



Financial Aid Directors Respond to HELC Survey on Direct Loans

January 2017

In mid-January 2017, the Higher Education Loan Coalition (HELC) surveyed over 5,800 Financial Aid Directors about their experience with the Direct Loan Program and implications for the students they serve. Respondents represented all sectors of the higher education community and 75% of those responding moved to Direct Lending because of the elimination of the federal bank based program.

Key Findings

With a significant response rate of 15%, the survey indicated the following:

88% of respondents reported that their expectations were met or exceeded after transition to the Direct Loan Program

85% of respondents indicated that they needed fewer or the same number of staff to support their participation in the federal loan program than required before their transition to the Direct Loan Program

83% of respondents felt that their students receive better or equal service in the Direct Loan Program

If given the choice, fewer than 15% of respondents would consider returning to the bank based system of providing federal loans

In addition to these key findings, 35% of respondents provided comments about their experience with the Direct Loan Program. The following are examples of the themes those comments conveyed:

The Direct Loan Program is the Preferred Federal Loan Process

"It feels like the school has more control of the loan process with Direct Lending. Using the [Common Origination and Disbursement] system has simplified the overall loan set-up and disbursement process."

The Direct Loan Program is Less Confusing for Students

"There is little doubt in my mind that Direct Lending is the best option for our students. It is simpler and better managed. The cost savings to the government is considerable."

The Loan Origination Process is Efficient but Multiple Servicers are Problematic

"We have found that it is a simpler program to administer and simpler for students to understand. One negative is the proliferation of servicers, which causes confusion for students. Also, would prefer communications to students to be labeled as coming from Direct Loan Servicer."

"It's not the Direct Lending program that is at issue--it's the servicers, the number of them, and the inability to connect with them through one web site. Each servicer wants us to obtain a log-in for their web sites, and frankly, I have enough log-ins!"

The Direct Loan Program is Easier for International Schools

"As a Foreign institution, we enjoy working with the Direct Loan program to assist U.S. students attending our institution."

HELC is a grassroots organization of practicing financial aid administrators dedicated to the continuous improvement and strengthening of student loan programs. Originating as the National Direct Student Loan Coalition in the early 1990s, the Higher Education Loan Coalition is seen as the leading voice in student lending reform and student advocacy.

www.higheredloancoalition.org