finance an increase in the maximum Pell Grant. In addition, nearly half of the respondents said that strategies such as increasing Stafford Loan limits (46% of respondents) and providing repayment relief to highly-indebted student borrowers should be top priorities in the student loan industry. More than half of respondents (56%) believe that the best way to assure that student and parent borrowers are aware of their right to choose a federal or non-federal lender is to increase required notifications to borrowers reminding them of that right. Currently, the vast majority of respondents (87%) make borrowers aware of their right to select their student loan lender.

There was also considerable agreement that certain strategies would not increase benefits to borrowers. For example, nearly half of the respondents (49%) did not embrace the idea of an auction for the right to make student loans or to determine what lenders will accept as the lower federal payments for making loans. A vast majority of respondents did not believe that federal legislation or regulations were necessary to manage the usage of preferred lender lists. Preferred lender lists were not viewed as problematic, nor was there perception among more than 90% of the respondents that there is widespread unethical behavior in the school and

FFEL loan provider communities. More than 90% of respondents said actions such as a ban of preferred lender lists would not result in lower cost student loans or higher quality service.

The details of the study methodology and results are provided on the subsequent pages of this report.

INTRODUCTION

The Hannon Group is pleased to present this report of findings from a public opinion survey conducted among Financial Aid Directors and administrators throughout the country. Designed to attain insights from these professionals on various issues pertaining to the loan industry, the online survey was conducted in May, 2007. The resulting data provides indicators of public opinion on issues such as preferred lender lists, private-public partnerships for student loans and government-run loan programs.

BACKGROUND

The Consumer Bankers Association contracted The Hannon Group, an independent public relations and market research firm, to design and conduct an online survey to attain public opinion on the student loan industry in the United States. The Hannon Group, a Limited Liability Corporation, conducts quantitative research using scientific approaches.

PROJECT GOAL AND OBJECTIVES

The goal of the survey study was to attain opinion on specific issues within the student loan industry. The research was particularly geared toward determining where public opinion fell regarding new proposed legislation to allocate the management of student loans to the federal government and repeal the FFELP (Federal Family Education Loan Program), a private sector-based student loan program.

Specific objectives for the project were to secure public opinion to:

- Identify the biggest problem with the current student loan programs;
- Examine public opinion on the necessity of providing borrower options for students and their families;
- Clarify whether legislation or regulations are necessitated by preferred lender lists;
- Understand how academic institutions operate their student loan processes; and
- Gain insights into how financial aid administrators think student loans should be promoted to students and their families.

PROJECT APPROACH

Respondent Recruitment and Schedule: The survey was launched on May 8, 2007 and sent to 2,616 financial aid administrators throughout the United States. Since this was a nation wide study, the survey was released at 11:30 A.M. CST. This allowed respondents on the west coast to have already arrived at their offices and deleted Spam email and it was also before east coast respondents started to close-out for the day. Between May 8 and May 18, two reminders were distributed to respondents who did not complete the survey. Analysis of the survey data began on May 21, 2007.

Respondents: A total of 528 individuals participated in the study.

Incentives: Unlike with many online surveys, incentives (such as cash stipends for completing the survey) were NOT provided to respondents for having completed the survey.

Respondent Feedback: In the invitation to participate in the survey, potential respondents were provided with contact information on the project manager which included an email address and phone number so they could contact the project manager if they had any questions. One dozen individuals out of the 2,616 individuals who had been sent invitations to participate in the survey had questions or comments about the survey. Typically, respondents wanted to know who sponsored the survey and how the information was going to be used. Below is a verbatim request that is representative of the majority of email or telephone inquiries received.

I would be happy to participate in this survey but before I do, I would like to know who the client is for The Hannon Group on this survey? In other words, who is paying for it and how are the results going to be used? Is it the US Dept of Ed? Is it a lender or lender group? Thank you.

The following information was provided to the potential respondents the same day or within 24 hours of the inquiry.

1. Consumers Bankers Association is sponsoring the survey.
2. The opinions of the financial aid administrator community are highly regarded by the lending community. “Your” input will help us to better understand how you feel about current proposals that may impact students, schools, and the student loan industry.
3. The overall survey results may be used in communications with schools and policy makers on a variety of topics and issues. Therefore it is important that we represent those views accurately in these communications.
4. The survey list was compiled from a variety of sources including online listings, university catalogues, etc.

The research team received four communiqués that were distinctly hostile saying that the survey had “leading” questions. Below is an excerpt from one email.

The questions are loaded and the options are too limited. Any one who knows anything about the loan situation and who has any ethics what so ever will tell you the FFELP program has to go. The lenders have had decades of opportunities to show their stripes....greed and corruption. The current scandal doesn't even begin to touch on the real issue which is obscene profits for lenders at the expense of students and parents.

METHODOLOGY & PARTICIPANT PROFILE

The survey was conducted online to enable respondents to quickly and easily access and complete the survey. The survey questionnaire was designed by a team comprised of representatives from CBA and The Hannon Group. The survey was comprised of a total of 20 questions, 19 of which were closed ended and 4 of which where questions to gather demographic data from the respondents. The survey included one open-ended question to provide all respondents with the opportunity to enter written feedback and commentary on the survey and the issues it addressed. Once finalized, the survey was programmed for online execution and management. A pre-test of the survey was conducted to ensure the accurate recording of data and precise statistical calculations.

To ensure that surveys could only be completed once per respondent, each respondent was provided a unique password to complete the survey. This ensured each email invitation would result in a single completed survey. If they forwarded the survey and password to another individual, that person could complete the survey using the password but that would subsequently nullify the original recipient's ability to complete the survey.

In the management of the administration of the survey, respondents who contacted the project manager expressing technical difficulties in attempting to complete the survey received technical support the same day or within 24 hours of receipt of their communiqué. In two instances out of the 2,616 emails distributed, respondents said that they could not access a password to allow them to complete the survey. In those instances, they received instructions and a link that had their password already attached.

In a second instance, the project manager received two emails out of the 2,616 distributed from respondents that indicated that one question on the survey did not offer the options that enabled them to accurately answer the question. The specific question was question number 19 that asked how long the respondent had been in the loan industry. The research team adjusted the question and added another answer option that included not applicable.

Researchers used descriptive statistics to record and analyze responses to the closed-ended questions. A form of content analysis was used to analyze the written comments provided by the respondents. Research analysts read all comments and identified words or phrases that indicated what position the respondent held on a specific topic.

Response Rate: The survey was distributed to 2,616 potential respondents. A number of bounce backs and returned error messages occurred. The very first bounce back is 95% accurate and there were 550 – 580 bounce backs and out-of-office replies. Typically, a sender will receive more than one bounce-back notice from the same source. Approximately, 2,036 surveys were received without interruption. Out of those received, there were 528 completed surveys, representing an approximate 25.9%.

Respondent Profile: Of the 528 respondents that completed the survey, 85% of them held the position of Director of Financial Aid. Others were Financial Aid Analysts (1%), Financial Aid Officer (5%), University Administrator (4%) and Vice President of Financial Aid (6%). Seventy-five percent of the respondents had been in the industry for more than 10 years. Respondents operated in all parts of the country including the East Coast (27% of respondents), West Coast (17%), Southern (22%), Mid-Atlantic (5%) and the Mid-West (31%).

Section Two: Findings

The following section provides the findings of the survey. This section identifies trends and themes in the participants' feedback.

Public Opinion on the Biggest Problem with Current Student Loan Programs

According to 49% of respondents, the biggest problem with the current student loan programs is the increasing levels of student debt. Forty-four percent of respondents indicated that the second biggest problem is that the maximum annual and aggregate loan amounts are too low.

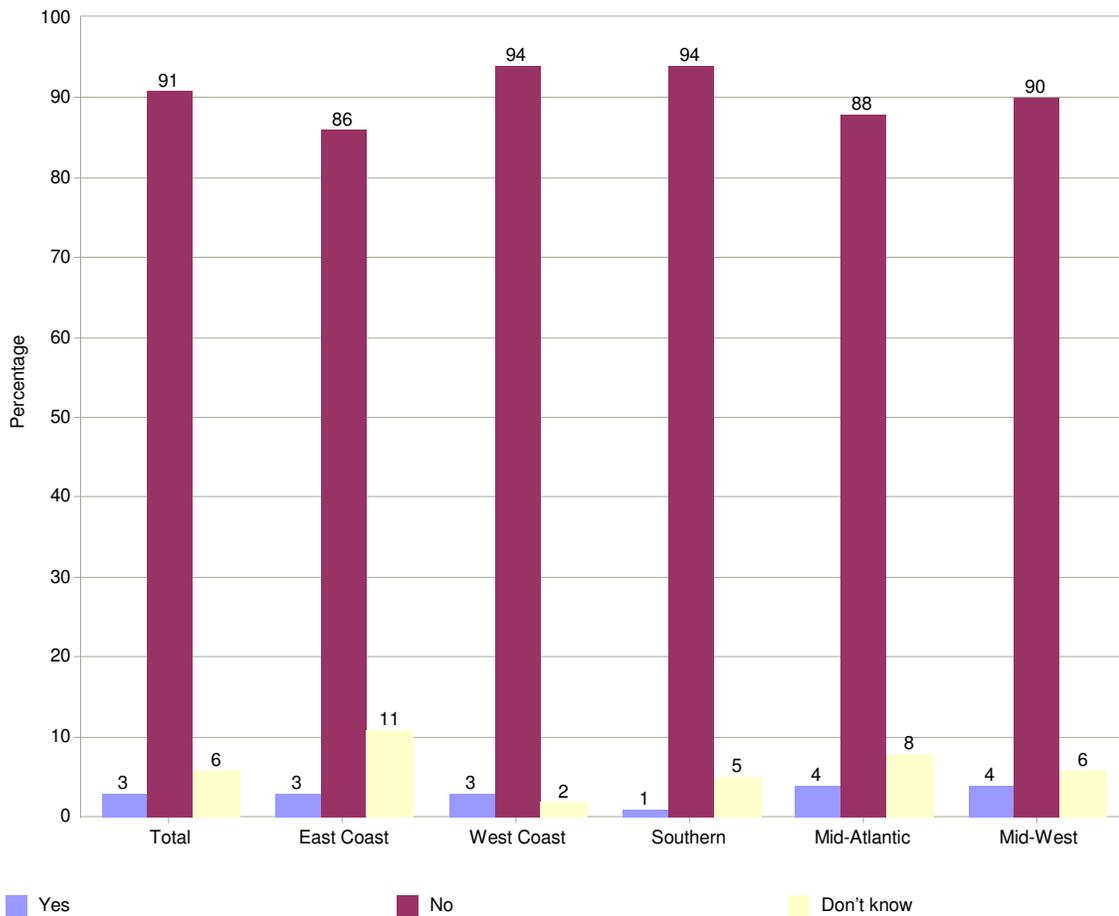
The vast majority of respondents (83%) believe that as Congress seeks to find funds to finance an increase in the maximum Pell Grant, they should appropriate the necessary funds and call it an investment in America's youth. This was by far the most appropriate action according to respondents, with less than 10 percent indicating that congress should eliminate SEOG, the Perkins Loan Program, and cut FFEL to find the money. In fact, close to two thirds of the respondents (64%) indicated that if Congress were to repeal the FFEL or Direct Loan Program, the surviving program would deteriorate because there would be no competition and schools and borrowers would not have the option of using another program.

For three quarters of the respondents (75%), out of a number of higher education priorities, the top priority should be increasing the maximum Pell Grant. Almost half (46%) said that increasing Stafford Loan limits should be a priority and 44% said that another priority should be in providing repayment relief to highly-indebted student borrowers. Other issues that were much lower on respondents priority list included simplifying the FASFA (31% of respondents), and regulating how lenders and guarantors market FFEL loans to schools (19% of respondents).

Public Opinion on Providing Borrower Options for Students and their Families

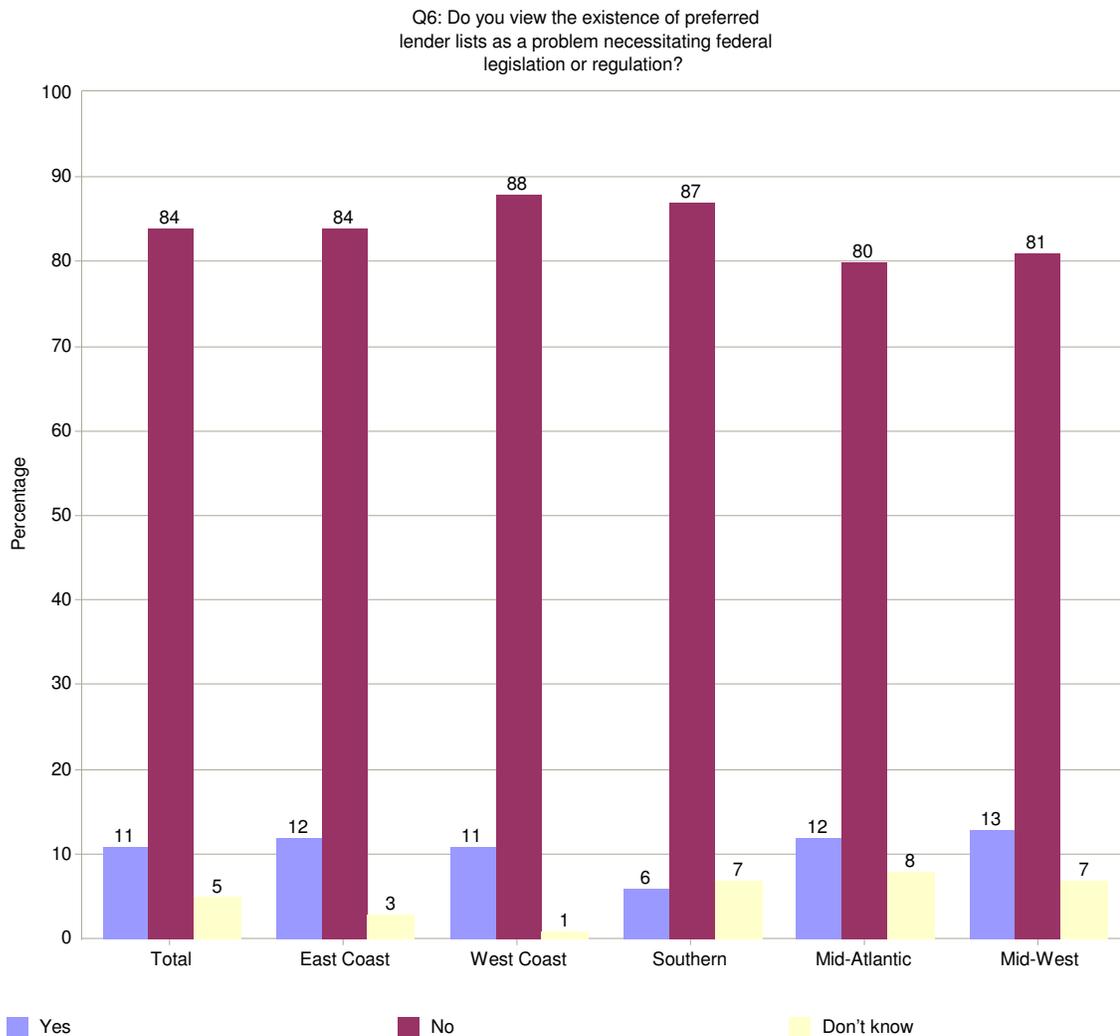
More than three quarters of the respondents (76%) to this survey agreed that financial aid administrators should recommend a lender based on the basis of their best assessment of what is in the interest of the borrower in terms of the cost of loan and the quality of the service. Only 20% of respondents indicated that the financial aid administrators should not recommend a lender under any circumstances. In fact, 91% of respondents indicated that if Congress were to ban preferred lender lists, they did not believe that student and parent borrowers would get lower cost student loans supported with higher-quality servicing and customer service. As indicated in the chart below, most respondents across the country shared this view; irrespective of the region in which they were located.

Q13: If Congress were to ban preferred lender lists, do you believe it likely student and parent borrowers would get lower cost student loans supported with higher-quality servicing and customer service?



Legislation or Regulations Necessitated by Preferred Lender Lists

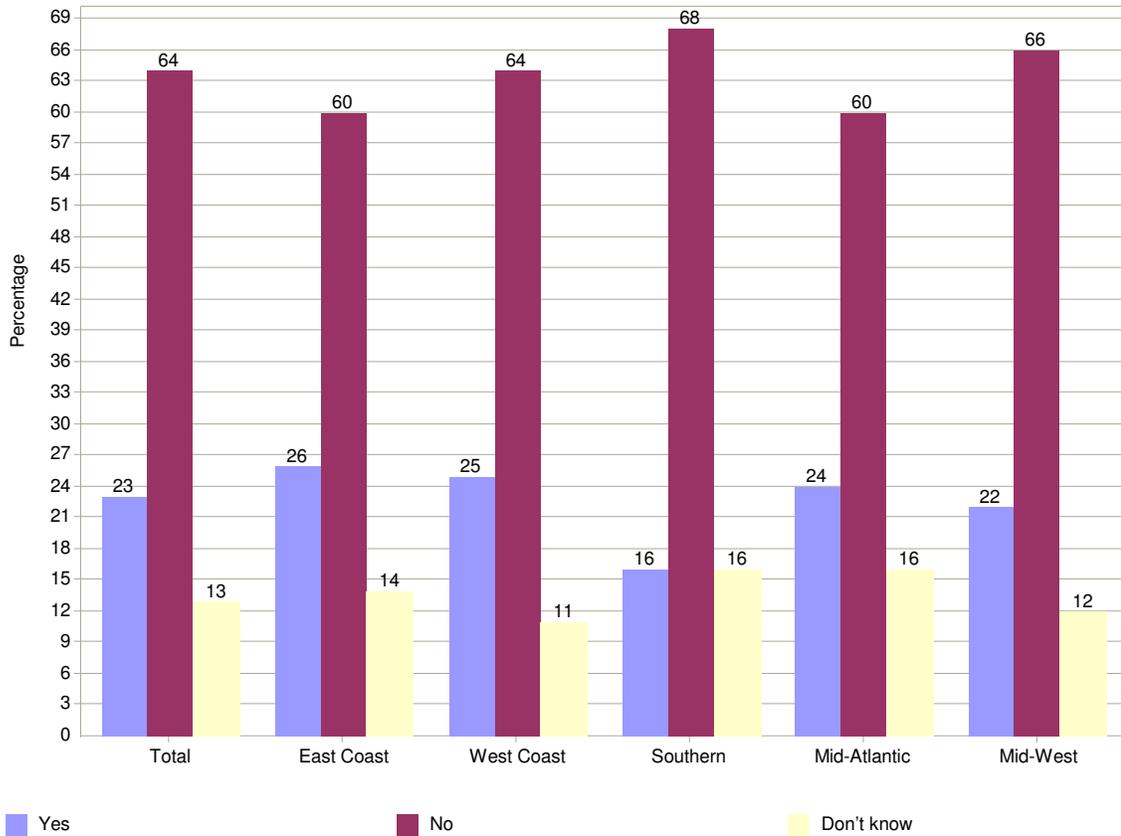
The vast majority of respondents (84%) do not agree that the existence of preferred lender lists is a problem that necessitates federal legislation or regulation. As indicated in the chart below, most respondents across the country shared this view; irrespective of the region in which they were located.



By contrast, only 11% of respondents indicated that they think federal legislation or regulation is necessary. Sixty-four percent of respondents indicated that regulation of preferred lender lists would not improve the quality of loans for borrowers in terms of loan costs and quality of customer service. Regulations such as requiring at least three unaffiliated lenders on the list and requiring schools to publish the criteria for the selection of lenders were presented to

respondents. Approximately two thirds of respondents in every region of the country said it would not. As indicated in the chart below, most respondents across the country shared this view; irrespective of the region in which they were located.

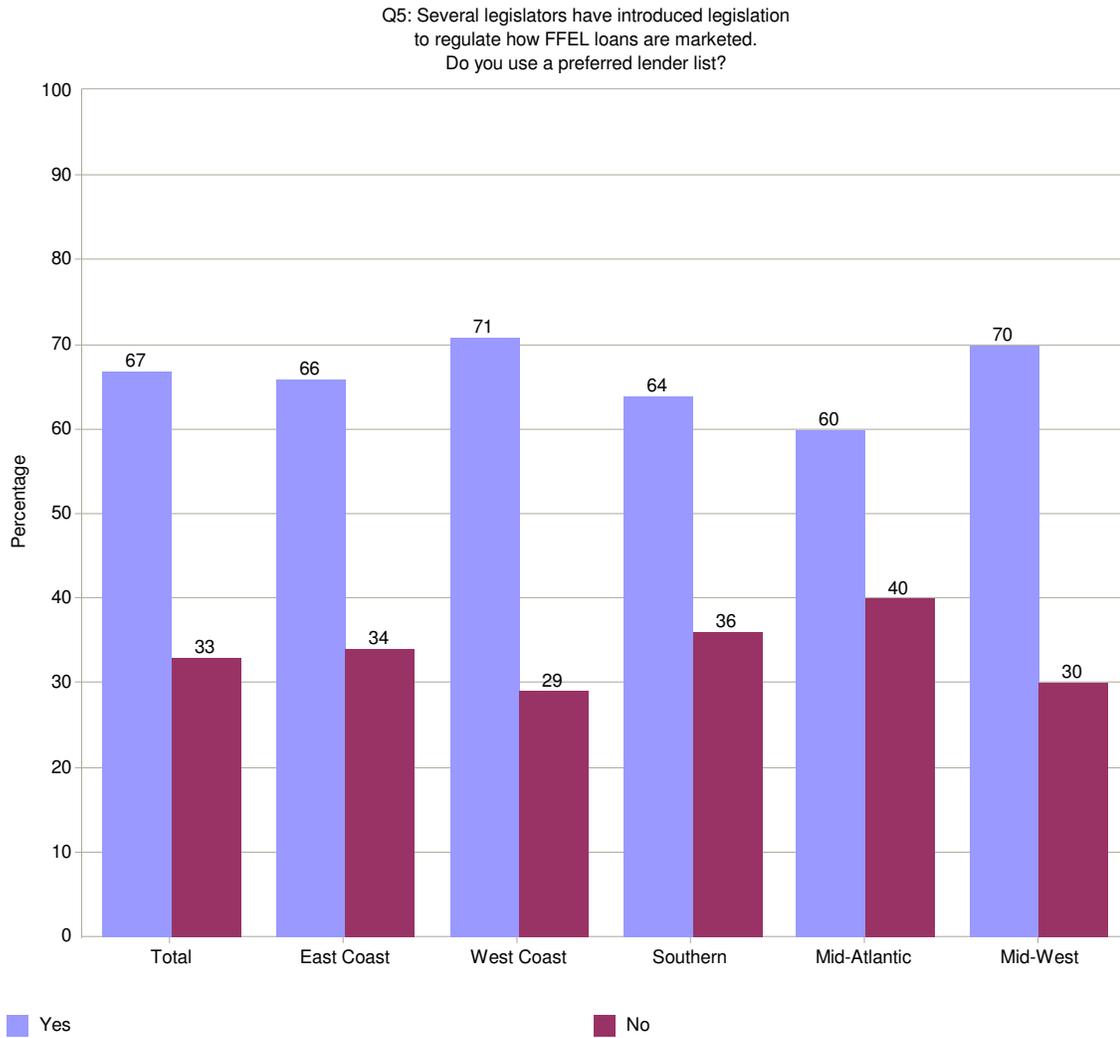
Q7: Would regulation of preferred lender lists (things like requiring at least three unaffiliated lenders to be on the list and requiring schools to publish the criteria for the selection of lenders) improve the quality of loans for borrowers in terms of loan costs and quality of customer service?



Nearly one quarter of respondents (23%) indicated that regulation would improve the quality of loans for borrowers.

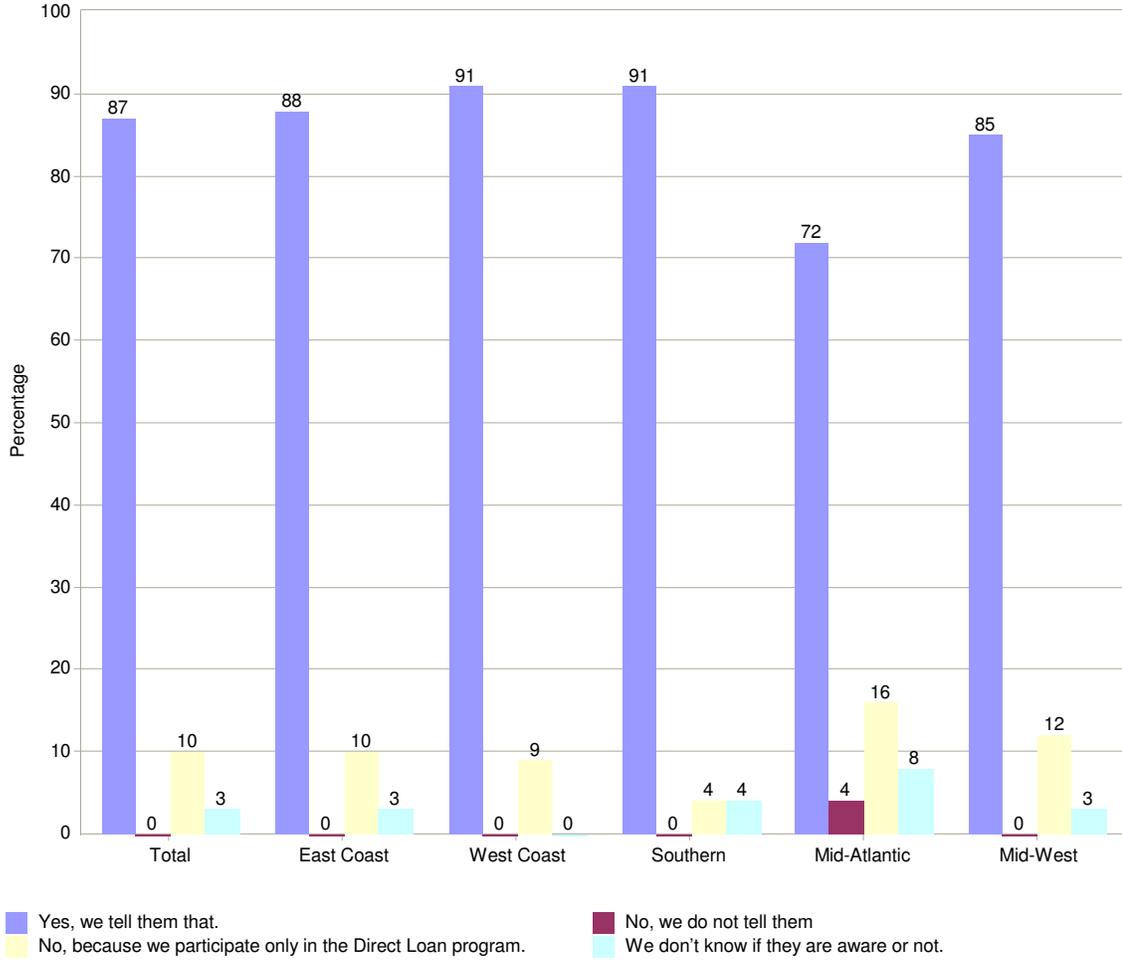
Student Loan Processes at Academic Institutions

Currently, a little more than two thirds of all the respondents (67%) indicated that they use a preferred lender list. Across the country, percentages are similar.

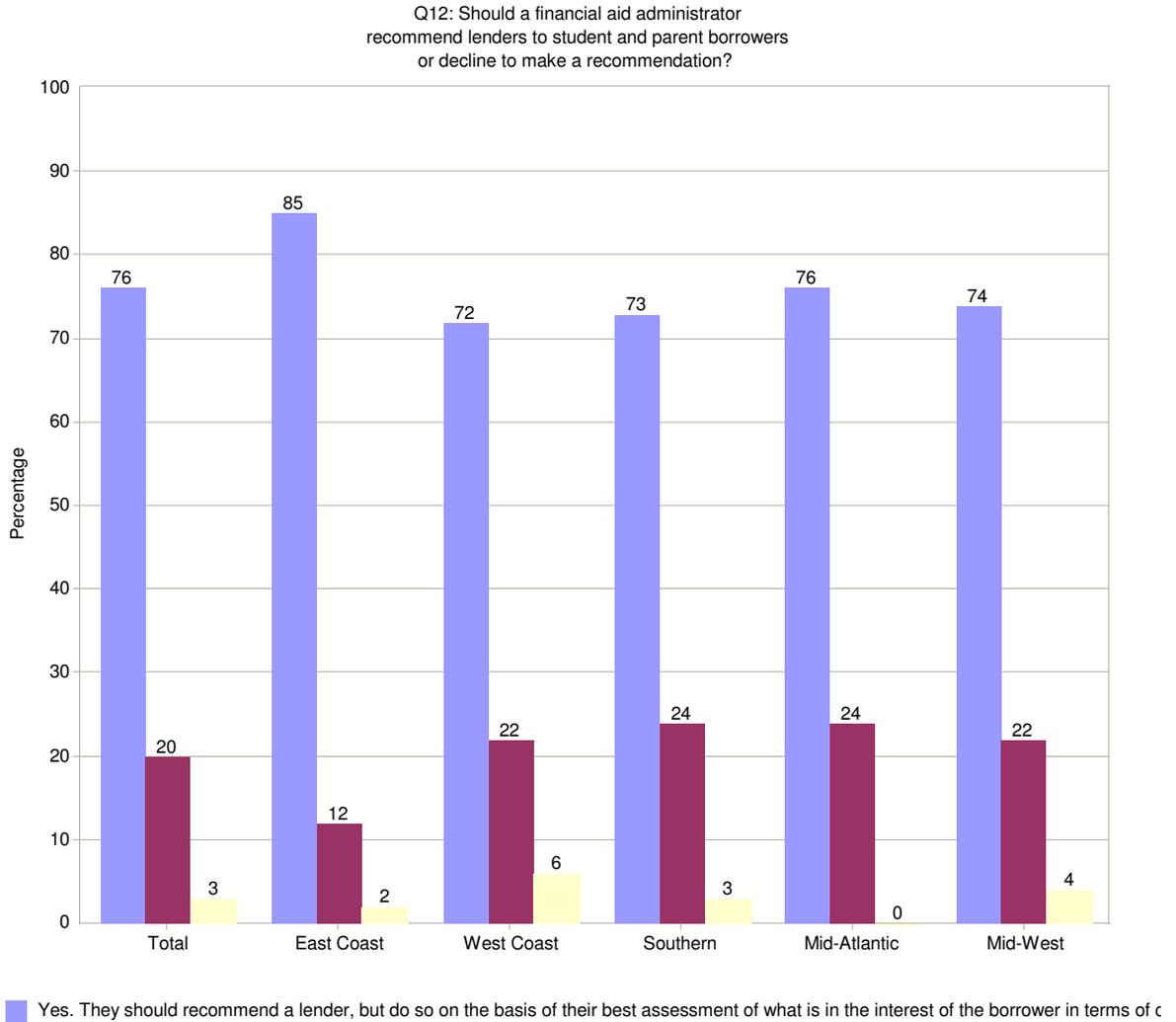


As the following chart indicates, the vast majority (87%) of all respondents also indicated that they make borrowers aware of their right to select their student loan lender, though another 10% indicated they do not because they participate only in the Direct Loan program. Specific percentages per region vary, but in all regions, the vast majority said they make people aware.

Q8: Are borrowers at your institution aware that they have a right to choose their student loan lender?



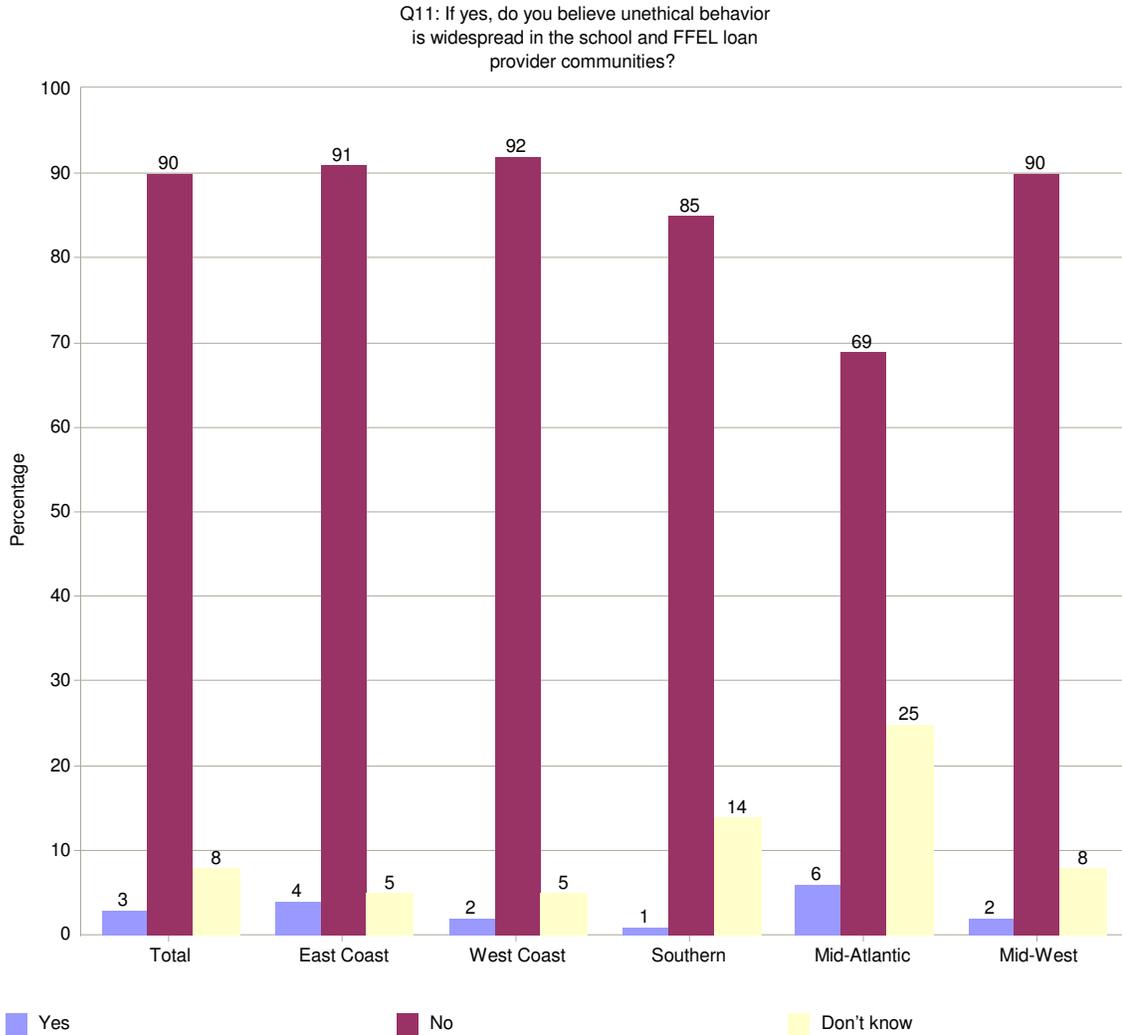
As the following graph indicates, more than three quarters of respondents across the country agree that financial aid administrators should recommend lenders to student and parent borrowers.¹



As it stands, the vast majority of all respondents (90%) indicated that they do **not** believe unethical behavior is widespread in the school and FFEL loan provider communities.

¹ The response options for Q12 are lengthy and do not show up in the legend to the graph. The answer options are Yes. They should recommend a lender, but do so on the basis of their best assessment of what is in the best interest of the borrower in terms of cost of loan and quality of service. No is shown in the burgundy color. No they should not recommend a lender under any circumstances. Do not know is shown in yellow.

The chart below provides percentages per region and does indicate that fewer respondents in the Mid-Atlantic region do not believe unethical behavior is widespread. This lower percentage may be because respondents are located in the “nucleus” of activity and newspaper accounts.

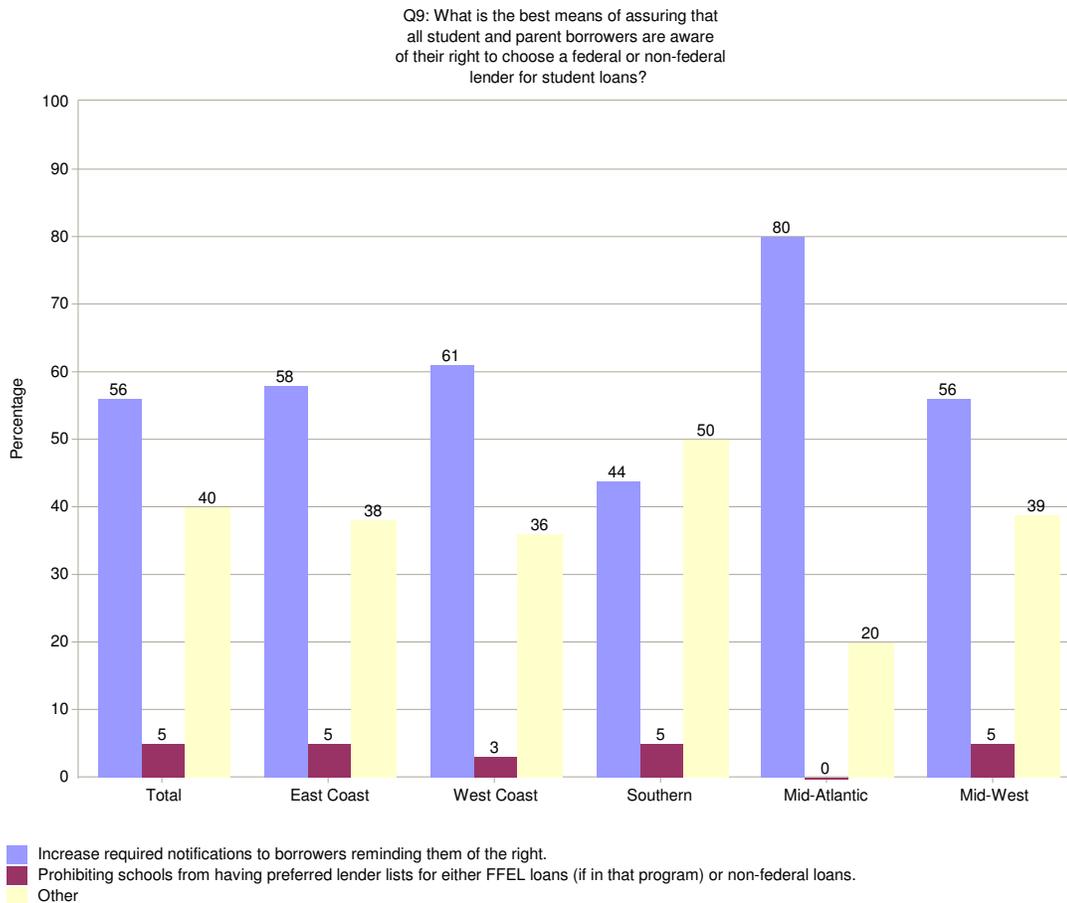


Only three percent of respondents do believe widespread unethical behavior exists. Not surprisingly, 83% of respondents do **not** believe the premise of the Student Loan Sunshine Act which is that schools promote the loans of particular lenders in exchange for monetary and other inducements.

Ideal ways to Promote Student Loans to Students and their Families

More than half of respondents (56%) believe that the best way to assure that student and parent borrowers are aware of their right to choose a federal or non-federal lender is to increase required notifications to borrowers reminding them of that right. Respondents (49%) did not indicate that an auction for the right to make student loans or to determine what lenders will accept as the lowest federal payments for making loans would increase benefits to borrowers. Half of respondents (50%) indicated that an auction would not necessarily give borrowers the opportunity to get all of their loans from a single lender. Nearly 60% indicated that an auction would curtail the borrowers' choice of a lender. Not surprisingly, over three quarters of respondents (78%) were **not** in favor of an auction. Conversely, only 4% were in favor and another 18% were undecided.

As the chart below indicates, across the country, respondents agree that prohibiting preferred lender lists would **not** build awareness among borrowers of their options.



Respondent Comments

Of the 528 respondents, 210 (39.7%) of the respondents provided written comment on the student loan industry and specifically on issues such as preferred lender lists, private-public partnerships for student loans and government-run loan programs. Not surprisingly, the respondent comments mirror the opinions indicated in the closed-ended portion of the survey. Most of the comments addressed the new legislation that is under consideration to regulate student loans. Most notably, of the 210 respondents, more than 80% were against legislation and regulations of the FFELP. Content analysis indicated that respondents felt that regulation or legislation would be detrimental to the student and a burden for the financial aid administrator. Other comments indicated that FFELP is beneficial to the student. Some respondents indicated what they felt government focus should be on the issue.

Below are excerpts from comments that fit one of the aforementioned categories.

Detrimental to the Student

- Going to hurt loan program
- Causing great harm
- Political motivation/gain
- Student loses out with limits
- Undue hardships on students
- If the proposed legislation is enacted it will lead to:
Decreased borrower benefits
Increased costs to college
Greater administrative burden
=COST of attend college will INCREASE

A Burden for the Administrator

- Laws will burden FA officers, not help students
- More restrictions= less ability to assist students

Beneficial to the Student

- Preferred list help protect families
- Preferred list were created to assist student borrower
- Preferred list are beneficial to student

The Government Focus

- Department of Education should ensure current regulation are enforced
- Enforce current regulation
- Congress should not try to regulate student loan industry
- No need for alternative loans if Congress paid attention to rising costs of education

SECTION THREE: TOP INSIGHTS

Considering the respondents views on top priorities for the student loan industry, the value of the FFELP and suggestions for future directions to enhance the industry, The Hannon Group offers the following insights:

- Most respondents do not support regulations and legislation surrounding the FFELP
- Most respondents support efforts to maintain awareness of borrower options
- Most respondents do not believe there is widespread unethical behavior, but that a few incidents have resulted in federal “knee jerk” reaction

SECTION FOUR: APPENDIX

Public Opinion Survey

Survey Questions for Financial Aid Administrators: (Choose only one answer per question):

1. Congress may soon consider legislation making major changes to the student loan programs. What do you see as the biggest problem with the current programs?

- Increasing levels of student debt.
- Federal program costs are too high.
- The programs are too complicated.
- Maximum annual and aggregate loan amounts are too low.

2. As Congress seeks to find funds to finance an increase in the maximum Pell Grant, they should:

- Eliminate SEOG, the Perkins Loan Program, and cut FFEL to find the money.
- Appropriate the necessary funds and call it an investment in America's youth.
- Should not increase the maximum Pell Grant.
- Don't know.

3. If Congress were to repeal the FFEL or Direct Loan program, would the surviving program: (Check the response that best applies.)

- Improve because it would now be used by all students and parent borrowers at all schools.
- Deteriorate because there would be no competition and schools and borrowers would not have the option of using another program.
- Things would remain the same—no improvement and no deterioration.
- Don't know.

4. Of the following higher education issues, which should be priorities for 2007? (Check all that apply.)

- Simplifying the FASFA.
- Increasing the maximum Pell Grant.
- Regulating how lenders and guarantors market FFEL loans to schools.
- Providing repayment relief to highly-indebted student borrowers.
- Increasing Stafford Loan limits.

5. Several legislators have introduced legislation to regulate how FFEL loans are marketed. Do you use a preferred lender list?

Yes.

No.

6. Do you view the existence of preferred lender lists as a problem necessitating federal legislation or regulation?

Yes

No.

Don't know.

7. Would regulation of preferred lender lists (things like requiring at least three unaffiliated lenders to be on the list and requiring schools to publish the criteria for the selection of lenders) improve the quality of loans for borrowers in terms of loan costs and quality of customer service?

Yes

No.

Don't know.

8. Are borrowers at your institution aware that they have a right to choose their student loan lender?

Yes, we tell them that.

No, we do not tell them

No, because we participate only in the Direct Loan program.

We don't know if they are aware or not.

9. What is the best means of assuring that all student and parent borrowers are aware of their right to choose a federal or non-federal lender for student loans?

Increase required notifications to borrowers reminding them of the right.

Prohibiting schools from having preferred lender lists for either FFEL loans (if in that program) or non-federal loans.

Other: (No fill in option.)

10. The premise of a bill known as the Student Loan Sunshine Act is that schools promote the loans of particular lenders in exchange for monetary and other inducements. Do you believe this premise is correct?

yes

no

don't know

11. If yes, do you believe unethical behavior is widespread in the school and FFEL loan provider communities?

Yes.

No.

Don't know.

12. Should a financial aid administrator recommend lenders to student and parent borrowers or decline to make a recommendation?

Yes. They should recommend a lender, but do so on the basis of their best assessment of what is in the interest of the borrower in terms of cost of loan and quality of service.

No. They should not recommend a lender under any circumstances.

Don't know.

13. If Congress were to ban preferred lender lists, do you believe it likely student and parent borrowers would get lower cost student loans supported with higher-quality servicing and customer service?

Yes.

No.

Don't know.

14. At least one legislator has suggested that the Department of Education hold an auction for the right to make student loans or to determine what lenders will accept the lowest federal payments for making loans. How would a student loan auction impact borrowers? Select all that apply.

Borrower benefits would be reduced.

Borrower benefits would be increased.

Borrowers might not have the opportunity to get all of their loans from a single lender.

Borrower choice of lender would be curtailed.

Don't know.

15. Do you favor such an auction proposal?

Yes.

No.

Don't know.

16. Please add any final comment you would like to contribute.

Demographic Section

17. What is your title? Select the most appropriate title.
- Director of Financial Aid
 - Financial Aid Analyst
 - Financial Aid Officer
 - University Administrator
 - Vice President of Financial Aid
18. How long have you been in your current position?
- 1 – 12 months
 - 1 – 3 years
 - 4 – 6 years
 - 7 – 10 years
 - 10 plus years
19. How long have you been in the financial loan industry?
- 1 – 12 months
 - 1 – 3 years
 - 4 – 6 years
 - 7 – 10 years
 - 10 plus years
 - not applicable
20. Where are you located?
- East Coast
 - West Coast
 - Southern
 - Mid-Atlantic
 - Mid-West

Evite to Potential Respondents

Please accept this invitation to participate in a survey of public opinion on the state of student loans in the United States. This survey offers the opportunity to provide feedback on issues such as preferred lender lists, private-public partnerships for student loans and government-run loan programs. The survey is intended to gather information on public views on these various topics.

The survey should take approximately five minutes to complete. Your responses will be kept strictly confidential.

Please click [here](#) to begin the survey:

Thank you in advance for your time and input.

If you have questions please call Sandra Wills Hannon, Ph.D., Director of this research project at (301) 839-2744.

Sincerely,

Sandra Wills Hannon, Ph.D.
Project Director
The Hannon Group, LLC
(301) 839-2744 Office
(240) 888-9736 Cell
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Verbatim Respondent Essay Answers

1. Respondent 1

The issues regarding preferred lender lists are over blown and brought undo harm to the financial aid profession; there are regs in place and those that violate should be held accountable but the over whelming majority of schools and administrators are not guilty of any wrong doing only that which has been perceived by a few politically motivated to gain recognition. In most case it be will dteremined, once the facts are revealed that students haven't been shafted by their schools and paid higher rates as a result.

2. Respondent 4

Some of your questions were too narrow in options to answer. Increased regulation will not help this. The problem is that the programs are too complicated and increased regulation will increase that complication. Schools should have a note on their PLL that explains how the list is compiled and what criterion the school used and that students have a right to choose their own lender, but it should include the information that if the student chooses a lender that does not use a compatible electronic process; their loan proceeds may be delayed. The Feds have pushed schools toward automated processes; these are good but they also create rigidity for which the schools should not be called unethical.

3. Respondent 10

As a financial aid administrator we always suggest loan programs that are in the best interest of the student and their families. We research the lowest rates and best service prior to making any recommendations. We do not accept gifts to in turn suggest a lender we solely look at quality, customer service, low rates and best repayment terms.

4. Respondent 11

I am sick of the matter. A few bad apples have caused knee jerk reactions that are going to hurt the loan program. We have a list of lenders, but it clearly states that a borrower may choose any lender of their choice and that we do not recommend any lender over another. Lets start paying attention to the cost of education, the text book rip offs that are occurring that forces students to purchase books at ridiculous prices. Put the loans at the junior senior level and have the free money at the start of the education process. Once a proven student and that they can attain an education to support the repayments, then loans come into play. Also look at the rules and set them up differently for major four year universities and two year colleges. Ask questions of those on the front lines.

5. Respondent 15

The Federal Government should compile the list of all Federal lenders and the benefits they provide to borrowers, along with Default rates and provide that to FA Administrators. They should also look into inducements provided to doctors by pharmaceutical companies, and the free stuff and contributions to their campaign funds or charities that their wives head.

6. Respondent 16

The problem is not the FELP or Direct Loan Program. The problem is in the Alternative Loan Program (or private loan progrma). Your survey is very short sided in the problems that exist or are precived to exist. By some of the action you talk about the student will suffer expecially from the point of service. The Direct Loan program is very hard to get hold of any one to solve problems. You need to do more research before you do your survey, it is very biased and a knowlege of what the issues are is not evident in the way the questions are worded. For example in your question no. 3. There is no discussion about the service a student received or does not receive. Also you ask a question about a program left over after doing away with the FLEP and Direct Loan Program-what program????????

7. Respondent 17

I think it is a shame that all of us are going to suffer because a few schools and lenders acted illegally. A preferred lender list benefits the student and parents in the long run. I also feel a working relationship between the colleges and lenders is a good thing.

8. Respondent 18

I am appalled at the mere suggestion that aid administrators - of which I have been for more than 25 years - are in any way self-serving and unethical. Congressional members and state politicians who are trying to position themselves as watch dogs for students/parents are doing nothing but causing great harm. Students/parents will make uninformed decisions - causing issues, i.e., customer service concerns, incentives offered at the payback phase of student loans, etc. Please let financial aid administrators do their cherished jobs. I love what I do. I love helping students/parents. I would NEVER - NEVER - cause any harm to my school or students. Sen. Kennedy, Andrew Cuomo, and Con. Miller should visit my school before making a generalized statement about me being unethical. That hurts very deeply!

9. Respondent 20

Students/parents do not want to shop for loans. By using 4 preferred lenders, our student get better service including lower repayment. Our default rate has also decreased.

10. Respondent 21

N-A

11. Respondent 23

Since the School as Lender produces grant for graduate and professional students, we need to keep the program. Especially since there is no federal grants for these students.

12. Respondent 29

Senator Kennedy knows full well that the issue to access to education is the decreased congressional role in funding low income students through Pell Grant in combination with essentially the same loan limits for the last 20 years. He sat in the capital playing a violin while the private market replaced the federal government in providing increased access to higher education. Now he decries the same public/private/government partnership he helped create. The issue of disclosure is that most FFELP lenders provide lower fees and better benefits than the government so that parents and students are borrowing at lower rates than legislated. My lender list has 15 lenders and all but perhaps three have both front end and back end benefits lower than anything the government can provide. These rates were created from competition not legislation. Additionally, those schools who partnered with private or alternative loan providers did so to insure access while congress and the USDE sat back doing nothing to provide additional access to those institutions with higher costs. I have never been a proponent of private loans or a small number of lenders but the crime here is the inability of the government to take responsibility for access while handing it over to the lenders. There are students at institutions across the country that cannot afford to attend spring semester because they still owe for fall even with the maximum federal loan for freshman and with the maximum Pell Grant. Now there is a real crime.

13. Respondent 32

I think this situation has gotten WAY out of control! The media has put a negative spin on everything, My Rich Uncle has their hands in the pockets of politicians and in the end, students are going to suffer!

14. Respondent 35

Ehtical Financial Aid Administrators attempt to provide students and parents with the best financial aid packages possible, which includes free money first, then if neccessary loans with the best possible rates, fees, and benefits. We do our research for the student first before recommending any lenders and no amount of free pens, post it notes or lunches would make me recommend a lender that did not provide the best deal for the student!

15. Respondent 37

Enforcement of current regulation seems to be a more appropriate response then creating more rules to follow in response to a limited number of gross relationships between schools and lenders. The majority of schools/aid administrators are intentional about serving the interests of their students. Elimination of lender lists will increase direct to consumer marketing by lenders and that is where the lender with the slickest marketing and not necessarily the best product will be successful at the expense of the borrower.

16. Respondent 41

Current furor over preferred lender lists is being overblown for political gain. The very practices criticized within the student lending community are commonplace in many industries and legislatures. The hypocrisy demonstrated by so-called public servants (misguided elected officials and aid administrators) is truly astounding. Having served as an aid administrator for 20+ years, I can predict with confidence that proposed legislation is more likely to harm students and families in the long run than anything else. As an aside, the insinuation that I

make my decisions based upon who buys me an occasional lunch is insulting and disingenuous. I remain convinced that our elected officials may not be able to truthfully say the same.

17. Respondent 42

It's a shame that a few isolated incidents have created such a firestorm. Much of this is politically motivated, in a push for Direct Loans to get a larger or the entire market share of the student loan industry. The revenue sharing arrangements are for private, nonsubsidized loans. There is absolutely nothing illegal with those arrangements. Why is there not more political pressure to get the loan limits increased for Stafford/Ford loans so that schools and lenders do not have the need for creativity in the alternative loan sector?

18. Respondent 43

It's amazing that Legislators are bringing such a harsh light to bare on the Financial Aid Industry when these same politicians have repeatedly declined to support Campaign Finance Reform and Lobby Ethics Bills among their own ranks. This is a clear case of Do as we say, not as we do on Capitol Hill. The hypocrisy is outstanding.

19. Respondent 44

The issues pertaining to lender lists is not a consumer issue. I have conducted multiple financial aid workshops, open house events, and admitted student days. Students and families are not complaining about anything. This is a political issue wrought with motives that fall outside of the best interest of students, and I find it quite interesting that the students I serve are being used as the scapegoat.

20. Respondent 46

As a professional, I have worked most of my career in student financial aid, attempting to strike a balance between service to students and as a steward of state, federal and institutional funds. I have never personally benefited as a result of my professional contacts or position. I believe the majority of my colleagues would be able to say the same thing. I am outraged at the attacks on our profession as the actions of a tiny minority.

21. Respondent 48

The so called wide-spread problem that has been so pervasive in the print media of late, had found less than a dozen possible ethical violations by colleges and universities (out of over 3000 accredited institutions). Isn't it time we turned our attention to problems that are truly impacting many Americans and quit politicizing a process that in 99.9% of the cases works to help our nation's youth fund higher education.

22. Respondent 53

It is time to move forward with guidance for the lending industry as to what can and cannot be done. Enough already--we get it.

23. Respondent 55

I hope that the results of this survey will be widely published.

24. Respondent 62

In my opinion, all lenders should operate their student loan programs under the same guidelines, with the same repayment options. Lenders individually creating competitive repayment advantages complicates the issue. It shouldn't be the Financial Aid Office's responsibility to evaluate repayment options and determine what is best for students. And students are generally not interested in what will happen with their future repayment, they want to know what they can get NOW. I do not believe Financial Aid Officers would have the negative publicity they are having now if one lender didn't have an advantage over another. Apparently student loan lenders, servicers, nor guarantors, are supposed to have the right to market their products.

25. Respondent 64

I've been in Financial Aid for seventeen years and I not aware of any unethical behavior from my past employers. I think the number of lenders have increased so much it's turned into a more competitive arena, then student focused. A limit on the lenders who participant in the program many help the situation. I also think that some of the bigger lenders are able to provide good quality of services for student's becasue of their resources. When that is the case student's benefit from the many different items the lender can provide or offer. If we do away with that the student loses out. I am not suggesting that the school should benefit in away for the lenders ability to provide good customer service, but we should be allowed to determine what lenders do provide this service from the student's/parent comments and our default reports.

26. Respondent 66

A student auction would create a monopoly. Only the largest student loan lenders could afford to participate in the auction, others would likely perm. leave FFEL programs.

27. Respondent 68

Properly constructed, preferred lender lists help protect families from predatory lending. Without this line of defense, without the ability of financial aid offices to offer counsel, families will be at the mercy of unscrupulous lenders.

28. Respondent 71

If asked, we indicated lenders that have given our students the best service. We always honor the student's choice of lenders, even if it's a new lender for us. We also encourage students to stay with the same lender. Our preferred lender list is varied and includes credit unions our military students may prefer to use.

29. Respondent 73

We started using a preferred lender list because students wanted to know what lender they should use. We have taken great care in selecting lenders that provide the best service to our students. We have look carefully at how well the lenders provide service to us since that greatly affects how well we provide service to our students. I would also state that it is deplorable

what some financial aid professionals and lenders have done. Their actions are inexcusable; however, I would challenge anyone to find a student that was denied access to any federal program because of these actions or was given a federal loan that had terms that were worse than what is prescribed by law. In fact, most have benefited from the relationships between schools and lenders as it relates to the improved terms that have been worked out for students.

30. Respondent 82

If we want to diminish the issue of student loans, we must find grant/scholarship monies to offset the need.

31. Respondent 87

I feel the majority of schools are being unfairly scrutinized because of the unethical practices of a few.

32. Respondent 88

The existence of FFEL and DL have given the American public great choices. The incidence of FAO abuse isn't even statistically valid let alone representative of overall practice. Regulating lists is like using a water cannon to put out a match! Strengthen conflict of interest rules and let the rest of us continue to provide the best choices for our families.

33. Respondent 93

What seems to be lost in this debate is the regulatory mandate that schools provide consumer information to their students. Reduced priority for funding higher education in our state has left schools with ever shrinking budgets. It would be ridiculous to expect lenders to give something for nothing, and certainly the primary lenders that operate in our part of the county hope that their loan volume will increase, but the lenders we deal with are just as concerned with institutions getting the word out to students and families of their options in the FFEL program and have always willingly provided information to enable side-by-side comparisons of borrower benefits. I do not like Direct Lending and know of many schools who exited the program because of the administrative nightmare, but if for nothing else it has forced the FFEL program to be better. Getting rid of FFEL would be the worst mistake Congress could make and the ones to suffer will be the very ones they purport to be in support of - students!

34. Respondent 99

The U.S. Department of Education should have a website where all lenders who participate in the Federal Student Loan program list their borrower benefits. Students and families should be directed to this website to select the lender of their choice based upon the information provided.

35. Respondent 103

The government should not pass legislation based on a few schools that did not use good judgement.

36. Respondent 105

This survey is too simplistic and does not address the real issues in student loans which are predatory lending practices, excessive CEO salaries and stock options, and lack of oversight of abusive lenders.

37. Respondent 107

Most of the financial aid community works very hard and tries to find the best borrower benefits and funds necessary for students to continue with their education and succeed in life. Unfortunately the cost of education has increased and government funding has not kept up with the increase.

38. Respondent 110

In 1995 when the DL program was created, it generated competition. Any FFELP lender will attest that it forced them to make significant changes in the way they approached the student loan business. They improved service to both schools and students, they lowered their fees and provided back end benefits to students in order to get on a school's lender's list. Over the last 10 years, with the rising cost of education and minimal increases in the federal statutory loan limits, alternative/private loans have increased over 200 percent. Unfortunately, students often think short term about getting a bill paid or receiving a refund that they ignore the financial terms of many of these alternative loans. It became even more important that FA offices (including DL schools) create comprehensive lenders list to protect their students from predatory practices exhibited in direct marketing. Even when schools provide a lender's list exhibiting all the financial terms, students will often select the first lender because they are so focused on getting the funds over evaluating the long term financial cost. If congress eliminated the lenders list, it will create competition in a different arena. Rather than focusing on creating the lowest cost/best product for the educated consumer (FA offices who are evaluating the loan on behalf of their students), lenders will focus on direct mailing to families who are often already very confused about the complicated financial aid process. Many of whom are apathetic about the financial terms of the awards. It will be the lender that can catch the student's eye by promising more of their money up front or better approval rates or reach the student first, that will get the business. This surely would not be in the student's best interest. Additionally, lenders currently often evaluate a school's default rate to set special interest rates and fees for the schools with lowest default rates. These students currently benefit from fact

39. Respondent 111

Lenders provide us with invaluable support and assistance that allows us to deliver better service and to provide the best benefits to our borrowers. We have lender lists to enable students a streamlined choice of lenders. The lists promote competition and better rates.

40. Respondent 113

A few unethical individuals are causing an otherwise reputable industry to get a bad reputation that will be very hard to dispell. The vast majority of student financial aid professionals are student advocates and always do what is in the best interest of students and parents. It is

unfortunate that the NYS Attorney General's Office has decided to take such a narrow view of corporate ethics. There are certainly other industries where ethical behavior could be reviewed.

41. Respondent 116

The majority of our students are U.S. citizens and they attend our medical school outside of the U.S., our school is based in the Cayman Islands and they would really like for us to offer federal loans but due to the Higher Education Act of 1992 we are ineligible to apply for participation, I think the loans should be offered to students of U.S. citizenship and to residents alike regardless of where they wish to obtain a degree.

42. Respondent 121

Most lenders that I am familiar with compete on the basis of benefits provided to the borrower and I believe borrowers have benefited from the competition. However, schools should make borrowers aware of their option to choose any lender and disclose any substantial financial incentives provided by the lender to the school or its officers excluding pens, notepads, etc.

43. Respondent 123

Your questions were very slanted and did not provide sufficient options for response that reflect a full range of solutions.

44. Respondent 128

I believe there are some individuals and institutions who have not been ethical in their approach to student loans, but I am convinced that the numbers are a very low percentage of the total involved in financial aid. I provide a lender list--not because we benefit in any way from that list--but because it provides students a place to start in selecting a lender. We have very few lenders within our state that provide student loans. If lenders were to bid for the right to provide loans, what would the period of the contract be, what would happen if the market changed in the middle, what would students do whose education straddled different lenders, or who returned to school after a change? In this country, we have a habit of over-correcting. Laws that burden financial aid offices cannot help students. I hope Congress will realize that very few have stepped over the line and will develop a plan to safeguard access for students, not restrict it.

45. Respondent 130

I support the regulation of preferred lender lists not the prohibition. Prohibition will hurt students because they could end up choosing lenders that don't offer the best terms. I support limits on what inticements or services lenders can offer schools but not prohibitions. Services such as printing valuable educational materials saves the school money which ultimately saves the student money.

46. Respondent 135

Publish the results of the survey.

47. Respondent 136

The current environment and finger pointing is harming the ability of hard working professionals to help needy families. There is very little good to be found in any of the plethora of bills on this subject. Limiting the ability of financial aid officers to negotiate and do business with student lenders will cost students a substantial amount of money in their repayment. This tempest in a teapot is obscuring the fact that the federal government has abandoned its leadership role in higher education funding and has refused to do its aprt to help needy families.

48. Respondent 137

Long Live Direct Loans!!!! and Death to FFELP

49. Respondent 138

I think the biggest problem for students right now is the lack of distinction between so called direct to consumer loans that are marketed as educational loans. Students do not understand the differences and end up with loans that no one has checked out. Schools try very hard to find the best loans for students and these other loans are usually very high interest rates and fees and impossible to get out of. The government should be looking at the tax benefits those lenders get for false marketing.

50. Respondent 141

I think the companies/aid offices involved in unethical practices are a lot few then those doing good. Everyone should not be punished. Increased debt needs to be curtailed. These companies are providing access to education despite the hikes in tuition and stagnant aid programs. The US needs to support funding higher education.

51. Respondent 144

The concern should be about these lenders who are direct marketing students. Sometimes they are not even lenders but brokers The students sign for loans that they think are federal loans and find out they are private loans at outrageous interest and fees. The letters nad e-mails from these lenders are misleading. They use the US Department of Educations logo, they are threating the student with default. I would like to see congress ban that practice.

52. Respondent 150

Our institution participates 100% in the Direct Loan program, however we process alternative/private loans. We do not have a preferred lender list.

53. Respondent 152

If any chinge is to be made, do away with FFELP and have all loans be Direct. Put the savings into the Pell Grant program.

54. Respondent 153

Lender competition is the key to better customer service and increased benefits to borrowers. The issues surrounding inducements is an over reaction by government employees who want to make an easy name for themselves.

55. Respondent 154

Personally, I believe that the comments or assumption made by Mr. Cuomo and Senator Kennedy during the past weeks has been absolutely injurious to our professional group. They can't assume that as a result of a little group unlawful actions a vast majority of devoted officials serves at the best interest of our american students to provide the better options to reach their proffessional goals.

56. Respondent 156

The Congress should focus on adequately funding all Title IV student aid programs. Let the community propose a set of good standards that the school can certify that it has abided by. If the fed believes otherwise, they can audit that particular program. A history of proven violations may result in loss of program eligibility, requiring that program to revert to the DL program, allowing the fed direct oversight. Don't throw the baby out with the bath water!

57. Respondent 159

Preferred lender lists were created in order to assist student borrowers. There are too many options for any student and/or parent to navigate on their own unless they are experts in the field. Schools created these lists to help students and to manage the myriad of questions we receive each day on the topic. We are tasked with so many things, that there was a need to make one things more manageable. If the DOE is asking us to be financial advisors, DHS investigators, IRS agents, and so on, we need to also be allowed to have one tool that will make the process manageable. Most schools follow a prescribed method to choosing a lender and are not influenced by free office supplies or the occasioanal lunch meeting. Lenders should be allowed to earn interest on a students loan as long as they are following the rules, which I estimate is the vast majority of the industry. Also, the financial aid professionals are a dedicated group. Dedicated to helping students navigate the complicated system and be able to afford to earn their degree. Dedicated to see that more grants, repayment assistance, and opportuinites are provided to their students. It is disgraceful that a small group has taken advantage and chosen to go down the wrong path. These people should not reflect on the vast majority of ethical people in the field.

58. Respondent 160

The cost of borrowing federal loans should be exactly the same no matter what school a student chooses to attend! Making it on a preferred lender list should only be based on service. If lenders can afford to give borrower benefits, they can afford to profit less from making federal loans and that money can be put into more Pell Grants. If FFELP was eliminated, loan fees could be eliminated and the interest from the Direct Loans should be used to fund larger Pell Grants. Why are we always taking about saving borrowers money? We should direct recourses toward students who are entering college, not those who are done, unless those in repayment are struggling.

59. Respondent 162

We weed out lenders who are hard for students and staff to deal with. Regardless of whether a lender brings cookies and notepads by our office, we look at customer service and borrower benefits before placing them on our list. We also have lenders from 2-3 different servicers for them to choose from. A box is also available for them to fill in a lender of their choice that is not on the list. Congress needs to look at what is happening at the majority of schools, like ours, instead of painting all schools with the same brush!!

60. Respondent 164

Congress should reduce the subsidies paid to lenders.

61. Respondent 165

The partnerships between schools and lenders is more innocent than the headlines would make it appear. There are predatory lenders that are kept at bay because they can not pass the stink test at the FAO. Remove the relationship and the student lose. I would like to see the practice of political contributions to Congress held up to the same scrutiny. All I have on my desk from a lender is a pad of paper. Politicians benefit from the millions of dollars given to PACs and candidates by Sallie Mae, a former government agency foisted into the student loan business to turn the rules upside down.

62. Respondent 167

Lenders should be chosen on their program's merit; for example, overall default rate of the lender, fees charged to students, personal assistance with borrowing and repaying loans

63. Respondent 171

I believe that eliminating lender lists would be the worst thing that could happen for our students. Most don't understand the differences in the programs or the terms and would find themselves borrowing a private loan over the Stafford loan programs.

64. Respondent 172

I think that this is a major waste of time and tax payer money. The schools who are guilty for doing these things should be dealt with individually. There are a lot of professions who use entisements to try to get that company to buy their product but higher education as a whole are not guilty of this crime.

65. Respondent 174

The Sunshine Act is a thinly diquised effort to paint the FFEL program to be rife with corruption and poor judgment while advocating for a one loan system - Direct Loans. The performance of the US Dept of Education in administering Direct Loans is less than stellar and more costly to the taxpayer. If the Federal Government wanted to stay involved in loans, then it should fully fund the Perkins Loan Program.

66. Respondent 175

I believe that 99>9% of the financial aid community are morally and ethically geared to assist students and families in their search for funds to pay for their college education. I believe that

most FAO followed the regulations set forth by the Ed Department. I am totally surprised that all of sudden we are all looked at in a negative way.

67. Respondent 176

The more restrictions Congress imposes on financial aid offices the less ability we will have to assist students and ensure that they receive the best mixture of services, support and benefits. Opening things up too wildly will lead to predatory lending such as we are seeing in the direct to consumer markets and will ultimately lead to higher loan defaults as players out to make a quick buck enter the market without concern for the long-term effects of their actions. As far as I know, no one ever sold a student out for pens and Post-It notes!

68. Respondent 181

If the FFELP program continues, then borrower's should have the right to choose their lender. It is the borrower's responsibility to shop for the loan that meets their needs. Some students may choose a local lender knowing the benefits may not be better if they go elsewhere, but it is still their choice.

69. Respondent 184

I believe this is a wake-up call for those lenders and institutions that were conducting business in an unprofessional manner. It would be ok to set some generic rules to be followed in the future, but to take this to the extreme will not benefit any of the parties involved, especially the students receiving student loans.

70. Respondent 186

The majority of financial aid offices offer students the opportunity to choose any lender. Many lenders are marketing directly to students and students are choosing alternative lenders without the knowledge that the FFEL or Direct are their better choices. Lender marketing will confuse students and parents.

71. Respondent 188

The problems with certain aid administrators receiving benefits appears to be limited to certain new lenders trying to get market share. The vast majority of lenders and school officials are just trying to help students get the best possible loan terms and conditions. The biggest supporter of preferred lender lists are the students. They want our expertise to help them just like when they visit their doctor and get prescribed medication; almost no one picks up a PDR to figure out what's best - they trust the expert.

72. Respondent 189

I would like to see the age for independent students be decreased to 22 or 23. Also, SEOG should increase and ACG be done away with.

73. Respondent 190

I believe the most critical issue in student financial aid is to increase the student loan annual limits. Many students can not attend college with current Stafford loan limits, unless they are willing to take out the alternative loans.

74. Respondent 191

I am worried that if FAOs do not provide guidance and information to students and parents, they will be misguided by the huge amount of solicitation they receive by mail, email, and even worse student affiliates on MySpace and other cyberspace sites. Instead of spending time on things we cannot control like preferred lender lists (b/c corp. businesses/banks/lenders, benefits etc. come and go) we should be putting more emphasis on Entrance Counseling, loan management PRIOR to the student borrowing the money so they go in with their eyes wide open. During the past few years, the students have been hammered by information regarding consolidation. Many have found their benefits gone and loans sold to secondary markets who do not offer repayment benefits. We must step up our efforts to inform them that sometimes extended reayment is better than consolidation. And then there's Pell... When I see rich self-employed parents with a Pell eligible AGI, I get VERY UPSET to see Pell go to families with wealth. I cannot believe that the DOE lets many business owners hide hundreds of thousands of dollars in their businesses. Just b/c there is an IRS loop hole on paying taxes, we should not carry it over to Pell. I believe that anyone with a gross profit of \$80K should not be eligible for Pell regardless of their legitimate IRS write-offs.

75. Respondent 192

The FFEL program should follow the Perkins Loan program. Funds or a line of credit provided to a school and loans awarded according to need by the school. Lenders would provide the capital. Interest would be fixed at 5%. Schools would truly be accountable for these loans and the administration of them would probably be more efficient. Lenders would be in the background and have less motivation to influence schools or aid administrators.

76. Respondent 193

Don't even get me started. Our country is, in part, predicated on an open and free market economy. Government should get out of the student loan business and let the banks compete. Period.

77. Respondent 195

My fear if lender lists are banned is that students will not know which lender to choose and what all their options are. It opens up the market to other lenders that may not be reputable and students won't know the difference. Also, the customer service would deteriorate, schools would not be able to help students know what point in the process their loan is in, students would have to do more of following up with lenders on their own, loans would take longer to be processed, schools that are able to use electronic funds transfer to disburse loans may have to use more checks which take longer to process, and a lot of electronic processes would have to be changed to a slower postal mail route... overall the student would suffer from not getting their loan money in a timely manner, as well as students not knowing what benefits they are receiving and not receiving the best benefits available.

78. Respondent 196

The Department of Ed and the government needs to correct specific issues that are deemed unethical by normal business practices and not jeopardize the whole industry for a few who are at fault.

79. Respondent 198

na

80. Respondent 204

Higher Education institutions have the benefit of negotiating great borrower benefits on behalf of their students based on economies of scale. An individual student has little to no leverage to secure a zero fee loan or a lower interest rate. Institutions do have that ability. Therefore, preferred lender lists are beneficial to the student. Lenders have to compete and provide quality loans to borrowers in order to be on the list. Further, without preferred lender lists, the direct to consumer marketing flood gate is opened. Students are uninformed consumers and, without the recommendation of the institution to guide them, it is likely they would choose a less beneficial product. We're already starting to see lenders requesting student data so they can directly market to the student. We are now left to counteract this process with 'warnings' to the student regarding predatory lenders. It should be that preferred lender lists are required and direct to consumer marketing is not.

81. Respondent 205

i think that lenders competing is fine, but not with an auction,

82. Respondent 207

Students and parents need to be better informed but a preferred lender list can provide valuable information to potential borrowers. This information should include the right of the borrower to choose a lender.

83. Respondent 208

I'm extremely concerned that over-regulation will lead to the chaos that existed in the early '90s when schools gave little if any guidance to students in selecting lenders. Students went with whatever lender had name recognition and schools were unable to help insist on excellent customer service and timely expeditious processing of loans by lenders and servicers.

84. Respondent 211

Legislation should allow schools to list multiple lenders to make it easier for students. Not having a preferred lender list would require more counseling for financial aid staff to assist the student in selecting a lender.

85. Respondent 213

Although we make very sure that our students know we'll assist in receipt of funding from any lender they select, our students rely on us to sort through the various possibilities. We recommend lenders who offer good deals, repayment benefits achievable by students similar to those we serve, zero fees, electronic delivery, good customer service, etc.

86. Respondent 215

I think students should have the right to choose their lender and not the schools or the Dept.of Ed.. I don't believe our students and all schools should be penalized from having free choice because a few schools made some very un-professional acceptance of inducements that have affect the Student Loan Program. I hope those schools and individuals who wrongfully accepted these inducements are punished.

87. Respondent 217

If they were to have an auction what is the difference of a preferred list with the school or the government.

88. Respondent 220

Despite the recent uproar in the press, it is important to keep in mind that financial aid officers are for the most part honest and ethical people trying to stretch every dollar they have to help you pay for the ever increasing cost of college. There are a few who have made very bad judgment calls and have behaved unprofessionally, but the majority of financial aid professionals do have student's best interests in mind therefore, can and should be trusted.

89. Respondent 224

I believe there have been abuses in the FFEL program and I believe the Department of Education needs to ensure that current regulations in the program are enforced. I have no problem with requiring schools to list at least three lenders (we have seven unrelated lenders on our list), but I do have a problem with not allowing us to give a list of possibilities to students. The direct marketing deluge has already started, and students get confused and turn to us for advice on who to borrow from anyway. We tell them they need to choose a lender, but having a list of lenders with good customer service and borrower benefits helps students in the process. We don't have enough staffing in our office to handle all the questions that would arise if there were not a lender list - we'd probably be forced into the direct lending program; which is a shame because our lenders and guarantors provide valuable financial literacy presentations that we don't have the staffing and time to develop and present to our students.

90. Respondent 229

Most Financial Aid Administrators do have their students' best interest at heart. If we do not have Preferred Lender Lists, then there need to be more restrictions on who can make student loans. The students who aren't financially savvy are the ones who need preferred lender lists. Otherwise they will get stuck with loans from those lenders who do mass mailing campaigns but don't have a reputation for customer service.

91. Respondent 230

This survey was designed in such a way that you will get the answers you were looking to receive.

92. Respondent 233

preferred lenders are used by the majority of my colleagues to offer a basic choice where we KNOW the lender and KNOW that the basic product is fair. My greatest fear is that without a

lender list students may select the lender with the greatest advertising budget that sells a product that may be much greater in cost. Eighteen year-old students may not be the most informed and knowledgeable and responding to the biggest direct mail advertiser may not get the best loan product. Our school has a list but accepts any lender they may choose. Thank you we need everyone's help to better inform congress on this issue.

93. Respondent 236

Unfortunately, because some schools did some things wrong...it will cost the students more in other ways.

94. Respondent 237

A huge majority of financial aid administrators would never engage in the behavior that Sen. Kennedy's bill addresses. As usual, it is a shame that a few bad apples spoil the barrel and create such a bad impression and of course the media exacerbates the matter.

95. Respondent 238

I feel the problem is directly associated with the increases in tuition rates. Students who do not qualify for Pell grants (this can include the working poor) in most cases are encouraged to take out loans. These students are the majority who will have difficulty repaying the loan funds.

96. Respondent 239

The practices now being called into question by politically motivated AGs and Senators have been going on for years. I was a lender representative for 3 years in the mid-1990s and many of the same practices were occurring then. Since 1995, the FFELP and Alternative Loan products have become more competitive, provided more discounts for students and families, and have become a far more efficient and effective form of financing. It's always easy to vilify the money lenders, but FFELP lenders have provided access to education to millions of middle income families. It's sad that relationships that have worked so well to develop exceptional products and services for students have now become campaign trophies for the next Senator from New York.

97. Respondent 241

Some of your questions were difficult to answer. You offered mostly black/white answers which do not accurately depict the current loan process or my opinion.

98. Respondent 243

There are probably some schools/aid administrators who have behaved badly regarding their lender list. However, federal regulations should only require that schools (and their governing boards) must have a policy regarding lender (or anyone outside agency) gifts, inducements and/or other things that might influence lender list or student loan decisions. State Coordinating Boards should also have such a policy. But federal regulations shouldn't have to spell out every detail...just require the policy at the local/state level and for lenders. Additional regulations will not hinder a dishonest lender and/or aid administrator - they will break the rules regardless of how many laws are in place. The great majority of aid administrators are honest thus students benefit from their advice.

99. Respondent 247

I know there has been some abuse in the student loan process but it is not widespread. The activities that some would like to indicate are abuses are not really an abuse but rather the costs associated with doing business. Unfortunately, we would like to view the FFEL program as something other than what it is--a business for many lenders. By taking out the lender recommendations by schools, families (students and parents) will fall prey to the many unscrupulous lenders who simply use sell tactics without accountability. Students who find loans outside of the campus often return to us to let us know about the bad deal they got and want guidance on the best way to get out of those loans. We also counsel students who borrow private loans without using the FFEL/PLUS options who regret later that decision but made it because of the selling tactics of the lender (via the internet and direct mail options).

100. Respondent 248

Grant assistance to students is too little. And, there are too many loan products out there fill the shortfall. Too much administrative dollars and time is spent basketweaving all the parts together so that students can receive funding that they are desperate to receive. And, students and parents have to spend an inordinate amount of time figuring where to find assistance and which is the best source. This is a major obstacle for low income families to overcome as they are likely to most unfamiliar with loan products and lending practices. There should be one Federal loan that is limited to the Cost of Attendance minus grants and other forms of non-debt aid set at affordable interest rates. The the saved from subsidizing FFELs could be converted to Pell funding.

101. Respondent 249

I have read about many allegations but I have not seen any study on the impact of these perceived wrong doings on students. Is it wrong to seek and negotiate the best product at the lowest cost for students? Most businesses are able to give volume discounts should that not be true for student loans? If the proposed legislation is enacted, the likely outcome will be decreased borrower benefits for students, an increase in cost to colleges, as well as a greater administrative burden placed on colleges. In the end, these will all be passed on to the students and the cost to attend college will be even greater.

102. Respondent 251

The media has distorted information related to the student loan program. The public knows so little about the difference between the federal loan program and the private loan program that it is quite easy for them to be misled by the recent reporting. The very use of the term kickbacks is so misleading. The vast majority of financial aid counselors do everything they can to get the best aid for students.

103. Respondent 253

I believe that the majority of the lending community does business professionally and with integrity.

104. Respondent 254

The majority of financial aid administrators use the preferred lender lists in response to students'/parents' inquiries, to improve automation, and for customer service reasons. Most financial aid administrators would stand on our heads if we could prevent students from borrowing under expensive private loans. In some cases schools have sought deals with private lenders in order to obtain the best rates for their students because otherwise, they couldn't offer anything but unmet need. I think that practice should be allowed as long as the schools are required to provide full disclosure. Over the past few years, lenders representatives, who originally visited to talk about their products and to demonstrate their good customer oversight, began to bring gifts, etc.. For some, the lines may have blurred, but the Sunshine Act puts things back in focus. On the other hand, the lender representatives change jobs so frequently, that the financial aid staff at most schools can barely remember who works for which bank, nevermind who brought candy or offered baseball tickets in rightfield. We need more Pell Grant! We also need to stop Merit Programs, and develop a need analysis formula that addresses middle income families so they don't have to turn to private loans.

105. Respondent 258

We choose the lenders based upon who will give the student the the best deal including loan processing.

106. Respondent 259

I think all products offered as Federal Stafford or Federal PLUS loans should be required by the Department of Education to have consistent terms. ED should find what the best deals are and make those the standard for the programs.

107. Respondent 260

We have overlooked the fact that the reason for the school-lender partnerships was to make sure the default rates were kept at a minimum. The data shows that it worked and unfortunately some people abused the system. I don't think everyone should suffer because of the bad judgement of a few.

108. Respondent 261

I feel that the entire financial aid community should not be look upon as bad because of a few bad administrators that used the system for personal gains. Lets face it thats America.

109. Respondent 262

I make recommendations, but ONLY after the student requests such; further, the business has highly monopolistic tendencies, which needs to be reviewed in light of the Sherman anti-Trust Act. I view regulation of preferred lender lists as a restraint of trade mechanism and a violation of speech/association for schools -- and strongly urge schools, lenders, guarantor/servicers, and associations to challenge any such effort. The sins of a few -- egregious sins, mind you -- should not impugn the integrity of the professionals in this business, who are hard working and exercise appropriate self-regulation and ethics. Why isn't that being said effectively? because those in the community have capitulated politically on this, which is really unconscionable. And why is the \$10 threshold, in one bill, lower than the US Senate's threshold? Nice little conflict of interest there. I do think that having multiple lenders listed is appropriate -- I have

historically done three to five -- and I have never and will never accept any gratuity for that. It's all about rates and service. Congress could kikk SEOG and Perkins and throw that all into Pell and make one grant program that would have the significant effect of reducing ED administrative overhead (and some burdensome procedures required by schools) and make it easier for lower income students to attend college . Furtherm expasion of National SMART to include some areas of graduate education would be entirely consistent with its policy aims. As grad education becomes more necessary, there needs to be more concentration on helping students to finance that!

110. Respondent 263

Re the Sunshine Act, this has been built on the high profile situations that AG Cuomo has found. New (loan) laws shouldn't be made to remedy problems of the few. There are already criminal laws on the books to deal with fraudulent behavior. Colleges already have Code of Ethics which should govern employee behavior. Employee behavior is supervised by college administrators. Where is the need for new laws??

111. Respondent 265

This whole situation has shed a negative light on all FAAs. It seems like the baby is being thrown out with the bath water. When we agree to be the person in charge of administrating the FSA programs for an institution, we are taking the responsibility upon ourselves that we have a working knowledge of the regulations. The FSA regulations are very vague about lots of things...inducements are NOT one of them. It couldn't be made more clear that if you accept payment or other inducement for giving business to a particular lender, it's wrong. The people who have violated this knew it wasn't okay. For the rest of us, all this nonsense has just made our jobs alot harder.

112. Respondent 266

The attack by congress on schools and lenders has been very troubling. The government needs to keep its hands out of the lending business. It is obvious that the FFEL program is better than the Directo Loan Program because when given the choice schools choose FFEL 4-1

113. Respondent 267

Some lenders offer better borrower benefits and service than others. We should be permitted to direct students to these lenders. Inducements should not be a consideration. Private loan issues should not be confused with the FFELP program. Schools should not be induced into direct lending either. If schools are forced into direct lending, borrower benefits will likely decrease and defaults increase. Federal funds for pell, seog, and loan amounts should be increased so that private loans are not as necessary.

114. Respondent 270

I think the Direct Loan program should be eliminated.

115. Respondent 273

Deal w/ the few bad apples and leave the rest of us who are looking out for the best interests of our students alone.

116. Respondent 281

What started a lot of problems in this mess is Direct to Consumer Student and Parent Loans. The Banking industry has set aside its own ethics, lobbied Congress, made contributions to select federal representatives and sought favor in order to increase profit. All the while, citing that the program is not profitable. Students and schools need: Good service, understandable borrower benefits and as low a cost loan as possible while maintaining profit so lenders continue in the program.

117. Respondent 282

The financial aid community is the victim of a witch hunt. The misinformation and flat out lies are unbelievable.

118. Respondent 283

Seldom is the federal government able to do things more efficiently than the private sector. In addition, they are SELDOM able to do it more cheaply. Competition is fantastic in the Stafford loan programs. The student benefits from this competition. Forcing students to borrow only from the Direct program is EXACTLY like having only one lender on the lender list AND that lender is seldom the best available. Where there is competition there are choices and values. We need to be VERY careful to avoid the knee jerk reaction.

119. Respondent 285

Most FA professionals act with the utmost integrity and place their focus on getting the best service and benefits for borrowers. The current witch hunt is off base. I encourage investigation and prosecution of all illegal activities but a number of good people are being lumped in with the bad. Congress should do more to focus on the real problem people and not kill them all and let God sort them out.

120. Respondent 287

Please let the public know that ALL financial aid administrators are not bad people. All we want to do is help students finance their education.

121. Respondent 290

Not allowing schools to recommend lenders will cause an undue hardship on students. Without school suggestions many students will be faced with an overwhelming choice of choosing from hundreds of lenders. Many of them come to us unsure of the processes and this will only cause more concern for them.

122. Respondent 298

As i mentioned earlier, the biggest reason we have a preferred lender list has to do with easy of access and processing of the loan. If all participating lenders were required to have the same processing procedures, for example, through ELM, then schools would not necessarily need a lender list. We typically select lenders for our list who will give our students the most up front benefits. Benefits at the back end, after graduation, are nice, but not guaranteed because most require some student action such as on time payments. But, again, the ease of processing the

loan certifications and getting the money to the student's account is the most important factor for us.

123. Respondent 299

The source of this survey is obvious from the slant of the questions. I agree that current activity in DC and NY is excessive and mostly unwarranted, but there is no question in any financial aid officers' minds that lenders are in the business to make a profit. With low margins, lenders must go for the volume and have done so by providing benefits to schools, in addition to students. That said, I don't believe students are hurt by this free market system. There are still major problems with the financial aid system, including loans. Access to resources is the most pressing need, followed by increasing debt loads. In looking for solutions, student loan programs should be reviewed along with other aspects of the federal financial aid programs. Ideas such as those presented in the paper Rethinking Student Loans, which balance increased loan limits and borrower benefits at repayment with reduction/elimination of the interest subsidies, should be seriously considered.

124. Respondent 301

Any time the government tries to fix a situation, the situation becomes worse; i.e. taxes. Congress should not try to regulate the student loan industry!

125. Respondent 303

THE SAME LEGISLATION TO REGULATE THE FINANCIAL AID OFFICE AND LENDERS SHOULD BE USED TO REGULATE CONGRESSIONAL ACTIVITIES. YOU COULD USE THE SAME BILLS NOW BEING PROPOSED. JUST SUBSTITUTE THE WORD LOBBYIST FOR LENDERS AND CONGRESSIOAL MEMBERS FOR UNIVERSITY EMPLOYEES.

126. Respondent 310

Congress should concentrate on the 98% of schools and administrators and the honest work we are doing instead of concentrating their time on the 2% who are using the programs to their benefit. They should not be painting the whole profession with the same paint brush!

127. Respondent 313

I don't think Preferred Lender lists are the real problem, but merely a symptom of a much larger issue. Some lenders (not all) have an overall mentality of making a profit on a large volume of loans; and why not? In the mind of many lenders, it probably makes sense to make as much money off of student loans when they can turn around and tell themselves that they are providing a vital service in helping students fund their education. As a result, some lenders use marketing tactics that are questionable or downright unethical; especially when it comes to some of the newer alternative lenders that have cropped up over the last 5-7 years or so. And unfortunately, you have some high profile examples of late where Financial Aid Administrators allowed themselves to get seduced by this type of thinking. Is this a rampant problem throughout higher education? No! Should schools have preferred lender lists? No...but there is nothing wrong with Financial Aid Officers recommending lenders to students if they think their services and options might be better for a student. As a Community College, we don't

have preferred lender lists and we consistently deal with reputable lenders who have responsible business practices that protect the student and also make themselves a profit.

128. Respondent 315

We have a preferred lender list but any lender who wants to be on it is put on the list so it's a big list. The unethical behavior of very few FA Administrators is hurting our entire profession. The number of people involved is miniscule and I believe those people should not continue to work in the financial aid profession

129. Respondent 317

I am tired of having the integrity of the financial aid profession questioned. With very few exceptions, there is not a problem!

130. Respondent 318

I believe the the financial aid community is working hard to provide great service and the best value for student (repayment benefits, payment of loan fees) for their students. In my southwestern state, having been president of my state financial aid association and served on our regional financial aid association board, I have only heard of one case in five states of unethical behavior. In Congress and Senate last year, there were many more than one member went ethics problems.

131. Respondent 319

This didn't work for HEAL, so why would this process work any better for FFEL? The student and FAA's never knew who to contact the HHS was clueless

132. Respondent 320

There is confusion regarding the difference between stafford loan lenders lists and alternative loan option lender lists. We would likely not need alternative (higher cost, more consumer-loan like) loans if congress had paid attention to rising costs of education and done something about the stafford borrowing limits. Students needed an option and banks were happy to provide it. Hello, doesn't anyone get that?

133. Respondent 321

Congress has gone too far with their assumptions. Aid Administrators, for the most part, do a good job of protecting students. The department of Ed needs to stop making aid administrators do its dirty work!

134. Respondent 328

The auction process was used on the HHS HEAL program with disastrous results. Borrowers did not know who their lender would be from one year to the next and had to go to a new lender each year. Try doing a Google search for Cheap Student Loans and it is amazing what will come up. Will this benefit students and families if they have to find a Stafford lender on their own? FAA use other measures than best deal when selecting lenders for their list: customer service, history of good service, lender reps that are trusted to help solve

problems, timely and accurate disbursements, etc. I give analogy of buying a car. Are you going to look for the cheapest one out there or one with reliability and history of good performance.

135. Respondent 329

I favor a preferred lender list of at least 5 lenders. Most of our lenders are local only 2 national lenders are listed. By having the list financial aid administrators can recommend students to the list without selecting a specific lender. Who should best know who provides the best service than a financial aid administrator. It like asking a hospital nurse which doctor she would trust to perform surgery. You are making the process more complicated if you allow any lender to be chosen. Its difficult to contact a lender in California when you are in Tennessee and there are loan problems. I believe students should be given a choice within reason. Else we are creating a monster that will just make things for difficult like most governmental programs.

136. Respondent 338

Without FFEL, our students would be subject to more costly loan options, and without a preferred lender or lender list, our students would be subject to much more confusion than necessary.

137. Respondent 341

The outcome of all this mess will be the banks will make more money, the students/parents will pay more for borrowing as they won't have a place to go to for wise borrowing advice, and our politicians will still be a bunch of hypocrites as they continue to receive monetary support from many others far beyond the annual \$10 gift limit!

138. Respondent 343

The spectre of Direct Lending forced FFELP lenders/guarantors to streamline FFELP through the development of a common application format, electronic certification and disbursement of loan proceeds. A Preferred Lender List, when utilized effectively and ethically - based the best terms and services that benefit students and families, resulted in improved borrower benefits, whether in the form of lower interest payments while in repayment or elimination of origination fees. My personal experience with Direct Lending - as a borrower for a child's education - is that the servicer does not make the same effort in customer service that is made by FFELP lenders. Direct Lending schools are not held to the same standards of providing a choice for borrowers. They would not process a PLUS from a FFELP lender even though the cost of borrowing would have been less through a FFELP lender. The servicer did not send a payment request until the time had elapsed for getting a rebate for on time payment. If FFELP or Direct Lending went away leaving only one system to handle all student loans which one would respond more quickly to the increased volume? Have you ever known any government agency to have the ability to marshal the resources necessary to address any crisis? Direct Lending was an administrative nightmare for years with significant delays in schools reconciling accounts and getting their loan proceeds. The servicer for DL would totally screw up trying to handle an increase in volume. This isn't to say that FFELP is infinitely a better program concept than DL - as attested by the practices that led to New York's SLATE bill and Congress' Sunshione act. If Direct Lending is truly less expensive for the government to run than FFELP and if it can be made to be as effective and responsive as FFELP than fine -

do it. BNut Congress can't seem to do that. Now that they have supposedly cleaned up FFELP can they address campaign financing?

139. Respondent 347

It is indeed extremely dangerous to generalize and question the integrity of all FA administrators. I believe that the most expensive schools with the largest loan value are for the most to blame for this unfortunate situation. Since higher education is not free and by no means cheap in America, the existence of student loans is necessary in order to assist students achieve their goals of a HE. The best solution however, would be to eliminate student and parents loans all together, increase Pell and charge tuition base on total income, assets and family members.

140. Respondent 349

I believe that the abuse by SFA personnel was very limited and Congress has way overreacted. Eliminating Preferred Lender Lists would leave parents and students open to fraudulent and scam-bag agencies preying on unsuspecting, vulnerable, and less sophisticated (by this I mean people who have not had a lot of experience with Student Loans) people. I have been in SFA for over 37 years and I believe that 99.9% of SFA personnel are doing a great job of directing students and parents to reputable lenders with the best benefits for the family-not the school. Students and parents rely on us to know which company is best to consolidate with, which will provide the best repayment plan based on their individual situation. We access NSLDS and see which lenders the student has used, the amount they have borrowed, etc. to give each person their best options. With internet lenders preying on students, students have to know that they can come to us for the right information. We are going to continue to use our Preferred Lender List (although that is not what we call it) because we have a long history with the lenders on the list and they provide the best service, interest rates, etc. to our students. We have a responsibility to be the office responsible for filtering out information and determining what is actual/factual and what is just trying to entice students into making a wrong decision. I don't work nights and weekends in my office for any other reason other than to serve students. I don't get extra pay and I am not getting any younger by doing this. But, I feel a strong commitment to protect our students from scam-bags and I am going to continue to do it until the day I retire. I am proud of what Financial Aid Officers and Lenders have done over the past 40 years. I was the person who was responsible for having our lenders join our KASFAA association as Associate Members. This membership has strengthened our relationship with our lenders. When we have to ca

141. Respondent 350

The legislature is lashing out at the financial aid community because they aren't getting their perks anymore from lobbyists...though there should be a tightening up of regulations for the Preferred Lender list and clarification on the issues of inducements, I feel highly insulted - when accused of corruption for having a lunch with a lender or even going out on an outing on the lender's tab. If anything the regulation should address how much institutions should pay their financial aid staff - that's where the real crime comes in! Underpaid, understaffed.... Also the culpability of the Department of Ed should be reviewed. They were telling us what we could receive.....

142. Respondent 352

I believe there are over 3000 different student loan lenders, students do not want to take the time to look at each lender. We have 7 lenders on our lender list we process any lender the student wants to use. Two years ago I have cancer and had to be out of the office for 4 weeks, I had lenders not on my lender list asking if they could help, Congress just can't understand that some Americans want to help each other even if they don't get something back in return. If a Student goes to a school that uses only Direct Lending how many Lenders do they get to choose from? ONE

143. Respondent 354

Eliminate all student loan programs, stop putting America's students in debt and focus more on work and grant programs.

144. Respondent 355

I think congress should make sure all financial aid officers are to look for the best interest of students. One bad apple doesn't necessarily mean all FA officers are the same. Making sure all lenders provide the best customer service and repayment options should be a priority.

145. Respondent 357

The loan system is working and unfortunately a few unethical practices have shown up. But for the most part the system works and aid officers are trying to help their students and parents secure the best loan for them. If anything I would suggest a bad lender list! for those who don't have good delivery of funds and don't communicate well to their students. But would be hard for a student and parent to research the 100s of lenders and know what is best for them and a preferred lender list seems to be helpful.

146. Respondent 360

The Direct Loan Program wastes more taxpayer dollars. It should be reviewed with the same level of scrutiny.

147. Respondent 361

We work very hard to research products and services for any lenders we include on our lender list. No inducements or bribery is involved. Oftentimes, even with a preferred list of 6 lenders, families still need our assistance in ascertaining which might be the better deal for their situation. We help with that discernment, but we will not advise them which lender to choose (even if they ask us to). If you presented the entire lender list to a family (thousands of lenders listed), it is simply overwhelming to them, and they would not be able to begin researching the benefits. So we try to do some of that narrowing of choices to those lenders who offer great benefits for the student as well as a track record of outstanding service. Why should a few bad apples make all of us subject to new regulations, especially when the students and families we work so hard to serve will be the ones who lose in the end??

148. Respondent 368

I believe this entire issue was instigated by proponents of Direct Lending to discredit the FFEL Program. Most of the instances of inducements or illegal activities have been associated with alternative loans, NOT Title IV. They have really found few valid instances where FFAs have done unethical activities.

149. Respondent 370

Morality and ethics cannot be legislated. In any group there will always be someone willing to sell his/her soul for a price (large and small). Just take a look at the Senate and the House. Talk about the pot calling the kettle black . . .

150. Respondent 371

I believe this country is based on free enterprise and the lenders of student loans appear to be exercising their right to be competitive under that system. It appears this country is becoming less Democratic and more Socialistic all the time.

151. Respondent 372

Regulating all colleges for the acts of a few is an extreme response to a situation that will hurt rather than help more families and individuals. Not ALL colleges get kickbacks and receive help from lenders there are many who do the homework for families in making recommendations and developing preferred lists.

152. Respondent 374

I think our elected officials are politicizing the lender inducement issues and blowing it out of proportion. If indeed the practice is widespread, why have only a few schools been identified for failing to comply? This negative environment is increasing our workloads as we now have to change our practices to avoid any hint of impropriety. Financial aid administrators are in the profession to help students; not to make money through lender inducements. I truly believe in the end our students are the ones that will suffer.

153. Respondent 375

Besides a few bad apples and the AG trying to make a political name for himself there is nothing wrong with the current system. FFAs are people who are well versed in all loan options and for the most part advise students to go with the best loans that meet their unique financial situation. Otherwise students would google loans and apply for the first one that pops up.

154. Respondent 379

I do not believe that there is a widespread of inducements involved in the student loan/financial aid area - I do believe that institutions and financial aid associations have come to expect that lenders will support them to any means that they request - and in some cases the lenders have provided way too much support in personnel, entertainment and other benefits.

155. Respondent 383

Changing the lending dynamic may be good, but let us not return to a pre-1980's scenario, where schools/students could not find a lender willing to participate in the FFELP program.

If lenders are not making money, they will not participate. Study what needs to be controlled and do it! It will be in the best interest of all.

156. Respondent 384

It is important to provide clarity concerning the compilation of a preferred lender list and schools need to be able to assist students in choosing lenders. I believe the majority of students, if left to themselves without the assistance of their financial aid office, would actually make far worse and more expensive choices. They simply will not do the necessary research to determine the best deal on their own. That would be one more thing to do in what they perceive to be a long and frustrating process. I also believe that legislators don't overreach and continue to allow lenders to provide some assistance to schools, especially in the publications/printing areas. It is not appropriate for a lender to pay for trips, gifts, dinners, etc. I think some of their other services, like assisting schools with printing loan comparison charts or understanding credit brochures, etc. are very important. If not careful, legislators will create a situation that will lead to less informed student loan consumers and higher default rates, etc. This could very easily backfire. Also, I don't like the hypocrisy that no one seems to have noticed yet. Some of the same legislators that are working on this issue are at the same time pushing incentives for direct loans. Direct loans are cheaper for the taxpayer, but they are not cheaper for the student in most cases due to lender incentives in the FFEL program. So, while they want to protect a student's right to seek out the best student loan deal (private loans) they certainly don't want that for Stafford Loans and are pushing for less choices, less competition, and more expensive loans (again to students, not taxpayers). How about a little consistency? FA staff all over the country are getting beat up here. We might have a REAL problem if these folks start bailing for other industries.

157. Respondent 388

Curtailing the use of preferred lender lists will allow large numbers of students to act on their own in locating absolutely the wrong lenders for their needs. Some lenders have a known record of providing better service and students should have the open opportunity to hear that from their financial aid office.

158. Respondent 389

I am deeply concerned that what I believe to be a few bad apples is causing the entire profession to be poorly viewed. Ultimately, students will lose benefits. The competition between Direct Loans and FFEL has improved benefits for the students. Having a lender list is only to help students be aware of some good lenders. Over the years students usually has asked us who we would recommend. They were not certain who to choose. That is why we even use a list-students did not know who to use.

159. Respondent 390

I have never accepted monetary or in-kind gifts in exchange for recommending or coheresing a student or parent into choosing certain loan options. I always inform students of their right to choose any lender of their choice despite our school maintaining a lender list. I do agree those individuals found guilty of extreme misconduct should face penalties; however, assuming all lenders and financial aid administrators are guilty of such misconduct is absurd just as it would

be ridiculous of me to assume all legislators are guilty of misconduct as a result of the few who have been found guilty of such! My entire job is to help students get the funds they need to successfully complete a college education. Implementing legislation to simplify the FAFSA would do more for the youth of our country. Many times students must rely on private loans or other high cost funding because the FAFSA process is too lengthy. The FAFSA still tries to assess the potential contribution of a traditional family, but many families, especially the neediest students, have complex living situations and the FAFSA process becomes overwhelming. As a result, many of our students never even file a FAFSA, thus, limiting their aid options to high cost private loans or other measures such as credit cards, short term high interest funding from private companies, etc.

160. Respondent 392

Congress needs to work with the financial aid administrators at colleges and universities to understand that highly ethical student loan practices are in place at most colleges and universities. Congress needs to know what is really going on and should consult with representatives from NASFAA. There are a few colleges who have violated the existing code of conduct always followed by financial aid administrators. However, the majority of financial aid administrators have always recommended the best loan programs and options for students attending their colleges. Some revisions should be made to make sure that the large student loan banks and organizations do not abuse the existing system.

161. Respondent 394

second question regarding what would happen if ffel or direct loans were eliminated did not allow for the answer that it depends on the program. I believe that ffel should be eliminated and direct loans would be an excellent program.

162. Respondent 395

Schools should not accept payments for recommending lenders. This practice extends to the contracts some athletic and alumni offices have with consolidation lenders. In general, FFELP lenders and college administrators have not violated any trust of the students they serve. A few bad apples on both sides have created the current issues.

163. Respondent 396

When students want to borrow they have asked me to pick a lender and I refuse to do it(when I was with FFELP). Although I created a list of local lenders and one nation wide I would certify any loan. When it comes to alternative loan list it is vital to prescreen lenders to protect students from the unethical lenders who take advantage of students. After this many schools may refuse to have a list and move to uncertified products. Then students will be able to get any kind of loan just by providing proof of enrollment. We are talking about a crisis similar to the credit card trouble students are in. Most financial aid people are ethical and most lenders are too. Competition will always be good for students as it is in any market place. Lenders have better technology and keep current. Direct lending seems to lag behind now-I cannot image what would happen without the competition. With the nature of FFELP there will always competition.

164. Respondent 405

Congress should invest more time dealing with college access to give students opportunities to achieve higher education. In particular, increasing grant funds, perkins loan funds, and need based aid.

165. Respondent 409

Most Financial Aid Professional conduct themselves in a more ethical practice than that of what we are hearing about in NY. I feel this situation is the minority instead of the majority. Direct Lending is not the answer if you are looking out for the best interest of the student!

166. Respondent 413

I think it is obvious that there was some abuse between lenders and schools but as is typical of government the response has been overkill. We need practical ways for schools to help student borrowers who come to us without any prior banking knowledge or history to choose good lenders/servicers. The current witchhunt atmosphere has unfairly criticized and damaged the reputation of ethical, helpful, financial aid professionals.

167. Respondent 416

I have worked as a Financial Aid Director for 25 years. I have worked with my two current lenders for 12 years. Our college and students get excellent customer service. I get supplies for exit interviews, forms printed and have a priority service at each lender to help me with problems. If we get one lender that is guaranteed to get all the loans they will care less about the school or the student. Things are running 99% perfect. Fix the 1% or as you would say the bad apples and leave what is not broke alone. I think the Department of Education should spend more time on Institutions giving students and parents private loans before Federal. Now that should be against the law!

168. Respondent 418

FFEL should be scrapped, and DL should be mandated for all schools.

169. Respondent 420

The FEELP program gives students the option to use other lenders of their choice where Direct lending does not give students any options for better benefits. Lack of competition would hurt students.

170. Respondent 421

THIS WHOLE DANGEROUS SURVEY IS BIASED BY VERTURE OF THE QUESTIONS ASKED AND THE MANNER IN WHICH THEY WERE ASKED!!!

171. Respondent 422

Most schools have student's interest in mind when recommending a borrower. Lenders not willing to provide the best borrower benefits have become vocal and are implying that all preferred lender lists result in pay-offs and kick-backs. This is not true for the huge majority of post secondary institutions throughout the country. Before any laws are passed that will regulate the student loan industry to the level of the Sunshine Act or even Buck McKeon's

reforms, someone needs to investigate what's really going on here. The possible negative ramifications to students through this country are huge. I'm not saying that no school official ever got a kick-back from the loan industry but 99% of them didn't. I'm not sure that Senators and Legislators would be willing to make that kind of claim when speaking of their peers.

172. Respondent 423

None

173. Respondent 427

I believe the FFEL program is the best for students and the stats show DL schools are declining and this DL program needs to be eliminated.

174. Respondent 428

The current state of affairs assumes schools are guilty and we have to prove our innocence. That is backwards. A few mistakes by a few FA administrators is being blown out of proportion; just for media purposes it appears. It also appears this is becoming a political issue and the student's best interest is being overlooked.

175. Respondent 435

Most of the financial aid officers I know are ethical people who have not benefited personally by lender lists or their relationships with lenders.

176. Respondent 436

All schools and all FFELP lenders have been painted with the same brush. The majority of schools with preferred lender lists have selected those lenders carefully and with the best interests of their students in mind and have not been unduly influenced by lenders. Also, non-profit lenders serve an important mission in the areas they serve, providing outreach and grant and scholarship services as well as lending services. On another note, the Democratic members of Congress who are championing the right of students to choose any FFELP lender of their choice, charging that students have been unfairly herded toward a school's preferred lender, don't seem to want to engage in the debate that students going to Direct Lending schools are uncategorically denied that same right to choose.

177. Respondent 437

Our financial aid department work very hard in providing the student and parents with the best possible service. WE always put our students first. The negative press the financial aid professionals are receiving is sad. The financial aid professionals work very hard and the job is stressful, but we do it with a smile. I want to see experienced financial aid professionals stay in the business to help students and not be run off by false accusations. According to the negative press we are guilty until we can prove ourselves innocent. I am a financial aid professional, because I enjoy seeing any student having their dream come true by affording to go to college.

178. Respondent 438

Direct Lending forced FFELP lenders to improve their processes and in that regard competition was positive. However, FFELP took the majority of the market because of the

incentives they have been able to offer schools, guarantee agencies, and students (all at the cost of taxpayers). This has always been unfair to schools as well as the student. DL schools weren't in the position to waive origination fees or to provide the repayment incentives that FFELP lenders have been able to give students. If all the federal funding extended to lenders/guarantee agencies was put all into the Federal Direct Lending program, the government could afford to decrease costs to students. Although I am not happy about how the financial aid profession has been tarnished by the unethical actions of a few. However, justice is necessary and I am pleased that this is finally being addressed.

179. Respondent 445

I believe that reform is sometimes a necessity, however we need to go forward and not back. Don't punish for something that has been occurring for over 20 years and seems like standard practice.

180. Respondents 447

We have the best politicians that money can buy!!!

181. Respondent 449

Personally, I think the parents and students rely on the Financial Aid Office to help interpret the borrow benefits offered by lenders to make a choice that is in the borrowers best interest. With the Sunshine Act it makes it very difficult for Financial Aid Administrator to counsel students in the loan process. We deal with the lenders and their customer service departments on a regular basis and if we have problems or bad customer service with the lender, then you can pretty much guarantee that the students and parents will also have problems. This act implies that parents and students should be leary of what the Financial Aid Administrators are telling them because they may be receiving some form of inducement to recommend a certain lender. I have been in the Financial Aid field for over 7 years. Neither my office or other financial aid professionals that I have meet make recommendations to students based on what the lender will do for the schools, we were making recommendations based on what the lenders offer to the students and parents. The students and parents should be encourage to talk with their financial aid counselor to determine the best options for the individual student and family.

182. Respondent 454

Much of what is being discussed in regulatory and policy discussions is already covered within the HEA. This whole discussion was started because of issues surrounding alternative loans and is continuing because of an extremely small group of lenders and school financial aid office. All decisions should be made with a great deal of caution so that the students, who are after all the individuals that we are supposed to be assisting, are not hurt by administrative and regulatory rhetoric and posturing.

183. Respondent 458

The auction idea is interesting. More emphasis on educating the public. Has to be limits on lender inducements to schools. The servicers are making huge profits on loans. The scariest issue for students is financing the gap; the portion not covered by Title IV. The private loans

are high rate and high fees. They are a horrible deal for the student. With rising costs more students are turning to this source to cover the gap.

184. Respondent 459

Obviously there has been abuse of the lender list process. I agree that those schools/people should be held accountable. However, I do not feel that abuse by a few should end a process that helps many.

185. Respondent 462

In my opinion, there is no problem with the current process of using a preferred lender list. It seems that no matter what process or system that is put into place, someone will find a way to abuse the system. Laws are made and laws are always broken. Only a few concerned persons will choose to do the right thing.

186. Respondent 464

It is interesting to note that congress can act within 30 or so days to pass legislation to curb so called abuses at the college or aid officer level but has taken years remedy the 9.5% abuse/loophole. It is also interesting to note that individuals in congress accept large political contributions from various sources and not be concerned that there may be a conflict of interest or a cozy relationship with the donor. As far as advisory boards are concerned, what viable organization does not solicit advise or engage in dialogue with business partners about how to improve products, services and delivery systems.? The vast majority of aid officers work hard to provide the advise and services necessary to help students obtain their educational goal of obtaining a college degree. We are now trying to kill flies with a sledge hammer.

187. Respondent 465

I only had lenders on a generic list that gave good customer service to students and staff, NOW I have NO list. Students are frustrated and have no direction. When you type in student loan you get Sallie Mae lenders. For three years, Sallie Mae did not send in loan disbursements to my students, they never acknowledged that they made a mistake, they just had students come to the counter and say Sallie Mae says you people are stupid I have not had them on a list, they are still Number 4 in volume. Why would I want them on a list? Lenders should be able to conduct EXITS...I have been told that they can no longer. Lenders have the knowledge about consolidation, forgiveness programs, forbearances, etc. THEY should be able to give my EXITS....my staff are not qualified!! The next issue is stock. I inherited stock that is of a major bank that is also a student loan lender. I am now being told that I may have to liquidate it. WHY? I have never purchased any!! If I have to liquidate it...it will penalize me on my taxes. This is so unfair.

188. Respondent 466

The basis of a preferred lender list should be borrower benefit and maximum choice. I do not believe the government would be able to fund a Loan program if every school is required to borrow from it.

189. Respondent 467

The real problem seems to be the non-federal alternative loans. Our students are bombarded with deceptive letters and promises of low interest rates. If any regulation needs to happen it is with the non-federal alternative education loans. I am very skeptical that the DoE can do much with that.

190. Respondent 471

We participate in Direct Lending. Maybe the Government should consider standardizing the Federal Loan program so that all students get equal treatment. If there are advantages to be had they should be given to all students, not just FFELP program borrowers.

191. Respondent 475

Preferred lender lists are an important tool used by FA Offices to help student borrowers find the best loans, not only for customer service and benefits, but because of processing issues as well!!! There are dozens of ways to process an FFEL loan and when a school can streamline that process, it gets loan funds to students faster with less chance for errors.

192. Respondent 476

In light of all of the negative publicity surrounding the improper actions of a select few financial aid administrators and lending institutions, the reputation entire financial aid community has been scarred. We have lost sight of the real issue - Student Loan Indebtedness. Why do our students need to borrow so much to obtain a quality education? Maybe that's something we can start to investigate.

193. Respondent 478

I believe the department should expand the federal direct loan program to provide all subsidized loans. Let the market take the unsub, plus and alternative or private loans.

194. Respondent 479

I strongly believe the Sunshine Act is closing the barn door after the horse has run out. If students and parents would plan better, not the summer before a student begins freshmen year, they would have a more realistic view of what financial aid is. So often financial aid is marketed as an entire free ride. Because of this misconception, very few people believe that it is their responsibility to help contribute to their child's education or their own education. I have been in this field for 16 years. I worked at a private law school and a low cost community college. Unfortunately, the attitude is the same; that financing ones education is someone else's problem. If we could get across to America that financial aid is intended to add to what you can do and not replace it, not so many folks would be caught with their pants down and borrowing so much money. Now, there are private lenders advertising on cable!!!! I am sure the terms are not as good as the Stafford or the PLUS, but they have the money to force feed it to those who are not prepared. I would recommend more students do work-study to contribute towards the cost of their education.

195. Respondent 480

some survey questions did not allow for adequate response selections

196. Respondent 487

I am frustrated that a few crooked financial aid people have basically ruined it for the rest of us who are straight. Most financial aid professionals I know are just that -- professional -- and they know that accepting stocks, money, etc. from lenders is not acceptable behavior. I also feel that if lenders are not allowed to do print pieces for us anymore, our students are not going to get the same quality & quantity of information they received before. We rely on our lending partners to help us out with that expense.

197. Respondent 488

The focus on the lending practice is a political opportunity for a number of people to help their careers. Although it appears that certain members of the aid community have made bad choices, the entire community has been painted with the same broad brush. Education is expensive and it's easy to point the finger at Fin. Aid.

198. Respondent 489

I believe that the vast majority of higher ed institution financial aid professionals recommend lenders based on the best benefits to their students and not on what benefits the school; I also believe that most lenders, guarantors, and servicers have greatly enhanced the student loan delivery system for both students & schools

199. Respondent 493

We have always used the lender list as the starting point for students and parents to choose their lender. I find many parents are confused by the benefits offered by various lenders. We are available to not recommend a particular lender but to offer advice as to how the benefits could impact the borrower. I worry that should FFEP survive this latest round of political involvement, we will see a huge increase amount of direct to consumer marketing by lenders. I fear this will be similar to the tons of mail we currently receive from credit card companies marketing their programs. Parents and students will be more confused and financial aid administrators will be reluctant to give out advice due to the proposed legislation. If Congress is compelled to regulate financial aid professionals they need to also take action to proactively anticipate the direct to consumer marketing of student loans as the next level of the student loan scandal in the future.

200. Respondent 496

I believe Congress is investigating the wrong group. Student loan consolidation is a much bigger racket which causes grief for students. The competition between FFEL and DL is good--they both need to stay. Efforts should be made to find money to increase Pell and increase student loan amounts--raising aggregates doesn't do any good!

201. Respondent 499

This is like any other law or threat of legislation in our society...the rules have to be made for the small minority of people who won't follow good common-sense practice. Doing away with the FFEL programs would be a HUGE mistake. If the goal is to make the Direct Loan program the sole choice for borrowers, then are not those pushing the industry in that

direction guilty of exactly what they say schools are doing with Preferred Lender Lists? They are limiting the borrowing choices of students to 1 lender.

202. Respondent 509

I think Congress should concentrate on THEIR own kick-backs or favors they get from their voting constituents. I'm sure they have a few in their group that have made them all have a bad reputation. The financial aid community, in whole, has very high standards and works diligently each day to help our students. And...we do it for very little pay as compared to our esteemed congressmen. My profession of 24 years has been personally insulted by this entire fiasco.

203. Respondent 510

Add the entire list of eligible FFEL and Direct loan lenders to the FAFSA: 3 for each school code; stafford, alt & PLUS. Allow each school to order their list. Direct loan schools should also have to process FFEL loans from students, if requested on the FAFSA.

204. Respondent 514

I believe that the majority of Financial Assistance Offices have the best interest of their students in mind.

205. Respondent 515

I firmly believe that most Financial Aid Offices keep the best interests of the students in mind when developing preferred lender lists. While there may be some who abuse this system, they are few and far between. Preferred lender lists have worked well for students for many years.

206. Respondent 516

Preferred lender lists serve a valid purpose by considering a myriad of important criteria beyond cost and by insuring streamlined processing through the use of compatible systems. If preferred lender lists are eliminated by legislation, student lending will become a chaotic mess and students and parents will be subject to predatory lending, similiar to the current situation in the sub-prime mortgage market. Congress needs to listen carefully to the concerns of the financial aid community before making any substantial changes. If they don't, they risk making the situation worse than it is.

207. Respondent 517

Congress has made a small problem into a larger one and is not increasing the accessibility and effectiveness of the loan programs.

208. Respondent 519

It is regrettable that the actions of a few are driving decision makers. This is polical in nature and is politics at its worst. Financial aid administrators as a whole are some of the most ethical people in the workforce. Congress should spend their time cleaning up their own house before throwing stones at other. While I favor high ethical standards, and would welcome a resonable code of conduct, what we are seeing right now is just simply over the top. Guidance and direction are important, but I do not think all of the limitations proposed will benefit students.

As a matter of fact, I think it is the students who will suffer. Remember, many of the schools will not have the funds to produce the items lenders are currently providing. It is a shame students are caught in the middle of this situation.

209. Respondent 521

the federal government has created a number of loan programs throughout the years. What is the status on the repayment of these loans? I do not see the mechanism to collect these government loans talked about. I want student loans paid back. the federal government has not presented an exit strategy to make student's pay back the loans. The federal government would outsource this process to lenders for payment anyway. How would this help the students getting the best deal in a loan or me as the taxpayer get my money back? There are a few bad apples in the system, but on the whole, the FFELP system is in place, has a due diligence process, and I bet those loans turned over to the federal government are never fully collected.

210. Respondent 522

While problems may have come to light with illegal inducements, overall, most financial aid professionals I know truly have the students best interest in mind. I make a conscious effort to shop for the loan programs that provide the best benefits suited to the population of students at my institution. The FFEL program has done a wonderful job of providing competition and borrower benefits that Direct Loans has been forced to comply with. The Direct Loan program is already unable to keep up with technology innovations, customer service capability, speed of processing and general service. If we would apply the Sunshine Act terms to the Direct lending program, they would be in violation. For example, with the Direct Loan program there is no choice for the consumer, no competition and schools are given inducements to return to the Direct Lending program. The customer service of the Direct lending program is atrocious! Students wait many times for long periods to get inaccurate answers and information. Also, the electronic capabilities and software of the Direct Loan program is far behind what the FFEL lenders have developed and becomes an added burden for schools.