

July 20, 2009

Honorable Edward M. Kennedy
Chairman
Committee on Health, Education, Labor
and Pensions
430 Dirksen Senate Office Building
Washington, DC 20510

Honorable George Miller
Chairman
Committee on Education and Labor
2181 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Kennedy and Chairman Miller:

We, the undersigned, are all former presidents or chancellors of Historically and/or Predominantly Black Colleges and Universities who remain vigilant and supportive of these institutions and the thousands of students they educate. Collectively, we, along with our many other former HBCU presidents, have served those institutions for more than two centuries and we understand the challenges they face as the most productive sector in the country in educating African Americans at the collegiate level. We are writing to share our concerns about the proposed change in the way in which Title IV Student Financial Aid will be administered and the potential negative impact of forcing all institutions to participate in the Direct Loan Program.

We strongly support President Obama's proposal to increase the level of funding for Pell Grants as well as making the Pell Grant an entitlement with annual increases built in. That proposal will go a long way toward helping low and many middle income students afford a college education. At the same time, we are under no illusion that a \$5,500 Pell Grant maximum, even with annual 1% above cost of living index increases, will cover the total expense of a college education. Given that reality, student loans will continue to be a necessary component in paying for a college education for the vast majority of low and middle income students attending HBCUs.

The current Direct Loan/Federal Family Education Loan debate, we believe, misses one crucial point. Namely, that it really makes little difference what entity the student is indebted to at the completion of his or her degree—whether it's the Federal Government or a private financial institution. They are still in debt. What is most important in that regard, we think, is that every effort is made to ensure that students, their families and the institutions they attend are in the best position to understand student loan debt, understand the best ways for repaying that debt and the best ways to avoid defaulting on student loans. The proposal should also ensure that institutions

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serving large numbers of low-income students are able to administer those loan programs on their campuses in the most efficient and effective manner possible.

We have seen first-hand the negative consequences of student loan defaults for students and their families as well as for the institutions they attend. Because of that, we strongly urge you to include ways and programs to mitigate against student loan defaults in your deliberations concerning changes in the student loan delivery system. We believe it is critical that programs and services enhancing financial literacy, student success support, college access assistance, and loan repayment success, which are currently provided by non-profit and state guarantors, be included in all Federal student loan programs and that those services not be optional but clearly delineated, legislatively mandated and paid for directly by the Federal Government.

Furthermore, we also know, from first-hand experience, how vitally important it will be for ongoing training for financial aid administrators at institutions serving large numbers of low-income, first-generation students. The majority of those financial aid offices are under resourced and understaffed making it much more difficult for them to carry out the procedures to achieve the goals envisioned in the President's proposal for a 100% direct loan delivery system.

Finally, based on our collective experience, we believe it is extremely important that there be an ombudsman function established that can stand between the bank based system or the Federal Government servicers to act as an official, independent and unbiased source of information on questions that emerge between the borrower and the lender. Such a function would also serve as an arbiter to resolve disputes that arise between the parties. If these collective safeguards are not included in legislative changes to the Title IV student loan delivery system, we fear that the goals sought by the Administration will not be achieved.

As the Congress debates the proposed changes to the student loan delivery system, we sincerely hope that you will take our recommendations seriously.

Sincerely,

Samuel DuBois Cook

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Dillard University
New Orleans, LA

Leonard E. Dawson

Dr. Leonard E. Dawson
Former President
Voorhees College
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