



HIGHER EDUCATION

Department of Education Public Hearings for Negotiated Rulemaking

The Department of Education, Office of Postsecondary Education has announced its intention to establish up to four negotiated rulemaking committees to prepare proposed regulations under Title IV of the Higher Education Act of 1965, as amended (HEA). In preparation for these committees the Department will hold a series of four regional hearings to solicit issues that should be considered for action by the negotiating committees. Information about these hearings was published in the Federal Register on August 18, 2006.

The four hearings were held as follows:

Date: Tuesday, September 19, 2006

Time: 9:00 a.m. – 4:00 p.m. (local time)

Location: University of California – Berkeley Lipman Room – 8th Floor
Barrows Hall Berkeley, CA 94720

Date: Thursday, October 5, 2005

Time: 9:00 a.m. – 4:00 p.m. (local time)

Location: Loyola University – Water Tower Campus
Rubleff Auditorium – 1st Floor
25 E. Pearson Street
Chicago, IL 60611

Date: Thursday, November 2, 2006

Time: 9:00 a.m. – 4:00 p.m. (local time)

Location: Federal Student Aid Conference
Royal Pacific Resort – Conference Hotel
6300 Hollywood Way
Orlando, FL 32819

Date: Wednesday, November 8, 2006

Time: 9:00 a.m. – 4:00 p.m. (local time)

Location: U.S. Department of Education
FB-6 Auditorium
400 Maryland Ave., SW
Washington, D.C. 20202

For additional information about these regional hearings, please contact:
Patty Chase
U.S. Department of Education
1990 K St., N.W., Room 8050
Washington, D.C. 20006.
Telephone: (202) 502-7526.

Written comments may be sent to: **NEGREG2006@ed.gov**

Presenters

Presenters at the Department of Education Public Hearing, Berkeley, California - September 19, 2006

- **Barbara Beno**
Accrediting Commission for Community and Junior Colleges
- **Tommaso Boggia**
California Public Interest Research Group
- **Dagny Brown**
California Public Interest Research Group
- **Daniel Buch**
Graduate Student/Instructor University of California - Berkeley
- **Chang Cai**
United States Student Association (USSA)
- **Dallas Cole**
California Public Interest Research Group/University of California – Davis
- **Nancy Coolidge**
University of California – System
- **Rowan Cota**
Project on Student Debt
- **Alex Ding**
American Medical Association
- **Brice Harris**
Los Rios CCD Accrediting Commission
- **Danny Herrera**
Student
- **Molly James**
Student
- **Hector H. Jimenez Cardena**
California State Student Association/San Francisco State University
- **Patricia Kapper**
Career Education Corporation
- **Laura Kerr**
California State Student Association
- **Helene Lecar**
California League of Women Voters
- **Christina Maslach**
University of California - Berkeley
- **Van Nguyen**
Bridges/ASUC
- **Vivienne Nguyen**
Student
- **Jennifer Pae**
United States Student Association
- **Zebah Pinkham**
California Public Interest Research Group
- **Michael Reagan**
Student

- **Cheryl Resh**
University of California - Berkeley – Financial Aid Office
- **Iluvia Rodrigues**
University of California Student Association/USSA
- **Bill Shiebler**
University of California Student Association/USSA
- **Robert Shireman**
Project on Student Debt
- **Jelena Simjanovic**
Student
- **Nicholas Smith**
City Commissioner
- **Abdi Soltani**
Campaign for College Opportunity
- **Jamienne Studley**
Public Advocates
- **Paul Tao**
California Public Interest Research Group
- **Cassandra Trombley-Shapiro**
California Public Interest Research Group
- **Kenan Wang**
Student
- **Kriss Worthington**
City Council - Berkeley
- **Nan Zhang**
Student

**Presenters at the Department of Education Public Hearing
Chicago, Illinois - October 5, 2006**

- **Alisa Abadinsky**
President, Coalition of Higher Education Assistance Organizations
- **Ateni Asihel**
Loyola University - Student Government
- **Meegan Bassett**
Senior Policy Associate, Women Employed
- **Nichelle Bottko**
Minnesota State College Student Association - St. Paul Technical College
- **Katie Campion**
Minnesota State College Student Association - Inver Hills Community College
- **William Church**
National Accrediting Commission of Cosmetology Arts and Sciences
- **Steven Crow**
The Higher Learning Commission of the North Central Association of Colleges and Schools, Council of Regional Accrediting Commissions
- **Cynthia Davenport**
Executive Director, Association of Specialized and Professional Accreditors
- **Mauri Ditzler**
President, Monmouth College
- **Earl Dowling**
Director of Scholarships and Financial Assistance, Harper College

- **Jacki Fairbairn**
Great Lakes Higher Education Guarantee Corporation
- **Scott Formo**
President, Minnesota State College Student Association - Alexandria Technical College
- **Matthew Glaman**
Wisconsin Public Interest Research Group - Stevens Point
- **Matthew Guidry**
President, Wisconsin Public Interest Research Group - Stevens Point
- **Bammeke Jenkins**
University of Illinois - Chicago - Alumni of Upward Bound
- **Colleen Kiefer**
Wisconsin Public Interest Research Group - Stevens Point
- **Katie Kloth**
Wisconsin Public Interest Research Group - Stevens Point
- **Paul Lingerfelter**
President, Student Higher Education Executive Officers Association
- **Umair Mamsa**
Student, University of Illinois - Chicago
- **Dan Mann**
Big Ten Financial Aid Directors
- **Trevor Montgomery**
President, Student Lobbying Association, University of Illinois - Chicago
- **Nayshon Mosley**
Chicago State University, Alumni of Upward Bound
- **Paul Murray**
Treasurer, Student Lobbying Association, University of Illinois - Chicago
- **Rebecca Myers**
Graduate Student, Loyola University - Chicago
- **John Padgett**
President, International Academy of Design and Technology
- **Paula Peinovich**
President, Walden University
- **David Preble**
Commission on Dental Accreditation of the American Dental Association
- **Miriam Pride**
Work College Consortium - President, Blackburn College
- **Chris Rasmussen**
Midwestern Higher Education Compact
- **Jeff Runion**
Missouri Public Interest Research Group
- **Steve Schulz**
Marquette University
- **Grace Serino**
Loyola University - Chicago
- **Robert Skorczewski**
Sergeant at Arms, Student Government, University of Illinois - Springfield
- **Alan Stager**
United Council - University of Wisconsin - Wakesha
- **Edgar Staren**
President, Undergraduate Student Government, University of Illinois - Chicago

- **Rebecca Thompson**
United States Student Association
- **Brett Thurman**
University of Illinois - Chicago - Student Lobbying Association, Academic Affairs Commission
- **Elizabeth Tieri**
University of Illinois - Chicago - Student Lobbying Association
- **George Torres**
Assistant Vice President, Texas Guaranteed Student Loan Corporaion
- **Michelle Villarreal**
Wisconsin Public Interest Research Group - Stevens Point
- **Eric Weems**
Director of Financial Aid, Loyola University - Chicago
- **Kiley Williams**
United Council - University of Wisconsin - Oshkosh

**Presenters at the Department of Education Public Hearing
Orlando, Florida - November 2, 2006**

- **Larry Abele**
Private Citizen
- **Ahmad Abuznaid**
Student, Florida State University - United States Student Association (USSA)
- **Timothy Anderson**
Student Government Association, Bethune-Cookman College
- **Tom Auxter**
United Faculty of Florida
- **Denise Bennett**
Indian River Community College District Board of Trustees
- **Jeff Boyle**
Director of Financial Aid, Isothermal Community College, North Carolina
- **John Boyles**
Student, University of Florida, Gainesville - Vice Chair, Florida Student Association
- **Maria Calamia**
Community College of Vermont & Vermont Association of Student Financial Aid Administrators
- **Kimberly Copley**
Student, Florida State University - United States Student Association (USSA)
- **Melissa Coral**
Graduate Student, University of Central Florida
- **Paul A. De Giusti**
Director, Legislative and Regulatory Affairs, Corinthian Colleges
- **Reginald Floyd**
Indian River Community College District Board of Trustees
- **Jan Friis**
Vice President, Government Affairs, Council for Higher Education Accreditation
- **Francis Gerbasi**
Director, Accreditation and Education, Council on Accreditation for Nursing Anesthesia Education Programs - American Association of Nurse Anesthetists

- **Brad Giedd**
Optometrist
- **Edmund K. Gross**
President, International Academy of Design and Technology, Tampa, Florida
- **Frank Harrison**
President, Student Body, University of South Florida - Chair, Florida Student Association
- **Glen S. McGhee**
Director, Florida Higher Education Accountability Project (FHEAP)
- **Erin McNamee**
Graduate Student, Barry University, Miami, Florida
- **Kathleen Megivern**
Executive Director, Commission of Accreditation of Allied Health education Programs (CAAHEP)
- **Tej Okun**
Student, University of Central Florida
- **Lisa Primiani**
Student, Florida State University - United States Student Association (USSA)
- **Gary Raab**
Student, Florida State University - United States Student Association (USSA)
- **Thomas Ratliff**
Director of Student Financial Aid, Indiana State University
- **Samuel Reda**
Student, Florida State University - United States Student Association (USSA)
- **Elvira Reyes**
Longy School of Music, Cambridge, Massachusetts
- **Mark Rosenberg**
Chancellor, State University System of Florida
- **Shelley Saunders**
Vice President, Strategic Services with American Student Assistance
- **Lucy Scalici**
Assistant Director, Fiscal Management of Title IV Funds, City University of New York
- **Elise Scanlon**
Executive Director, Accrediting Commission of Career Schools & Colleges of Technology
- **Anisha Singh**
Student, Florida State University - United States Student Association (USSA)
- **Nichole Stevenson**
Student, Barry University
- **Brent Tener**
Southern Association of Student Financial Aid Administrators
- **Rebecca Thompson**
United States Student Association
- **Matthew Tuchman**
Director of Legislative Affairs, Student Body, Florida State University
- **Phil Van Horn**
President & Chief Executive Officer, Wyoming Student Loan Corporation
- **Hui-Min Wen**
Director, Institutional Research, New College of Florida

- **Belle Wheelan**
President, Commission of Colleges of the Southern Association of Colleges & Schools
- **Keon Williams**
Student Government Association, Bethune-Cookman College

Presenters at the Department of Education Public Hearing, Washington, DC - November 8, 2006

- **David Baime**
American Association of Community Colleges
- **Sandrae Ban**
North Shore Community College, Massachusetts Public Interest Research (PIRG)
- **Julia Benz**
Ohio State University
- **Nikolai Blinow**
Salem State College, Massachusetts, The Salem State Log - Public Interest Research Group (PIRG)
- **Steven Boudreau**
Worcester State College
- **Barbara Brittingham**
New England Association of Schools and Colleges
- **Crystal Calaruse**
National Association of Schools of Public Affairs and Administration
- **Alan Carlson**
President, The Howard Center for Family, Religion, and Society
- **Nicolas Christiansen**
University of New Hampshire - Public Interest Research Group (PIRG)
- **Jeanine Clark**
Student, University of Connecticut, Public Interest Research Group (PIRG)
- **Alys Cohen**
National Consumer Law Center/Legal Services Community
- **Constantine W. Curris**
President, American Association of State Colleges and Universities (AASCU)
- **Anthony Daniels**
Chair, National Education Association, Student Program
- **Judith Eaton**
Council for Higher Education Accreditation
- **Devin Ellis**
University of Maryland, College Park - Student Government - Public Interest Research Group (PIRG)
- **Jesse C. Fenner**
Upward Bound Alumni
- **Sarah A. Flanagan**
National Association of Independent Colleges and Universities (NAICU)
- **Kerrin Forgette**
University of Massachusetts, Dartmouth, Massachusetts Public Interest Research (PIRG)

- **Andrew Friedson**
University of Maryland, College Park - Student Government - Public Interest Research Group (PIRG)
- **Ellen Frishberg**
Director of Student Financial Aid, Johns Hopkins University
- **Rebecca Fritz**
Student, University of Connecticut, Public Interest Research Group (PIRG)
- **Anna Griswold**
Pennsylvania State University
- **Mary Jane Harris**
Director, American Physical Therapy Association (APTA), Department of Accreditation
- **Jackie Heresman**
Director of Upward Bound, Marshall University, West Virginia
- **Matthew Johnson**
University of Maryland, College Park - Public Interest Research Group (PIRG)
- **Patricia Kapper**
Career Education Corporation
- **Jarrett Kealey**
Student Body President, Marymount University - Public Interest Research Group (PIRG)
- **Andrea Kilroe**
Salem State College, Student Government
- **Andrew Klimkowski**
Student Trustee, The Richard Stockton College of New Jersey
- **Sarah Levin**
Laboratory Institute of Merchandizing
- **Cynthia Littlefield**
Association of Jesuit Colleges and Universities (AJCU)
- **Brandon Lozeau**
University of Massachusetts, Dartmouth, Massachusetts Public Interest Research (PIRG)
- **Rolf Lundberg**
United States Chamber of Commerce
- **Dallas Martin**
President, National Association of Student Financial Aid Administrators (NASFAA)
- **Rosaria Matos**
Rutgers University - New Jersey Public Interest Research Group (PIRG)
- **Trea McPherson**
Student, University of Connecticut, Public Interest Research Group (PIRG)
- **Jean Morse**
Middle States Commission on Higher Education
- **Benjamin Navon**
Salem State College, Massachusetts, The Salem State Log - Public Interest Research Group (PIRG)
- **Nicholas Nuar**
Rutgers University, New Jersey Public Interest Research Group (PIRG)
- **Jennifer Pae**
President, United States Student Association (USSA)

- **Scott Peach**
University of New Hampshire - Public Interest Research Group (PIRG)
- **Robyn Polo**
Rutgers University - New Jersey Public Interest Research Group (PIRG)
- **Constance Kelly Rice**
Director, Upward Bound, St. Paul's College, Lawrenceville, VA
- **Janice Satterthwaite**
President, Virginia Association of Education Opportunity Personnel
- **Shelley Saunders**
Vice President, American Student Assistance on behalf of the National Association of Student Loan Administrators (NASLA)
- **Michael Shawe**
Rutgers University, Livingston - Public Interest Research Group (PIRG)
- **Emma Simson**
Student Body President, University of Maryland, College Park - Public Interest Research Group (PIRG)
- **Barbara E. Solt**
Institute for the Advancement of Social Work Research
- **Luke Swarthout**
Staff Advocate, Public Interest Research Group (PIRG)
- **Lamar Thorpe**
George Washington University, Student Government, United States Student Association
- **Jeff Ticehurst**
Student, University of Connecticut, Public Interest Research Group (PIRG)
- **Jim Tolbert**
Chairman, Career College Association
- **Roger Williams**
Accrediting Council of Continuing Education and Training
- **Dina Zarella**
National Association of Social Workers

U.S. DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION

PUBLIC REGIONAL HEARING ON
NEGOTIATED RULEMAKING

Lipman Room, Barrows Hall
University of California, Berkeley
Berkeley, CA 94720

Tuesday, September 19, 2006
9:00 A.M. – 4:00 P.M.



**UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION**

ADDENDUM

Public Regional Hearing - Transcript
University of California – Berkeley
Berkeley, California
September 19, 2006

Note to Constituents:

The first 12 minutes of the Berkeley, California Public Hearing were not recorded due to technical difficulties. However, we have inserted the written opening remarks of: Genaro Padilla, Vice Chancellor for Student Affairs at the University of California-Berkeley; and David A. Bergeron, Director, Policy and Budget Development Staff, Office of Postsecondary Education, U.S. Department of Education. We have also included the written presentations of the first 2 presenters: Patricia Kapper, Chief Academic Officer, Career Education Corporation; and Nancy Coolidge, Office of the President, University of California.

P R E S E N T

PANEL

David Bergeron

Director of Policy and Budget Development Staff
Office of Postsecondary Education

Harold Jenkins

Division Director for Postsecondary Education
Office of General Counsel

Gail McLarnon

Program Analyst
Office of Postsecondary Education

Mary Miller

Program Analyst
Office of Postsecondary Education

1 Genaro Padilla
2 Vice Chancellor for Student Affairs
3 University of California – Berkeley
4 Opening Remarks

5 September 19, 2006
6 U.S. Department of Education
7 Regional Hearing Hosted by
8 University of California - Berkeley

9 Good morning everyone. My name is Genaro Padilla. I'm the Vice Chancellor for Student
10 Affairs here at UC-Berkeley and it's a pleasure to welcome all of you here today, to our beautiful
11 campus. I understand that some of you are visiting from out-of-state, including those of you
12 who have come from Washington, DC, welcome. I want to thank all of you for coming here
13 today to participate in this important process and to thank the Department of Education for
14 choosing UC-Berkeley to host the first of their four regional hearings. Before you begin your
15 work, I just wanted to tell you a little bit about the public institution of higher education where
16 you are sitting, in case this is your first time here.

17 The University of California, (Berkeley being the first of the system's campuses) was chartered
18 as a public trust in 1968 and set the stage for excellence in higher education in the West. With
19 more than 33,000 students and distinguished faculty, including 19 current and former Nobel
20 laureates, Berkeley ranks as one of the world's greatest intellectual centers. A 1,232-acres
21 scenic oasis in the midst of an exciting urban environment, the Berkeley campus is just across
22 the bay from San Francisco, which you can see from here---the birthplace of the biotech
23 industry. Less than an hours drive south is Silicon Valley, California's famed epicenter of high
24 technology. We think it is not a coincidence that Berkeley has played a key role in the
25 development of those lucrative industries that keep our country globally competitive.

For many students, studying at Berkeley is the opportunity of a lifetime. Twenty-eight percent of
our freshmen are first generation college students, and about one-third of all our
undergraduates are eligible for Pell Grants. Berkeley serves more of these economically
disadvantaged students than all of the Ivy League schools combined. Last year, more than
9,000 undergraduates received a total of \$45 million in scholarships.

We applaud the work of the Department of Education in continuing to make possible federal
student financial aid, in the form of Pell Grants, as well as the new SMART grants, (National

1 Science and Mathematics Access to Retain Talent Grant Program) and the new Academic
2 Competitiveness Grant (ACG), which were added to the Higher Education Act by the
3 Reconciliation act of 2005.

4 Thanks again for being here. We hope you enjoy your time here on campus, and in the area,
5 and wish you a productive discussion today.

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1 **David A. Bergeron**
2 **Director, Policy and Budget Development**
3 **Office of Postsecondary Education**
4 **U.S. Department of Education**
5 **Opening Remarks**
6 **September 19, 2006**
7 **Berkeley, California Regional Hearings**

- 8
- 9 • Welcome. Thank you for coming.
 - 10 • As some of you may know, except in unusual circumstances (such as those that applied to
11 the initial Higher Education Reconciliation Act of 2005 (HERA), Pub. L. 109-171
12 regulations), the Department is required to use the negotiated rulemaking process in
13 developing proposed regulations for the Title IV programs.
 - 14 • This will be our fifth negotiated rulemaking session. We have found the process to be
15 beneficial and believe that it has produced regulations that are more responsive and in tune
16 with what really goes on out there.
 - 17 • These regional hearings are the first step in the negotiated rulemaking process.
 - 18 • For those of you unfamiliar with negotiated rulemaking, I'd like to give a brief overview.
 - 19 ▪ The Department holds regional meetings to solicit public input on the agenda.
 - 20 ▪ We put together an agenda and select negotiators from the individuals nominated in
21 response to the Federal Register Notice. These individuals are representatives of
22 organizations or groups with interests significantly affected by the subject matter of
23 the proposed regulations.
 - 24 ▪ We sit down and negotiate the policies and the exact regulatory language that will go
25 into a Notice of Proposed Rulemaking.
 - The process isn't finished when the negotiations are over. We publish the NPRMs
and the public at large has an opportunity to comment.
 - After considering all public comment, we publish a final regulation.
 - In May 2006, the Secretary announced that we would be conducting negotiated rulemaking
to develop proposed regulations for the new Academic Competitiveness Grant (ACG) and
National Science and Mathematics Access to Retain Talent Grant (National SMART Grant)
programs, which were added to Title IV of the HEA by the HERA.
 - Interim final regulations for these programs, with an invitation to comment, were
published in the Federal Register on July 3, 2006. The interim final regulations will
be used to administer these programs for the 2006-2007 award year. The Secretary
may, for the 2007-2008 award year, amend the regulations, as appropriate, in
response to comments received.
 - The regulations for these programs that will be developed through negotiated
rulemaking would be in effect for the third and subsequent years of implementation
of these programs (that is, beginning July 1, 2008).
 - Beyond that, there is no set agenda. We understand that there has been some concern that
we would use negotiated rulemaking to bypass required legislative action to implement
recommendations from the final report from the Secretary's Commission on the Future of

Higher Education. I assure you that we have no intention of acting on any recommendations from the Commission that require statutory changes.

- We're here to listen to you. Individuals who have signed up to speak will be given 5 minutes to present their comments. If someone is unable to comment at one of the regional meetings, they may submit their comments in writing to NEGREG2006@ed.gov by November 9.

**WRITTEN STATEMENT OF DR. PATRICIA KAPPER
CHIEF ACADEMIC OFFICER, CAREER EDUCATION CORPORATION
2895 GREENSPPOINT PARKWAY, SUITE 600
HOFFMAN ESTATE, ILLINOIS 60169**

**DEPARTMENT OF EDUCATION PUBLIC HEARING
BERKELEY, CALIFORNIA
SEPTEMBER 19, 2006**

Thank you for the opportunity to participate in today's hearing. I am Dr. Patricia Kapper, and I am the Chief Academic Officer for Career Education Corporation.

I joined CEC in 1997 as director of education and placement when the company had eighteen campuses. CEC has grown significantly since then, both in size and stature. I have overseen major changes in the academic programs at CEC schools, which have evolved from having primarily certificate and associate degree programs to offering a broad range of bachelor's master's and doctoral degrees in career-focused curricula. CEC is focused on five high-growth fields: visual communication and design technologies; information technology; business studies; culinary arts; and healthcare.

Our strength is in our dedication to the entrepreneurial spirit of our students and our commitment to creating tomorrow's business leaders. To compete successfully in today's demanding workplace, students require a solid educational foundation that provides them with the knowledge and skills they will use daily on the job.

We work very closely with local employers to create bridges from the classroom setting to the workplace environment. Our curriculum is developed in tandem with community business leaders to capitalize on existing local employment needs and provide immediate placement opportunities for our students. Employers ask for our graduates time and time again.

CEC's design is unique in an educational environment of traditional pathways. We celebrate our ability to custom tailor certificate and degree programs to meet the needs of our largely non-traditional student population and to do so quickly as the market demands. As proprietary institutions, we are flexible and nimble enough to have the ability to invest ahead of the curve in new technologies and education programs.

CEC's commitment to leadership in education extends beyond the classroom to include all factors contributing to a positive student outcome. Financial aid professionals help students access all available sources of government and private assistance for financing their education – including CEC's own scholarship programs. Innovative student retention programs help students remain in school. And, our placement professionals help students secure part-time employment while they are in school and in the career field they have chosen once they graduate.

What makes the 80-plus colleges and universities of Career Education Corporation "schools of choice" for students who have many educational options?

- We deliver a career-focused education the provide students with the knowledge and skills they need to compete successfully in today's job marketplace.

- 1 • We prepare students for the technology-driven jobs of this millennium in high growth fields.
- 2 • Many CEC schools are leaders in their markets with long operating histories – more than
3 100 years, in some cases – sterling reputations and well-known brand names such as
4 Le Cordon Bleu Schools North America and California’s own Brooks Institute of
5 Photography.
- 6 • Many faculty members at CEC schools are working professionals in their field of
7 expertise, as well as educators, which enable them to bring a real-world perspective into
8 the classroom.

9 Students can select a CEC school with confidence that they will receive an educational
10 experience that will fully prepare them to launch a career in their chosen field.

11 We welcome the Commission’s report and the challenges it presents. We commend
12 Secretary Spellings for having the courage to ask for concrete and bold solutions to the
13 problems facing students and post-secondary institutions today. We may not all agree on
14 the solutions proposed, but it is high time we shine a light on a system that is failing so many
15 students. The obstacles to student success highlighted in the report are ones we deal with
16 every day. I think anyone who cares about students must face the fact that this review is
17 long overdue.

18 The students who are falling through the cracks of the existing system are often caught by
19 CEC. Seventy percent of our students are over the age of 21 and 39 percent are minorities.
20 Many of our students are the first in their family to attend college. Others are returning to
21 school seeking new careers after being laid off or displaced from their jobs. Our schools are
22 often the first step to new lives for countless students. We offer them the opportunity to
23 tackle new technologies and flourish in fields of study that didn’t even exist ten years ago.

24 We pride ourselves on providing a welcoming environment to accommodate all students and
25 to get them ready to compete in the global marketplace.

Like other colleges and universities across the country, CEC schools must address the
deficiencies of an educational system that graduates students from high school without the
basic skill competencies required for post-secondary education. Seventy-two percent of all
colleges are now offering remedial services, and we, like other schools, find that we must
provide substantial remedial classes addressing core competencies for a growing number of
students coming straight from high school.

Just as our K-12 system does not do the job it needs to do in preparing students for college,
the post-secondary schools and colleges, including CEC, struggle to do a better job of
adequately addressing these deficiencies. The Commission could not be more correct in
identifying this issue as burdening both students and institutions.

Post-secondary schools like ours are forced to spend precious student time teaching skills
that should have been mastered in high school. Resources must be diverted to remedial
programs. These resources would otherwise go to enhancing post-secondary programs to
offer more in-depth instruction and services that in turn provide students with skill sets that
allow them to succeed in the increasingly competitive global marketplace. We must do
better by our high school students in this country.

1 Another obstacle for our students is one the Commission identified as a problem for
students nationwide – barriers to the transfer of credit between institutions.

2 The burden on students and institutions alike as a result of these barriers is unacceptable at
3 a time when many students are highly mobile and may be completing their degrees in
multiple states. A majority of our students are non-traditional. Most of them will not
4 complete their studies in a linear fashion. Those students who are older and embarking
upon a career change or furthering their careers need every advantage available to make
5 their studies more efficient and cost-effective.

6 Our students are determined to see their coursework through to its completion, and we need
to make every effort to eliminate any obstacles they face.

7 Our students have found the obstacles to transferring their hard-earned credits to be
twofold. First, they experience a bias toward our operation as proprietary institutions. And
8 second, they encounter non-profit administrators and faculty who object to our national
accreditation and reject transfer credits without an objective evaluation.

9 An objective examination of the accreditation process conducted by the national bodies
10 would demonstrate that it is just rigorous as the process administered by the regional
accrediting bodies. If our process meets the standards of the Department of Education, it
11 ought to be sufficient for the institutions our students would like to attend.

12 We are encouraged by the Commission's serious look at the shortcoming of the existing
accreditation process. We support eliminating the barriers between national and regional
13 accreditations. Such a change will level the playing field for our students across the country.
Increasing access for all students is crucial, and this type of innovation in the system can
14 only provide more student opportunity and choice.

15 To highlight the reason for our concern about transfer of credit policies, I would like to share
with you some stories of problems students from our schools have encountered in the past
16 18 months.

- 17 • Sergio graduated with an Associates' degree from Brooks College in Sunnyvale and
18 wanted to pursue his Bachelor's at a local state university. He could not, however,
even despite a 3.82 GPA, because the university dismissed his Brooks credits out of
hand.
- 19 • Jennifer graduated with her Bachelor of Fine Arts degree from the International
20 Academy of Design and Technology in Detroit. She wanted to continue her studies
in a graduate program. Only one of two state universities recognizes her degree.
- 21 • Meagan successfully completed coursework toward her Associate of Applied
22 Science degree in fashion design and merchandising at our International Academy of
Design and Technology in Nashville. She moved out of state to be closer to family
23 and when she applied to a local public university, the school advised that she would
have to start all over.
- 24 • And finally, despite the shortage across the country of qualified nursing staff, Linda,
25 graduate of our Western School of Health and Business Career, could not apply any
of the credits from her Associate's Degree program in Surgical Technology toward a
registered nursing degree from a local community college.

1 We also have found situations where one of our instructors will teach the identical
2 course at a CEC school and at a public or private college, yet students who take the
3 course at our school and meet the same requirements as students at the other institution
4 still cannot transfer the credit for the course.

5 Students should not be required to navigate each institution's particular transfer of credit
6 policies, and they should not be required without cause to repeat coursework in which
7 they have demonstrated proficiency.

8 Career Education Corporation schools work closely with local and state institutions to
9 facilitate the transfer of credits for our students where needed. This means going above-
10 and-beyond to provide extensive documentation about our faculty, coursework
11 requirements, and accreditation.

12 Arbitrary and ambiguous of credit policies waste precious resources – a student's
13 ambition for educational excellence, the time needed to begin a professional career, and
14 critical, limited federal financial aid dollars.

15 We recommend that the Department of Education, through its implementation of the
16 Commission's recommendations, pursue the following with regard to transfer of credit:

- 17 • Require all higher education institutions to create and make public their transfer
18 of credit policies and any articulation agreements they have in place;
- 19 • Prohibit institutions from denying transfer of credit based solely on the accrediting body
20 of the transferring institution;
- 21 • Create incentives for schools that can demonstrate a fair transfer of credit process; and
- 22 • Consider creating a national consortium that follows the lead of states like Illinois and
23 Florida. These states have developed state-wide articulation models that support
24 student transfer from one participating college/university to another in order to allow
25 students to complete a degree.

Thank you very much for allowing me the opportunity to be with you today.

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Testimony of the University of California: Priorities for Negotiated Rulemaking 2006

Submitted as oral testimony at Berkeley, California
September 19, 2006 by Nancy Coolidge
Office of the President
University of California

ACG & SMART Grants

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- Rules about the eligibility to receive a grant should be structured to **maximize the benefit to students, keep the administration simple, and still protect federal taxpayer interest**. Areas that should be reconsidered in the Interim Federal Regulations to achieve these goals include the following
 - Regulations about **receiving a Pell Grant at the time of disbursement of an ACG or SMART GRANT – being eligible to receive a Pell Grant during the same year should meet the legal requirement**.
 - **“Academic year”** in the context of ACG/SMART should comport with legislative intent, not the rigid interpretation based on “term of art” in some, but not all, other Title IV regulations.
 - Until a student graduates from high school, **enrollment in college level coursework** should be considered an augmentation to their preparation, not render them ineligible for an ACG award.
 - Students who earn college credit from AP and IB exams should not be penalized when competing for ACG or SMART grants; these programs should foster, not discourage, rigor and high achievement.
 - Schools should have the same standing as the Department to **require documentation from students** to establish eligibility for ACG.
 - **Calculation of the size of an ACG/SMART grant for which individual students are eligible** should mirror existing Title IV rules.
 - The **definition of approved CIP** (Classification of Instructional Program) codes that qualify as eligible majors should be negotiated, particularly in certain science and language majors. The current approved list does not include some majors that are clearly within the statutory definition of the eligible disciplines.
 - The Secretary should allow institutional **flexibility in identifying students who have declared majors in eligible disciplines**, both because the method and timing of these declarations vary by institution.

- 1 • Definitions from the Pell Grant program, such as the **notion of a “scheduled award,”** should only be incorporated into ACG/SMART rules when necessary.
- 2
- 3 • The rules of ACG/SMART should **conform to existing rules for consortium agreements.**
- 4
- 5 • The Secretary should explore ways that **the federal government could monitor continued eligibility of ACG/SMART grants** on behalf of institutions.

6 *Loan Issues*

- 7
- 8 • Guarantee agencies should be required to use any excess cash to **buy down the 1% guarantee** fee on student loans, reducing the cost of borrowing for students, prior being
- 9 allowed to use the money for marketing their brand or that of their lenders.
- 10
- 11 • As currently regulated, **the burden of proof outlined in the interim final regulations is too great for victims of identity theft** with respect to student loans taken out in their
- 12 name that were not theirs.
- 13
- 14 • Borrowers should be entitled by regulation to obtain an Income-Contingent Repayment in
- 15 lieu of other, more demanding repayment options at any point during repayment.
- 16
- 17 • Students who have had their student loans rehabilitated by a guarantee agency should be
- 18 **allowed to seek Income Contingent Repayment in Direct Loans** rather than being
- 19 forced to have their loans purchased by a lender. Complete rehabilitation should not be
- 20 dependent on the good will of a lender buying back the newly–rehabbed loan.
- 21
- 22 • Schools lending through the **“School as Lender” provisions** in FFEL should be allowed
- 23 the same flexibility as other lenders to **buy down the loan fees for all their borrowers,**
- 24 **not** just the borrowers with federal “need.”
- 25
- **“Estimated Financial Assistance”** should be defined more clearly.
- **Certification of military deferments** should be easier to administer in the Perkins
- program – the school lenders are not going to be able to support the veterans in timely and
- appropriate ways without significant support from the military and Department of Education.
- **Maximum negative amortization** should be calculated using the disbursed loan amounts
- rather than the principal at the time the students enter repayment.

- The Secretary should choose the most **borrower-friendly** options when trying to **align FFEL and Direct Loan repayment options** rather than restrict the options to the most limited in either program as the interim final regulations have chose to do.

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P R O C E E D I N G S

9:00 A.M.

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3 **NANCY COOLIDGE:** . . . identifying eligible students should have the same
4 right to documentation as the department itself. We are struggling to identify eligible students
5 who did not — and probably in the future won't always — identify themselves as possibly
6 eligible. So we're doing the investigations to find these students.

7 Because we're your partners in trying to figure out which ones of these kids could
8 get this award we need to have at least the level of access to their records as the Department
9 itself can demand. And we don't think that's quite the case at the moment.

10 The size of the ACG and SMART grant for which individual students are eligible
11 should mirror existing Title IV rules. At the moment, at least, given the discussions that have
12 taken place on some of these conference calls, these webinars, there is confusion on that point
13 and we believe that there's campuses that are administering these with somewhat different
14 rules of just exactly what a maximum size grant could be given other aid. And we want to clarify
15 that, because we believe students are being disadvantaged by that understanding.

16 And finally, a big issue for the University of California is the definition of approved
17 CIP codes. We've had several of our faculty and deans writing to the Secretary on this point, in
18 both science and in the language area. We believe that the choices made for the interim final
19 regulations are too restrictive and do not reflect the full possibilities of the statute with respect to
20 certain science courses, particularly very serious science courses that — if you look at the
21 syllabus and the curricula requirements of them — we think should qualify. And the CIP code
22 should be expanded. Likewise, our languages; the University of California teaches many of
23 these languages that are considered strategic, and yet very few of our Pell recipients who study
24 these languages are actually included — because the CIP code is broader; it goes to area
25 studies rather than just the language major. And we want to ask that there be another look at

1 which of the majors are recognized for the languages.

2 We want to ask for flexibility in majors; who is in a major at different times.

3 Because I think some of the most rigorous and demanding schools do not permit identification
4 of a major until certain prerequisites are finished, and that's excluding students who are, in fact,
5 eligible — or should be eligible — because they have not actually been allowed to declare a
6 major, and they miss opportunities during their third and fourth year. This goes, again, in
7 combination with the academic year definition — it's excluding eligible students. If we could fix
8 the academic year definition this would be less of an issue.

9 Scheduled award notions that are existent in the Pell Grant program don't
10 actually work well here, and we want to ask for a revisiting of the notion of scheduled awards
11 with respect to ACG and SMART grants; that that doesn't translate well into this program.

12 Consortium agreements. It's suggested, at least in the interim final regulations,
13 that consortium agreements have a slightly different set of rules with respect to these grants;
14 maybe that's a misunderstanding, but we'd like to clarify that the basic consortium rules that
15 apply to other Title IV aid should apply to these as well and not be different.

16 And finally, with respect to these two grants, the federal government should
17 monitor — explore ways that the federal government could monitor. We want the federal
18 government to be a partner in seeing who has gotten two years of a [unintelligible] ACG grant
19 and who has gotten [unintelligible] years of a SMART grant — so that we can reduce the
20 element of academic year definition in terms of the different definitions that institutions give it
21 should be less of an issue at the federal level, as long as no one gets more than their
22 [unintelligible] share, as [unintelligible] no more than two years of an ACG and no more than two
23 years of a SMART grant. That could be controlled, because you'll have all the data on who has
24 gotten these disbursements. We could control it by a combination of your information and our
25 definitions of what year these students are in.

1 With regard to loan issues, we want to ask that guarantee agencies — before
2 they spend their money on marketing their brand — that they help buy down the fees that
3 students are being required to pay. You require that one percent of the volume be remitted to
4 the Secretary, but we are interested in having — after that amount — that the marketing not be
5 a big ticket item at guarantee agencies that are financed on the backs of students who are poor
6 enough to have to borrow; and that that money be used to buy down some of their costs, rather
7 than spent on guarantee agency marketing. It's not as though students have any serious option
8 as to using a guarantee agency if their school is in the FFEL program; they have to use one.
9 And since they're captives, we feel that it's appropriate for you to regulate some of the direction
10 of their . . . any largesse that they have should be directed at student welfare before it is spent
11 on other things.

12 The burden of proof for the interim final regulations, with respect to students who
13 become victims of identity theft, is too strict. It would be nigh on impossible for someone who
14 has just been victimized in this way to actually get relief. We believe that the documentation
15 requirements and the sequence of information is so strict and so demanding that these students
16 who have already had something bad happen to them are going to . . . it's going to be months
17 — maybe years — before they get relief, given the rules. And we're concerned that it's too strict
18 and too demanding.

19 I don't have this in my written list of things, but I want to mention in connection
20 with the demand or the hope that income-contingent repayment can be flexed so that more
21 students can take advantage of it when they need it, we also need — as others will testify —
22 that the economic hardship deferments, which have been the subject of negotiated rulemaking
23 in the past, still are not sufficient. They are too restrictive. They are too hard to get; the
24 application is very hard for students to negotiate — very hard for those of us who help them.
25 And furthermore, the rules governing who gets it have a cliff effect; so that students with one

1 dollar here or there in income are ineligible entirely, whereas people with one less dollar are
2 completely eligible. We want to see that changed so that it is more gradual and that students
3 have more opportunity to take advantage of that when they truly need it.

4 Schools lending through the “School as Lender” program should be allowed
5 some flexibility as others. We’re understanding that the interpretation of the new statute on this
6 point is so restrictive that campuses are not permitted to buy down the fees as their competitor
7 lenders are, and this puts school lenders at a significant disadvantage with respect to treating
8 students well. We have only one interested party at the moment — the law school at UCLA —
9 but they would like to use some of their profits to buy down the fees for their students, and
10 they’re being told that they can only do this insofar as there is federal need and not for all the
11 borrowers who find themselves having to borrow.

12 “Estimated financial assistance” is defined in these loan programs in such a way
13 that there is still confusion on the point. We are struggling to understand different campuses
14 have different understandings of what estimated financial assistance consists of, and we feel
15 that needs attention.

16 The certification of military deferments is particularly troublesome for us in the
17 Perkins program. The way our programs are administered, we do not have available the records
18 that would be necessary. We’re doing manual searches on each of the borrowers who apply for
19 these, and the suggestion that we can differentiate students who borrowed before a certain date
20 and after a certain date, and how much of their loan was before that date is very expensive. The
21 overhead is very expensive. And we feel it doesn’t serve the veterans very well. That the
22 intention of Congress in setting a date was to save money. But because it’s in the Perkins
23 program it doesn’t actually save the federal government money. It’s because it’s a school-based
24 program — a campus-based program — it doesn’t have the result of limiting cost to the federal
25 government. And so we think that we could look at Perkins differently than perhaps is the case

1 with the FFEL and direct, where they do have better records and can show amounts before and
2 after. The administration is more practical there; it's not so in the Perkins program.

3 The maximum negative amortization with respect to students who are getting
4 loans that enter repayment, we want to actually look at this based on the amount that they
5 borrowed rather than the principal at the time that they go into repayment. We believe that
6 anything we can do to minimize the borrower's interest should be done, and there is, I think,
7 legal room within the statute to look at the amounts borrowed and dispersed rather than the
8 amount owed at the point of repayment as the basis for the amortization [unintelligible]. And so
9 we'd like to take another look at that. Obviously we're grasping at straws here because the
10 statute is so unfriendly to students here.

11 And finally, the Secretary; we are hoping that the Secretary will look at borrower-
12 friendly options when trying to align FFEL and Direct Loan repayment options. Because in the
13 interim final regs the choices made were the least friendly to students and the most restrictive.
14 We want them to go the other way, so that if the Direct Loan program has more flexible options;
15 we want both the FFEL and Direct programs to adopt those and not go in the direction of
16 reducing student options — which we think is what happened here. We'd like to see that
17 changed.

18 Thanks for your attention this morning. Happy to answer questions — I'll be here
19 most of the day.

20 **DAVID BERGERON:** Thank you, Nancy. The next speaker is Helene Lecar. As
21 she comes to the microphone let me — I didn't do this at the beginning because I wanted to get
22 us started — but let me introduce myself. I am David Bergeron; I'm Director of Policy and
23 Budget Development in the Office of Postsecondary Education. Harold Jenkins is the Division
24 Director for Postsecondary Education in our Office of General Counsel. Gail McLarnon is a
25 Program Specialist who works with me in my office, as does Mary Miller — who has been

1 signing you in. So just to let you know who we are. And with that, Helene?

2 **HELENE LECAR:** Helene Lecar. And I'm here on behalf of the California
3 League of Women Voters. We did a two-year study of the community college system in
4 California and adopted a position in 2003 which has remarkable parallels to the conclusions and
5 recommendations in the Commission's report. And I was thrilled to see that the Commission
6 made adequate and repeated reference to the need to accommodate nontraditional students.
7 The Commission's waterfront is much larger than ours; it was looking at all of higher education.
8 We only look at the community colleges. But in fact, it's as if the universe of the community
9 colleges is now expanding into all sectors of postsecondary education. So we were especially
10 pleased to see that the notion that a term and a seminar and a semester are negotiable under
11 the Commission's viewpoint. So we're very happy for that; that federal financial aid should take
12 into account the fact that there are more than one way to skin a cat. There are more than one
13 way to get an education. And they don't all fall into semester breaks and they don't all happen
14 on campuses. And that's especially true of community college students who are pursuing career
15 options where internships and outplacements are an essential part of their education.

16 Okay, given the speed at which the Commission had to move I was very
17 impressed what [unintelligible] accomplished, but what I really want to focus on in my five
18 minutes is the pieces that still need work.

19 One is the question of funding year to year. We are all agreed that support for
20 students, support for institutions is inadequate on its face. But even more damaging to the
21 people we interviewed — which included administrators up and down the state; we had almost
22 30 units of league members up and down California talking to administrators on site. And their
23 remarks were painful, because there was no time to plan. There was no confidence in planning
24 — not only on their parts, but on the parts of their faculty. So the notion of experimenting with
25 innovative new ways of teaching and new ways of managing were a joke, when you couldn't get

1 enough money in the bank to pay people's salary for next month. Because this year's budget
2 has nothing to do with next year's budget. And whatever you plan this year disappears the
3 minute the State's revenue — or the Federal revenue — vanishes. In fact, the commission is
4 talking about the urgent need to expand financial need-based aid at the same time that the
5 Congress is taking \$12 billion out of next year's aid budget. What's the possibility of moving
6 forward when it's one step forward, two steps back?

7 So we recommend that any incentives the Department issues should be coupled
8 with predictable, multi-year financial commitments of institutions are to attempt serious
9 statewide or campus-wide change. We further recommend that if such funding is not allocated
10 there should be some phase out funding to enable the institutions to bring whatever programs
11 are being phased down to a reasonable closure instead of just dropping things like a hot potato.

12 Okay. Then there's going to be trade-offs that the Commission's report
13 emphasized, and we think that some of them are very necessary; the Commission looked at the
14 management costs with a sharp eye for budget cutting. But if you look at the community
15 colleges we are not allowed in California to spend more than 50 percent of our budget on non-
16 classroom purposes. But the very students we're trying to bring in — if we want to increase the
17 college going rate — are students who need a great deal of support; people who provide the
18 kinds of services that you provide in accessing federal grants, in providing guidance and
19 counseling on career paths, in administering grants and reporting on grants — every new
20 program has its own recording requirements. And they are responsible for doing all of this stuff
21 under a budget that is very, very small in community colleges. And since the colleges are the
22 source of education for 40 to 50 percent of all of our higher education students, this is a critical
23 matter.

24 We therefore recommend that any recommendations aimed at reducing the
25 administrative overhead of colleges and universities acknowledge the importance of fully

1 staffing student support services, which will be essential in promoting the success of the non-
2 traditional students we want to attract.

3 The same issue arises with the matter of funding the growth in the number of
4 students. Everybody knows about the demographic bulge from baby boomer two, and it's
5 estimated that there will be an increased demand of 25 percent — even if the college going rate
6 stays the same. If exactly the same percentage of people who are now seeking higher
7 education continue to seek it, there will still be 25 percent more people seeking education. In
8 California the community colleges have a cap on growth, which is a limit on the number of
9 additional students the state will pay for. The feds have a cap on the number of scholarships
10 that are available to support nontraditional students; that's that \$12 billion I'm looking at. But in
11 fact the cap in recent years has been about three percent in California, while growth has been
12 6.5 percent. It's not evenly distributed through the state. But that means that the impacted
13 college campuses have no choice either to turn away students or to take money to support them
14 out of general operating funds. Since they don't have enough general operating funds to begin
15 with, there were 30,000 unfunded additional students in the year 2003. That's a lot of students
16 to come out of general operating funds.

17 We recommend — if we are serious about expanding access and increasing the
18 college going rate — that funding needs to be sufficient not only for the outreach efforts to
19 attract new students, but also to support them as the enrollments go up.

20 We want to talk for a second about pre-collegiate remedial education, which is a
21 major issue at the community college level; almost half of the students coming in need help.
22 They need basic math. They need English — either as a second language or as basic collegiate
23 English. And in California the funding for those courses is only about 60 percent of the funding
24 available to support full credit courses. So we recommend that the fiscal support of pre-
25 collegiate courses be on par with that of for-credit courses, because many of the students we're

1 hoping to increase in their educational opportunities are going to need just those kinds of
2 courses.

3 Lastly I want to talk about accountability a little bit. We're concerned that when
4 you talk about how institutions are ranked — and that completion rates are a significant portion
5 of that — community colleges have a very extensive mission that includes a lot of people who
6 don't really care about getting a piece of paper; they're there to get a competence. So one
7 course in improving a computer science background to upgrade workplace skills is all they are
8 looking for. If there are life-long learning questions and I want to brush up on my French before I
9 go to Paris next summer, that's all I'm looking for. So when assessments are made about
10 evaluating colleges and campus we need to have an understanding that colleges serve different
11 purposes for different students, and that graduation is not necessarily the only goal people
12 pursue when they enroll.

13 Lastly, the accountability section of the report focuses on institutions. We would
14 like to suggest that there is a reciprocal accountability requirement of the legislators and the
15 budget decision makers who are responsible for how well the institutions get funded. In the
16 interest of creating greater public awareness of the choices and trade-offs that must inevitably
17 be made, we recommend that the Department encourage legislative and governing bodies to
18 report to the public every year — just like the institutions — about their value added in the ways
19 in which their decisions and budgets serve to foster the educational opportunities available to our
20 citizens.

21 And lastly, we would like to thank you for undertaking to define and obtain that
22 800-pound gorilla we're all living with. Thank you.

23 **DAVID BERGERON:** Thank you. Our next witness is Bob Shireman.

24 **ROBERT SHIREMAN:** Good morning, and thank you for the opportunity to
25 testify. And thank you for asking the public for help in setting the agenda for the rulemaking and

1 having the regional hearings. I'm Bob Shireman; I'm the Executive Director of the Project on
2 Student Debt — which is a project of the nonprofit Institute for College Access and Success,
3 which is based here in Berkeley.

4 One of our major efforts at this time is to address the issues of rising student debt
5 and the implications that that has for our society and for our college graduates — and
6 particularly those who are thinking of attending college and looking at what their financial
7 options are. There are two ways to address the burdens of student debt: one is to reduce the
8 amount that students have to borrow in the first place, and the other is to make sure that the
9 terms and conditions of the loan are such that students who are borrowers in their later lives are
10 not placed in difficult situations and difficult circumstances.

11 On the first point I just wanted to make one non-regulatory suggestion, because I
12 know that right now is the time when there is back and forth between the Department of
13 Education and the Office of Management and Budget about some of those big picture budget
14 issues. And one of the ways to reduce the burden of student debt, particularly on lower income
15 students, is to put some kind of a substantial down payment on the increase in the Pell Grant
16 that was recommended in that draft report of the Commission. We were very pleased to see that
17 the Commission came out in strong favor of need-based aid, of including something in the
18 budget for the Pell Grants [unintelligible] substantial increase. I think people are going to be
19 watching for that, and I think to the extent that . . . I think that's critical to making sure that we
20 continue to have access to college in the country.

21 On the second issue, fortunately, on the terms and conditions and loans the
22 Department of Education does have substantial authority, because the definitions around
23 economic hardship and income contingent repayment — all of those details are in regulatory
24 language rather than statutory language. And I've included in the written testimony the specific
25 citations to authority.

1 It's interesting to look at campuses and the advice they give on how much can I
2 borrow if I'm going to college. Because the first question that they ask is, "Well, how much are
3 you going to make after you graduate in a salary?" And that's not really a question that a
4 student can answer with any kind of certainty. We have general answers, that people who have
5 bachelor degrees make x percent more than people with just a high school diploma. But one of
6 the visual aides that I brought is the actual distribution of salaries of people with bachelor's
7 degrees. So these are earnings of 25-34 year olds, all working full-time. And sure, there's some
8 percentage — five to eight percent — who are making in the \$95,000 to \$100,000 category. But
9 there are substantial numbers that are making less than the median, in that \$5,000 to \$30,000
10 category. And it's really those at this bottom end [unintelligible] we need to make sure that our
11 loan repayment is such that . . . thank you, Nancy.

12 It's really those who at the left end of that distribution [unintelligible] need to make
13 sure that when they're making payments on their student loans they're not looking at a huge
14 payment that they need to make relative to the amount that they are earning. Earlier this year
15 two economists — Sandy Baum and Saul Schwartz — looked at how would you look at the
16 question of the burden of repayment; the payment the borrower needs to make, and design a
17 system where you expect a manageable payment but not an excessive payment. And basically
18 what they said was that at very low income levels . . . when someone is in poverty or up to
19 maybe 150 percent twice poverty, there is a low payment or basically a token payment that can
20 be expected. And then after that point for each additional dollar earned some amount can be
21 expected. So if you take a particular payment level and draw a line at that payment amount you
22 end up with a gold area here that is basically the area of unmanageable payments; payments
23 that are difficult to make, in that gold area. And you want to have a system that addresses
24 people's issues when they are in that zone — it might be a long-term period, it might be a short-
25 term period. You want to address the problems that they have when they are in that zone. And

1 the system we have has some provisions that are intended to do that, and the problem is that
2 they do not accomplish it very well.

3 The next slide I'm going to zero in on that particular zone. And part of the reason
4 I show the whole thing and then zero in is sometimes when you zero in you think it's a whole lot
5 of people, like it's all of the borrowers. In fact, it's a relatively small subset of people. But that's
6 the area that we need to address with these policies. Our current economic hardship rules cover
7 this blue area of that gap. And as Nancy Coolidge said earlier, it is an all or nothing kind of
8 situation where if you're in the blue area you have . . . if you have subsidized Stafford and
9 Perkins loans your interest is fully covered and if you're one dollar out of that area — either by
10 income or by the payment amount which then adjusts from here to here based on interest rates
11 — if you're one dollar out of it, suddenly none of your interest is being paid. So our suggestion in
12 terms of changes to economic hardship is that that gap, that gold area that is left, be covered
13 through a sliding scale of changes in the economic hardship rules.

14 So the gaps need to . . . We have gaps in the coverage for economic hardship.
15 We have these perverse incentives, where — and I provide a couple of examples in the written
16 testimony — where a preschool teacher would actually be better off not accepting a raise,
17 because it puts her out of the zone of receiving interest help. Or a medical resident would be
18 better off earning \$39,000 rather than \$42,000 because they lose \$5,000 of interest assistance.
19 So addressing that cliff and the perverse incentives that exist there. There's also an issue with
20 full-time and part-time work that I describe in the testimony and then in more detail in some of
21 the other materials.

22 There's also confusion and inequity, and Nancy mentioned the form — the seven
23 pages that are required to figure out whether you should get economic hardship relief. But with
24 income contingent repayment and economic hardship, trying to predict — it again puts student
25 in the situation, borrowers in the situation where they are being asked to predict a future that

1 they can't possibly know. Are you going to be low income relative to your debt for 25 years?

2 Well, I hope not but I don't know that for sure. Is it going to be limited to just three years, in
3 which case maybe you should put yourself in this box. We shouldn't be making people predict
4 the future in order to figure out which box to put them in to help them when they're having
5 difficulty making their payments on those loans. So we need to address that confusion and
6 inequity.

7 You'll hear from others today as well, but basically we're suggesting five
8 changes.

9 One, that there should be an overall limit based on income, percentage of
10 income, that can be dedicated to student loan payments; it should essentially follow the red line
11 that I showed you.

12 Second, it should be sensitive to family size. So to recognize that someone with
13 \$30,000 of income who is single may be in okay shape, but if you've got a couple of children
14 there is a different amount of discretionary income that's available.

15 Third, we should limit the extent to which interest charges build up. So for
16 Stafford Subsidized and . . . Subsidized Stafford and Perkins loans, when they qualify for either
17 this economic hardship or partial economic hardship any unpaid interest should be covered,
18 rather than added to their debts.

19 Cancellation after currently 25 years in income contingent repayment — basically
20 anyone who is paying along that red line, is making that manageable payment; we're suggesting
21 for 20 years should be able to get the cancellation of any further amount due. Usually that would
22 be interest, generally, by that time. They will have paid everything that they borrowed, but it will
23 have been build up of interest — perhaps on unsubsidized loans that caused them to be in that
24 long-term debt situation.

25 And finally, the process for applying. The application process should be

1 simplified. Made online. Make use of the ability to confirm income figures with the IRS, rather
2 than filling out seven pages of forms.

3 I will be available today to answer any questions. And again, I very much
4 appreciate the opportunity to appear here today.

5 **DAVID BERGERON:** Thank you, Bob. Our next witness is Jamieenne Studley.

6 **JAMIENNE STUDLEY:** Good morning. My name is Jamieenne Studley. I am
7 President of Public Advocates, a public interest civil rights legal advocacy group here in San
8 Francisco that promotes equity and opportunity, and a greater voice in public decision making
9 for low-income communities and communities of color. Today we join TICAS and the Project on
10 Student Debt to highlight specific opportunities to improve higher education access, program
11 clarity, and fairness in the federal student aid programs — especially for the lowest income and
12 most vulnerable borrowers.

13 I commend Secretary Spellings' attention to access, affordability, learning,
14 accountability and transparency in higher education, and welcome this opportunity to help the
15 Department shape the issues for negreg. I developed a great deal of respect for the negreg
16 process when we used it in the early '90s for the first time in higher education rulemaking while I
17 was Deputy General Counsel for regulations and legislation. It's good to be back, and it's good
18 to see so many people still working on these issues.

19 My appreciation for the openness and exchange promoted by this process has
20 deepened from my vantage point as an educator, president of regulated entity — Skidmore
21 College — and now as an advocate for the interests of very low-income students, borrowers,
22 and prospective students from preschool through college.

23 As a nation we encourage students to pursue their educations regardless of
24 wealth and expected post-college earnings. The federal student aid system exists to increase
25 opportunity for students whose financial resources are insufficient to finance their investment in

1 higher education. This investment serves not only the national interests in learning,
2 competitiveness, productivity, and an educated citizenry — but also individual learners’
3 intellectual and economic interests.

4 The proper balance of grant and loan aid and levels is for other forums. Federal
5 help for low-income students has shifted increasingly to loan assistance on the theory that
6 borrowers will be able to repay their loans with the higher incomes that result from a good
7 education. The economic returns have proved high enough that this scenario has worked
8 reasonably well for most people, and that now with some more substantial care most are able to
9 manage their loans. But for individual graduates the financial benefits of their education
10 investment can be variable, unpredictable, and — increasingly often now — crushing.

11 We need to improve repayment policies that affect college going and subsequent
12 economic survival. Protections for borrowers who struggle in good faith to repay their loans is a
13 fair and necessary corollary of the government’s choice of a loan-driven aid system. The risks of
14 crippling repayment, bankruptcy and other consequences fall most heavily on borrowers
15 affected by industry upheavals, poor local economies, and intractable racial and ethnic
16 discrimination.

17 Reasonable protections for borrowers experiencing financial hardships or very
18 low incomes are important not just for the borrowers themselves; the next generation of
19 borrowers, too, must have confidence — indeed, the courage — to assume debt that is now
20 necessary to assure an education. Students need to see that investing in education is a wise
21 strategy and that there is a safety net. Without that students will under-invest in higher
22 education, avoiding the risk of borrowing that will destroy their family’s financial position — and
23 the next generation of people will be afraid to go to school, as the House Committee on
24 Education and Labor worried when it passed the Higher Education Act Amendments of 1992.
25 This is especially true for low-income students most daunted by the cost of education, least

1 familiar with the concept of long-term debt, least likely to have the security of family capital to fall
2 back on, and most sensitive to the fragility of economic circumstance.

3 The federal loan system includes provisions to ease repayment burdens, but they
4 are inconsistent, sometimes irrational, highly complex, and too narrow compared to legitimate
5 needs. Borrowers in similar situations are treated vastly differently in repayment obligations.
6 Policies do not always provide clear and meaningful protections, and sometimes are ineffective
7 or very hard to figure out. Sensible economic hardship and ICR provisions would better serve
8 borrowers who experience change as a result of job market volatility, crisis, and career change.
9 Even people who expect to be able to repay their loans comfortably at the outset may need
10 relief at certain times.

11 For all of these reasons I urge the Secretary to amend the student loan
12 repayment regulations along the lines recommended by the Project on Student Debt to protect
13 borrowers from unmanageable payments and indefinite repayment obligations. The Secretary
14 has broad authority to do that under the FFEL program and under the ICR program as well.

15 I recognize — as you do — that many fixes are statutory and that those are not
16 within the scope of these regulations. And second, I have a great deal of humility about the fact
17 that some of these solutions were not identified in prior rounds, and even that sometimes with
18 positive intentions unintended consequences or limitations appear. So I respect the complexity
19 of the job that you have ahead of you. I would ask you to look at my more extended testimony
20 that I provided you for the specifics about some of these provisions related to the two programs.
21 The partial economic hardship opportunity under the economic hardship rule and the recognition
22 — as we read it — that the Secretary could extend the current three-year restriction on the
23 period of economic hardship benefits, allowing a proportional arrangement or multiple three-
24 year periods for each borrower should they fall into the qualifying conditions more than once.
25 Those are the kinds of things that could help these lowest-income borrowers a great deal.

1 Under ICR, when income contingent repayment was passed and we developed
2 the first regulations the Department anticipated that it would be used by 15 to 30 percent of
3 borrowers to allow them to plan wisely for their futures. As we all know, it has not been used
4 nearly that extensively and has not fulfilled its laudable purposes of facilitating public service
5 and assisting borrowers to integrate planning for debt management and career choice. Even law
6 school graduates, for whom debt of \$150,000 and above is increasingly frequent, avoid the
7 onerous terms of ICR. The Secretary can make many changes here as well. Shorten the period
8 of repayment from 25 down to 20, even less. One of the things that scares off the greatest
9 number of borrowers and changing the formula and making ICR available in both the FFEL and
10 direct lending programs.

11 In closing, the current loan repayment regulations are well intentioned, but flawed
12 — leaving too many borrowers without adequate protection. Loan dependence demands a
13 reasonable safety net. I urge the Secretary to address these shortcomings. The changes would
14 advance the nation's promise of equal educational opportunity in higher education — and we
15 stand ready to help. Thank you.

16 **DAVID BERGERON:** Thank you, Jamiene. The next witness is Tommaso
17 Boggia.

18 **TOMMASO BOGGIA:** I am Tommaso Boggia and I am a student at UCSC. And
19 I'm the chair of the California Student Public Interest Research Group. My testimony — first of
20 all, I want to thank you guys for coming out here and listening to what we have to say. My
21 testimony is mainly regarding my role as a student organizer and activist on my campus. I feel
22 that a lot of students don't go to universities only to get a piece of paper that said that they
23 studied for four years; they do go there to reach a sense of community, to get a whole
24 education, to learn to be adults. And I feel that the increasing amount of debt is not letting
25 students achieve this result. I have [unintelligible] countless times where people are really

1 interested in what we're doing, really want to contribute — really want to make our campus a
2 better place for other students to learn — but they have no time to do this because they have to
3 work three jobs so that they can keep their . . . so they don't go into too much of a debt.

4 So basically I just want to thank you guys for coming again. I know you guys
5 don't have the authority to increase the amount of financial aid that these people get, but I hope
6 that you use your influence as the Department of Education to influence the people that can
7 increase the amount of financial aid. And I know that you have the best intentions at heart, and I
8 hope you use them well. Thank you.

9 **DAVID BERGERON:** Thanks, Tommaso. Amazingly, we have timed this
10 perfectly for getting to our first break. We're going to take a ten-minute break. And after that
11 break Zebah Pinkham is going to be testifying, followed by Alex Ding. So just so you know, we
12 will reconvene at 10:10. Thank you.

13 **[BREAK]**

14 **DAVID BERGERON:** If I can have everybody's attention, we are going to
15 reconvene. If people want to continue to have conversations I'd suggest you go out on the
16 balcony and have a conversation — that's what I would do, having walked out on the balcony
17 once today already. And then if you are up to testify we will make sure that somebody yells out
18 on the balcony to find you. Otherwise, glad you're back in. Our next witness is Zebah Pinkham.
19 Good morning.

20 **ZEBAH PINKHAM:** Good morning. My name is Zebah Pinkham and I am a
21 sophomore at the University of Southern California. And I'd like to start off by saying thank you
22 for coming here and getting input.

23 I am a double major in film production and [unintelligible] studies, and film was
24 the reason that I went to USC. USC is one of the most expensive schools in the nation, and my
25 parents and I are doing whatever we can so that I can pay for this. I am going to have to be

1 there for another four years because of my double major, which means that I'm taking out loans
2 for the next four years — everything. So I don't know how I will be paying that back
3 [unintelligible], but I know that my field of study [unintelligible] known for making a lot of money
4 afterwards unless you're Steven Spielberg. So I'm just representing myself and many other
5 students who are passionate about certain things, but can't always pursue these fields because
6 they'll be worried about paying back for the rest of their lives. And so that's who I'm
7 representing.

8 And another thing that I think is really important is that [unintelligible] solve the
9 problem now because if all of us are hanging [unintelligible] for the next 20 or 30 years, we want
10 to have our kids and we want to send them to school — but we'll still be paying our loans. I
11 know my dad just finished like five years ago paying back his loans for grad school. So rather
12 than allowing problems to build up, I think that it's really important to solve this now, which is
13 why I'm here. And hopefully we can change it so that people can pursue fields they're
14 passionate about and not have to . . . not be burdened by [unintelligible] for so long. Thanks.

15 **DAVID BERGERON:** Thank you. Our next witness is Alex Ding. Good morning,
16 Alex.

17 **ALEX DING:** Good morning. My name is Alex Ding, and I'm a senior medical
18 student at the University of California, San Francisco School of Medicine. I am also here as a
19 counselor on legislation and a former Chair of the Subcommittee on Medical Education Debt of
20 the American Medical Association. I'd like to first of all thank you, the Department of Education
21 — and you, it's officials — for your time and consideration in holding these hearings. I come
22 before this committee to urge you to consider the inclusion of the medical student and resident
23 physician community in your discussions. I am here to provide you a perspective on the current
24 state of medical education financing.

25 Medical students often incur huge debt to finance their education. Medical

1 student loan debt continues to be a tremendous hardship, especially during a physician's
2 residency training program which can last anywhere from three to nine years after the four years
3 of medical school which follows a traditional undergraduate degree. I myself have spent nine
4 years of higher education schooling to get my MD, and intend to spend another six years in
5 residency training. In 2005 the typical medical student in this country graduated from medical
6 school with an average student debt of over \$120,000. Medical student tuition has risen an
7 average of 4.5 percent per year above inflation over the last 20 years. When I started medical
8 school my tuition was only \$9,000. However, in the five short years that I've been at my
9 University of California institution, tuition has nearly tripled — now at \$25,000; and this is not a
10 unique circumstance across the country.

11 There is a misperception that doctors often make more than enough to cover
12 such debt upon graduation — much like their business or law student counterparts. However,
13 during residency training physicians work at lower paying jobs but are obligated to start
14 repayment of their exorbitant debt. In fact, the average starting salary of a resident physician is
15 slightly over \$40,000. Most undergraduates from this university probably make more than that at
16 an entry-level job right out of college. In fact, I went to this university and I personally graduated
17 from here and went into investment banking — and made double what a resident physician
18 makes, which I will become in the next year. But I changed careers and went into medicine
19 because I wanted to help the sick and the vulnerable. My profession — and those of us who
20 enter it — are altruistic and have the best intentions to help those who are in need of a helping
21 hand, caring heart, and a compassion for healing. However, with the debt burden rising we
22 begin to note that the difficulties of [unintelligible] debt not only start to affect the practitioners in
23 the system, but also start to take a toll on the public health. Studies have shown that medical
24 students with high debt burdens are often deterred from entering the public health service,
25 practicing medicine in underserved areas, prevented from practicing primary care medicine, or

1 entering a career in medical education or medical research — and instead flock toward higher
2 paying private practice, medical specialties, or medical subspecialties. Even this Department's
3 own draft report conceded that too few students are going into the health care profession. This
4 unfortunately will leave a negative lasting impact on America's access to care and the public
5 health.

6 In conclusion, it is vital to the health of this country that the debt of those of us
7 who decide to undergo medical education remain manageable. Several proposals have been
8 considered during the reauthorization of the Higher Education Act, and I hope that this
9 committee will continue such considerations and dialogue. The U.S. Department of Education
10 consider policy changes to medical education, including — one: ensuring that the availability of
11 sufficient subsidized federal loans be available; two: minimizing interest rates for borrowing and
12 providing the opportunity to consolidate; three: extending deferment of repayment of at least
13 throughout the entire length of residency training — and I really emphasize that point. Four:
14 ensuring that scholarships and loan repayments are not taxable. And five: continuing to ensure
15 that the total interest paid on our loans be tax-deductible.

16 I want to thank this committee for its time, and hope you will consider my
17 comments in your deliberations. Thank you.

18 **DAVID BERGERON:** Thank you. Our next witness is Brice Harris.

19 **BRICE HARRIS:** Good morning. My name is Brice W. Harris, and I serve as
20 Chancellor of Los Rios, a four-college system of public community college in the Sacramento
21 region — currently enrolling more than 75,000 students. I also serve as Commissioner of the
22 Accrediting Commission for Community and Junior Colleges of the Western Region. Thank you
23 for this opportunity to comment on the Secretary of Education's possible creation or modification
24 of rules associated with the Higher Education Act and the report of the Secretary's Commission
25 on the Future of Higher Education.

1 My comments today concern the proposed rulemaking committee intended to
2 address accreditation. I certainly underscore many of the concerns identified by the Spellings'
3 Commission. Although American higher education has accomplished much of which we can all
4 be proud, most of us are quick to admit that we are struggling with underprepared students,
5 rising costs, and inadequate student outcomes. What troubles many of us even more is that our
6 institutions are too often failing those who need us most. Although I could participate in a
7 spirited debate over the causes of these failures — some of our making and some we are
8 powerless to control — I prefer to focus on what we can do to move American colleges and
9 universities back to the top of the global ladder.

10 As CEO of a large, urban and suburban community college system I am
11 extremely proud of what our faculty and staff have accomplished with nearly one-half million
12 students in the last decade. But we must also admit some failures. My brief remarks today will
13 focus on the concept of rulemaking prior to the renewal of a Higher Education Act, and on the
14 continued pressure for increased accountability in higher education. Although many of us
15 involved in regional accreditation agree that ongoing review and reform are necessary,
16 proposed changes to federal involvement in our system are complex and quite controversial. If
17 changes are to be made, we believe strongly they should be done with the approval of
18 Congress and only after the passage of the Higher Education Act. American higher education
19 accreditation is undergoing reform and the Spellings' Commission is right to call on those of us
20 involved to speed up the needed change. All of the regional commissions have now embraced
21 student learning outcomes, which will ultimately provide sound information on student success.
22 And we are continuing to work on the areas insuring access and controlling costs. However,
23 another process of rulemaking prior to finalization of the Higher Education Act seems
24 burdensome.

25 This brings me to my second concern about accountability in general. Most of us

1 in higher education are experiencing accountability fatigue. This document lists the nearly 550
2 accountability reports required of the colleges in my system. My finance staff estimates that the
3 cost of completing these reports is conservatively \$4.5 million a year. As the Department
4 considers rulemaking for higher education I strongly encourage you to please consider
5 regulatory relief. Contrary to what some believe, the current system of regional accreditation
6 based on self and peer evaluation is working quite well. The last thing my employees need is
7 another form to fill out or another box to check.

8 Please focus instead on what you want our colleges to accomplish. American
9 higher education includes tremendously different institutions with vastly differing missions.
10 Creating a system that lines up colleges from very bad to very good will certainly result in
11 institutions abandoning those students that need the most help in order to bulk up their beauty
12 rate. If we are truly concerned about access, then forcing institutions to get rid of students who
13 are challenged in order to make their graduation, transfer, and retention rates look better will
14 have exactly the opposite result.

15 Instead, make the goals clear. Help us find the necessary resources. And I
16 promise you we will deliver. Hold me personally accountable for reaching the targets in my
17 colleges and get rid of me and hire someone else if I fail. No requirement for another report is
18 going to improve the success of students in my classrooms. Clear goals that drive self-
19 improvement will. Thank you.

20 **DAVID BERGERON:** Thank you, Brice. Brice — could I ask you a question?
21 One of the concerns that I've heard is that our current accreditation rules don't encourage the
22 regionals in the national associations to focus on continuous improvement; that our rules seem
23 to set a bar — and that bar then becomes the current and steady state and not really encourage
24 further ongoing continuous improvement. Do you see our rules as impeding that, or do you think
25 our rules currently give the accrediting agencies sufficient flexibility?

1 **BRICE HARRIS:** Regional commissions are in a transformation right now, and
2 the current standards in our western region — brand-new standards — absolutely set a bar and
3 then encourage self-improvement of institutions. And I think with student learning outcomes
4 we’re going to see that happening. In fact, I’ve been on the Commission for five years, and just
5 in the last year or so since these new standards have been in place we’ve already begun to see
6 institutional improvement driven by those standards. So it is an ongoing process.

7 I just authored an article for the accreditation newsletter the other day that says
8 we sort of in the Commission feel like we’re in a race; on the one hand, we have the federal
9 government sort of pushing us to nationalize this process, and on the other hand we have local
10 institutions who are fatigued by accountability and say “enough is enough.” And so the
11 Commission is in a tough spot, trying to get the accreditation process reformed fast enough to
12 satisfy the feds while at the same time keeping our colleague institutions along with us. And it’s
13 a challenge. But I think that what you’re seeing all over the country with student learning
14 outcomes as part of the accreditation standards is driving us to self improve.

15 **DAVID BERGERON:** Thank you, Brice. We’ve got a couple of minutes before
16 the next witness, so I was wondering — Nancy — if you could come and let me ask you a
17 question. I was looking for blocks of time so that we didn’t cut into other speakers to ask
18 questions. That’s why I’m going to do this for a couple of minutes. And others may have
19 questions or comments from up here.

20 Nancy, you made a comment about not having access to the same information
21 that we do at the federal level in implementing the new Academic Competitiveness and National
22 SMART Grants. And I was wondering if you could speak a little bit more about that question —
23 what access do you feel that you need that you don’t currently have, that we could work
24 together to make available?

25 **NANCY COOLIDGE:** Well, clearly we’re struggling because this isn’t true the

1 first year — because there is no one with too much, but eventually we're going to need to know,
2 especially with regard to transfer students who got these awards with ACG and SMART before?
3 How much did they get? What do they have in remaining eligibility? And we can't rely strictly on
4 the student. We're going to have to have information from you. In fact, our suggestion is that the
5 whole system of determining eligibility really be as Pell is a federal responsibility; that you
6 monitor the disbursements that have taken place that are labeled according to which year in the
7 ACG or SMART program these awards were given, and that you tell us on the ISIR just exactly
8 what's remaining for this student if they otherwise qualify. We can figure out if they otherwise
9 qualify, but you're going to have to tell us where they are with respect to getting these awards.

10 There are going to be issues of students having been enrolled before. And they
11 tell us where they've been enrolled before, but we don't have a complete transcript of what
12 happened. So it's essentially about awards that have previously happened, so that we don't
13 accidentally give them an award that they're not deserving of. That's the big one.

14 **DAVID BERGERON:** Okay, so if we were to make that information available
15 through NSLDS or some other tool —

16 **NANCY COOLIDGE:** Well, the trouble with NSLDS for us is that we cannot do
17 this on a onesie-twosie basis. The workload is too great. What we want you to do is to build this
18 into your ISIR response to an application to a FAFSA, so that it comes automatically to us — so
19 we would know. If the student gets a Pell, that you would give us this information automatically.

20 **DAVID BERGERON:** Okay. Thank you. Harold? Gail? Do you have any
21 questions for anyone we've heard from?

22 **HAROLD JENKINS:** I guess I would just comment that this is a good example
23 of something we need to worry about when Congress enacts a provision and requires that an
24 institution know what's going on before for a student who may have attended a different school.
25 I think it's quite valuable for us to come to a meeting like this and hear this type of concern

1 expressed.

2 **DAVID BERGERON:** Cassandra Trombley-Shapiro. Close enough. I have a
3 last name that everybody slaughters.

4 **CASSANDRA TROMBLEY-SHAPIRO:** Okay, so I'm Cassie Trombley-Shapiro,
5 but close enough — that works. I unfortunately don't know all the inner workings of the loan
6 system or anything, and I apologize for that. But hopefully that doesn't make —

7 **DAVID BERGERON:** You don't need to. But you have something you want to
8 say to us, and we want to listen. Okay? And we'll figure out where it fits in.

9 **CASSANDRA TROMBLEY-SHAPIRO:** Okay. All right. So there are two main
10 problems with the increasingly difficult government loan system in the United States; first, and
11 most importantly, those who cannot afford to attend college on their own are often not able to
12 attend at all. Second, debts requiring decades to pay off create disincentive to pursue careers
13 that furnish lower incomes, in turn creating even further problems down the road as fewer
14 individuals become teachers, social workers, etc.

15 I work with middle school girls at Longfellow Middle School in southwest Berkeley
16 as part of a mentoring program called "Women and Youth Supporting Each Other." We work to
17 give these girls information and resources so that they can make the best decisions possible for
18 themselves in all realms of life. Here is where the problem lies. We try to create relationships
19 with these girls based on our being relatable women, similar to them in age and experience —
20 but being that we are college students and so many of them won't be able to even afford to go
21 to college, there exists a huge divide. These girls' families do not have the resources to provide
22 on their own for their daughters' secondary educations. When the main difference between me
23 and these girls is my ability to pay for college — something that clearly should never stand as a
24 true difference between us — it is really discouraging to see that become such an important
25 difference. When, according to the Institute of Education Sciences — an offshoot of the US

1 Department of Education — approximately 10.7 percent of high school students from low-
2 income families are dropping out of high school, as opposed to 5.4 percent of students from
3 middle-income families and 1.7 percent of students from high-income families. I have a really
4 hard time telling these girls that better alternatives exist when they potentially do not even have
5 access to those alternatives. These girls are bright. They are optimistic and they are motivated.
6 But that potentially means nothing in a system where a college degree is necessary for so many
7 careers, but is inaccessible to those without a financial head start.

8 I have worked with a multitude of high school teachers, because I work as a high
9 school debate coach and judge. A personal friend of mine working in California as a high school
10 teacher is in his 30s, has a wife and two children — and is still paying off his college debts, as is
11 his wife. With an already devastatingly low supply of teachers, a system that chains them
12 practically for life to debts wracked up when they were teenagers only furthers this crisis. What's
13 more is the fact that the schools that are getting fewer and fewer teachers are those like
14 Longfellow Middle School — public schools in at-risk, low-income neighborhoods — where, to
15 finish the cycle, students are unlikely to be able to afford to go to college.

16 It's easy to cut aid — and I don't just mean monetary financial aid — it's easy to
17 cut aid to a generation that votes in such considerably low numbers. This is just another cycle,
18 though. A disenchanting group sees no reason to participate in a system that ignores them. The
19 system ignores them because they fail to participate. Why listen to and support a subset of the
20 population that plays such a minor role in the election process? But that's exactly why hearings
21 like this are where change needs to happen.

22 We are not mobilizing ourselves, unfortunately. We are not fulfilling our part of
23 the process. But we shouldn't be ignored. We are still greatly affected by your part of the
24 process. And when I look around Sproul, down by Sather Gate on any given day and see the
25 masses of students handing out flyers and trying to get the word out for their various volunteer

1 organizations I know we do care. And we definitely do still matter. Thank you very much.

2 **DAVID BERGERON:** Thank you, Cassie. Our next witness is Van Nguyen.

3 **VAN NGUYEN:** Van Nguyen.

4 **MS. GARCIA:** Hi, I'm [unintelligible] Garcia.

5 **VAN NGUYEN:** So thank you. It's a really good opportunity for us to speak here
6 on behalf of the students here at UC Berkeley. I'm a third year student here. I'm also a director
7 in Bridges Multicultural Resource Center.

8 **MS. GARCIA:** I'm a fourth-year this year, and I'm also a director for the Bridges
9 Multicultural Resource Center.

10 **VAN NGUYEN:** So we're here to talk to you about . . . See, I'm not really good
11 at the numbers, to be quite honest. And I'm just going to put that out there. But I do know that
12 we work one-on-one with a lot of different students all across the state of California. And what
13 we do know in the individual conversations that we have with thousands of students that want to
14 pursue higher education is that even before they step into their first class in their ninth grade
15 year, even before they begin to apply for college the prospect of achieving a higher education is
16 completely out of the story. It's not even on their radar, because the cost is so much.

17 **MS. GARCIA:** Bridges Multicultural Resource Center [unintelligible] to promote
18 diversity in higher education, and it really inhibits our goal when students of color and students
19 of low-income feel that they can't achieve higher education because it costs too much and they
20 feel that they can't afford it. I myself am not on financial aid because apparently the government
21 thinks my parents make too much money, or enough to support one child. Little do they know
22 that they have two other children at home. But that's a different story. But I'm just saying I'm
23 struggling and I don't feel it's right for other students for future generations to have to struggle or
24 go on academic probation because they have to go to work and they choose to work to help
25 their families as opposed to their academics.

1 **VAN NGUYEN:** I think it's important to note, also, that there are many students
2 on this campus — and there's many students in this room — that are struggling to pay for a
3 higher education. But the stories that a lot of you all probably won't get today aren't happening
4 because students are working. Students are at their jobs right now. Students are in classrooms
5 trying to learn as much as they can, trying to pay off their loans, and trying to support
6 themselves as independent individuals in order to . . . with the prospect of actually achieving
7 something in life. Just to paint a picture for you all, there's a problem that tuition is too high.
8 Well, not here tuition; we pay student fees — we're supposed to actually get a free education,
9 supposedly. Tuition is too high. There's not enough financial aid and support in that respect.
10 And then that results in high levels of debt. And so you can see that cycle happening.

11 And I also think an important thing to note is the opportunity costs. People from
12 low-income families, low-income students of color have an obligation not only to achieve a
13 higher education, but an obligation to their parents to support them. Many students don't have
14 the opportunity to come to college because they have to work to support their family. And that
15 trade off is a real choice that students have to make, and which they shouldn't have to make.
16 Achieving a higher education shouldn't be the choice between whether you're going to put food
17 on your table or be able to pursue greater goals in life.

18 I also think that while we were talking about students that higher education isn't
19 even on the radar, for students that are actually in the system and are in higher education —
20 they're full-time students. They work 20 hours a week. And they are the people that hold the
21 burden of fighting to increase Pell grants, to increase funding for financial aid. And this burden is
22 not carried by wealthy students; this burden is carried by low-income students that have no else
23 but to fight for these for their communities. Not fight for themselves, but fight for their brothers
24 and sisters, cousins that will one day hopefully be in the system and that they want to ensure
25 higher access for.

1 And something also that I wanted to add was that to make higher education more
2 accessible for all students I think it's important to make the process of applying for financial aid
3 easier. I think that being a part of higher education and coming to college is much . . . it has a lot
4 to do with how hard you work and how you smart you are, but besides that it's about how well
5 you can navigate a bureaucracy. And people here know how to navigate a bureaucracy. So
6 making it easier to apply for financial aid is going to create a whole bunch more access for
7 students that haven't had that institutional knowledge to apply for financial aid. First-generation
8 students, students that are low-income don't have that knowledge to navigate bureaucracy. So
9 making that process easier is super important.

10 Also, giving more opportunities for recent immigrants, because I know that the
11 FAFSA, you have to be a citizen to apply. Undocumented immigrants should not be denied the
12 ability to fund their education because they don't have citizenship. Having opportunities for
13 students to get federal funding is critically important for the success of people all across the
14 United States. That's all I had to say. Thank you for the opportunity to speak here today. I hope
15 to talk to you all individually. Have a great day.

16 **DAVID BERGERON:** While you're both standing there, how do you feel about
17 the application process today? Obviously you don't have experience with it five years ago. Do
18 you find FAFSA on the Web something — students that are out there — do you find FAFSA on
19 the Web if you use it easier to navigate than the old paper form? What is your sense? Are we on
20 the right track with those kinds of administrative reforms?

21 **MS. GARCIA:** I think for me personally it would be, because I have access to
22 internet and computer. But there are a lot of high school students that don't have that access
23 and the library isn't open all the time for them to have enough time to fill out the FAFSA. So
24 having the option of doing both would be better. Just like we say, it would be better to have
25 applications for UC's online and offline as well.

1 **DAVID BERGERON:** But would it be better to have a really very simple
2 application for the students who do it by paper? Really, really simple? Okay.

3 **MS. GARCIA:** Simple is better.

4 **DAVID BERGERON:** Simple is better, right.

5 **VAN NGUYEN:** I also think that — just to add — the organizations like Bridges
6 Multicultural Resource Center, that goes out to those communities to help students navigate
7 that bureaucracy are critically important to the survival of students that want to apply for the
8 FAFSA. And when you get into the high schools many times [unintelligible] three counselors for
9 1000 students. Those counselors — their job is to help students do that, but there's not enough
10 resources for them to do that.

11 **DAVID BERGERON:** So maybe it would be helpful if when we provide training,
12 maybe we should try to find ways reach out to these kind of student-based organizations to
13 provide them with the kind of training we provide to financial aid professionals about how to fill
14 out the FAFSA?

15 **VAN NGUYEN:** I think so.

16 **DAVID BERGERON:** An interesting idea. I like that idea. Because I know that
17 we do that with our federal [unintelligible] programs — we provide the same kind of training. But
18 maybe we should open it up to a broader array. We've got a couple of good suggestions of
19 administrative things that we can do that don't require regulatory, statutory change. That's very
20 helpful. Thank you. Dagny Brown is our next witness. [no response] Then we'll go to Paul Tao.

21 **PAUL TAO:** Hi. Good morning.

22 **DAVID BERGERON:** Good morning. Thank you.

23 **PAUL TAO:** First of all, thank you guys, of course, for holding the hearings. My
24 name is Paul Tao. I am a senior at the University of Southern California. I'm here to offer my
25 thoughts on the situation as I know it. As a country America is often noted for the wide variety of

1 talents and abilities that its citizens possess, as well for being a country that is dedicated to the
2 cause of equal opportunity. Because of this, it pained me to see Congress take measures such
3 as the one earlier this year to cut funding from student loan programs to the millions of young
4 adults in America such as I and the several other students here who have talked to you guys
5 today. Student loan programs represent the only opportunity really to go to the universities and
6 colleges in order to receive the higher education that nowadays seems like a prerequisite to any
7 kind of career where you want to have any semblance of a reasonable living, reasonable
8 income.

9 I attend USC as a political science major with an international relations minor,
10 and one day I hope to attend law school in order to pursue a career in law or politics —
11 something like that. However, considering that I already — trust me — I'm very, very deeply in
12 debt from student loans. And law schools are definitely much less lenient and generous when it
13 comes to financial aid that I have come to count on now to be able to attend school. I have been
14 forced to compromise my goals in order to face this reality. The prospect of facing untold tens of
15 thousands of dollars in debt in the future and a bleak future of living life around a loan
16 repayment schedule isn't really something I'd like to do, and has definitely made me not only
17 reconsider what field I should enter once I have graduated, but also whether or not I even have
18 the resources to be able to attend law school and pursue my dreams.

19 As a student that has to pay all of my tuition, housing and books by myself
20 without any sort of financial help from my family I must prioritize and take into account in
21 choosing the path I perceive [unintelligible] for my future what I can do in order to best pay off
22 my current and future loans instead of choosing something I'd like to do or to capitalize on the
23 areas that I am best at or that I am extremely interested in. I know I'm definitely not the only
24 student who is in the similar straights because as I'm sure you guys have heard testimony all
25 day today and for the rest of the day, a lot of my friends personally face the same choices.

1 Establishing more reasonable student loan repayment rules is something that the
2 Department of Education can — and should — do in order to help these students become the
3 educated model citizens that we know the government wants them to be. As much as I'd like to
4 avoid the catch phrase and all that kind of stuff you guys hear all the time, really we are the
5 future America and we are what is here today. Enabling students to attend institutions of higher
6 learning seems like an obvious choice for our country. Students should be able to achieve the
7 education that they want and that their natural ability affords them to without having to
8 constantly worry about how their lack of financial resources will affect them.

9 The Department of Education has a chance to make an impact on the lives of
10 countless students and future business leaders, lawyers, doctors and the like. To institute more
11 fair loan repayment rules is a good step in the right direction, and is not only the right thing to do
12 for American students but it is also something that makes the most sense for the country.
13 Students should not be forced to choose between doing what it is that they're most passionate
14 about and what it is that will make them the most money in order to pay off interest rates on
15 student loans. And the Department of Education can do what it can to prevent this from
16 happening. Thank you.

17 **DAVID BERGERON:** Dagny Brown, again? We're just running a little bit ahead
18 of schedule, so —

19 **DAGNY BROWN:** I'm ready.

20 **DAVID BERGERON:** Okay.

21 **DAGNY BROWN:** I'm the CalPIRG Statewide Higher Education Coordinator, as
22 well as a third year UC Santa Cruz community studies major, which is a prep major to go into
23 the nonprofit sector. Big paycheck. And also graduating with over \$20,000 in student debt when
24 I graduate.

25 I think the biggest problem is the penalization of students for taking out loans, is

1 what it boils down to now. I just consolidated my loans in a program that gives me as much time
2 as I need to pay them off because I need to be able to make small payments so I can still afford
3 to live. But that means I'm probably going to be paying off my loans for 30 years, 40 years —
4 something like that. And I'm not the only person in this situation. Just in my work I would go and
5 do grassroots and talk to students on campus all around; and there are film majors, art majors,
6 journalism majors — and they were all concerned about it. They were all like, "Yeah, \$20,000 in
7 debt; what am I going to do with my major?" But students want to go to school to do what they
8 want to do; they don't want to have to go and get a degree in business if all they want to do is
9 be a journalist or be a teacher.

10 And so I think that it's really kind of cruel to penalize students for wanting to do
11 those things, especially since they give back to the community so much. So I think my solution
12 for that would be to, after 20 years — just cut it. You paid your debt for 20 years. You need to
13 recognize that the return on an education that the government has invested in isn't simply
14 financial. If somebody is a teacher for 20 years they have probably given back enough, you
15 know? They don't need to keep on forgoing family vacations or buying houses, or going and
16 seeing their family back east for holidays. They don't need to keep forgoing that in order to pay
17 back the debts. I think they've done enough.

18 And then the other thing is just the deferment of loans and charging people.
19 People aren't sitting on their couches, generally, doing nothing and asking for loan deferments.
20 They're working hard. They're being social workers and they're teaching children. They're out
21 trying to make change and improve everybody's lives. So I think that it's not right to charge
22 people for deferment of loans. So just cap that, and try and help people to become more
23 financially stable so they can pay back those loans.

24 And then also, just as a little side note, I wanted to address the whole FAFSA
25 financial aid application process. I actually went to Washington and met with the Higher

1 Education Commission, and they were talking about making simple things — like a postcard
2 that says, “I would like financial aid,” because it boils down to the fact that it’s easy for different
3 governmental [agencies] to share the numbers, you know? Check a number on the income tax
4 return that says we would like financial aid — please share this with the education. That
5 alleviates the problem of people having to understand the questions that I have to call my mom
6 every year and say where do I fill in this box? My mom graduated from school. I’m in college. I
7 still can’t figure it out, so I can’t imagine other students having to do the same thing who their
8 parents don’t speak English or they’re first generation. So anyway, thank you for your time.

9 **DAVID BERGERON:** Thank you. Still way ahead of schedule. Cheryl Resh.

10 **CHERYL RESH:** Good morning. Thank you for being here today. As the
11 Director of Financial Aid here at UC Berkeley — with over 9,500 graduate students and over
12 23,000 undergraduates; and of those undergraduates about 7,600 of them being Pell recipients
13 — I want to thank you for hearing that students have additional needs and for Congress and you
14 addressing them with the three new federal programs that were created when President Bush
15 signed here into law last February.

16 It was unfortunate, however, that each of these new programs needed to be
17 implemented in time for fall 2006, because this created a myriad of implementation issues for
18 the Department as well as the entire education community that we’re still addressing today.
19 There is still much confusion out there, especially with the grant programs — as to who is
20 eligible. Many of the headaches and confusion in the education community across the nation
21 could have been avoided if Congress would have written the legislation for these new programs
22 to begin in fall 2007. And I’m not sure if they could ever hear what the problems they really
23 created for all of us.

24 At the same time I want to say that the much-needed grant and loan funds
25 became available this fall and we were able to give this money to our needy students now rather

1 than later. The new Graduate PLUS loan program will typically be used by our graduate
2 students at Berkeley in the professional schools and for those graduate students who are
3 having to be assessed nonresident tuition, because their budgets are so much higher than the
4 maximum Direct Loan that the student can take out on a yearly basis. So this is much better
5 than the old alternative loan choice that they used to have. As of today we have \$3.5 million in
6 fall loan funds to 337 graduate students on the Berkeley campus already in their hands.

7 If Congress decides to eliminate what they consider an inadvertent discrepancy
8 in interest rates between the Direct Loan PLUS and the FFEL PLUS programs, it's important
9 that we not let them disadvantage the Direct Loan program. I suggest that if this comes up again
10 that it's important that we argue that the Direct Loan PLUS rate should stay at the 7.9 rather
11 than be increased to the FFEL rate, and that the FFEL rate be the one that's reduced. Because
12 well before we realized that there was a discrepancy the FFEL lenders were already offering
13 interest rates at lower than the 7.9. So we know that the FFEL community can really afford to
14 keep the lower rates. And it's important to keep these interest rates as low as possible for our
15 students and our parents, as you've been hearing from our students today — as we now have
16 the rising interest rates it's going to be a real challenge as they have to pay these loans back.
17 So anything we can do to keep the rates lower makes sense.

18 And fair competition on a level playing field between these two loan programs is
19 best for students. It's important that we are sure that both federal programs continue to co-exist
20 and thrive as true options for students, institutions, and taxpayers. UC Berkeley is very strongly
21 committed to the Direct Loan program.

22 The important new federal grant programs for the full-time Pell students who are
23 citizens was really also very welcome. I am really sorry that we couldn't make it to all of the Pell
24 recipients. On our campus 24 percent of our Pell recipients are eligible non-citizens with green
25 cards, and they're not eligible for this — this is more than an oversight on congress's part and I

1 wish we could rectify that at some point. But to date over 1300 Berkeley undergraduates have
2 the new Academic Competitiveness Grant or the SMART Grant, and that means that more than
3 a million dollars in additional grant funds came to Berkeley students this fall. We're still going to
4 be awarding probably 200 to 300 more Academic Competitiveness Grants this fall as we work
5 our way through the paperwork to figure out who gets to be manually certified. And probably
6 another 100 SMART Grants once the students actually declare their majors, or we work through
7 again reviewing the manual pieces that are harder to implement.

8 I want to note that these grant programs are the most labor-intensive federal
9 program ever implemented, and anything that can be done to simplify the multiple reviews that
10 our financial aid offices are going to be required every academic year would make these
11 programs better understood by everyone. Campuses typically package their aid recipients in the
12 spring term for the next academic year, and use the previous fall GPA for awarding their own
13 scholarship funds for that entire next academic year. This should be good enough for the
14 SMART Grants. Instead we have to wait until after spring grades are available to give them their
15 fall awards, and we won't be able to pay their spring SMART Grant until after their fall grades
16 are in. That is not the way the campus works, and it really delays them getting their much-
17 needed funds. These new programs require a level of complexity that is absolutely unnecessary
18 [unintelligible] the intent of the legislation, and I encourage you to consider simplifying the
19 process.

20 Within these new grants the issue of counting or excluding Advanced Placement
21 units on the transcript is most relevant to otherwise-eligible students when they reach that 120
22 unit ceiling on a semester campus, or 180 quarter units. The intent of Congress was that
23 students should not receive more than two years of a SMART Grant, but the regulations need to
24 be revised to eliminate the ceiling and to really simplify it to say that SMART Grants could be
25 awarded for a maximum of two years — and let the financial aid community make sure they

1 don't award them for more than two years. Many of our students at Berkeley are in double
2 majors, and most of our students graduate in four and a-half years. So our seniors — our fifth
3 year seniors — are all excluded from receiving these SMART grants. And I know that was not
4 the intent.

5 Also, the SMART grant program was designed to encourage more students to
6 choose majors in math, sciences, and the critical foreign language programs. There's a myriad
7 of them, like Urdu, Russian, Arabic, and Gaelic. Although Berkeley offers intensive language
8 programs that are very rigorous for almost every critically defined foreign language that this law
9 allows, only Japanese and Chinese majors on our campus are qualified for the SMART Grant,
10 and that's because they have a unique major code. All of the other majors that would qualify are
11 all sub-majors under Slavic Languages and Literature, Near Eastern Languages and Literature,
12 South and Southeast Asian Studies, and East Asian Languages and Culture. None of them
13 qualify, and these are critically defined languages and cultures that are very intensive,
14 comprehensive, and were designed — I believe — by this legislation to be included, and these
15 students should be eligible for this program. I am going to be turning in a document; a letter
16 from the Dean of Arts and Humanities, who has already sent a letter to the Secretary asking that
17 this issue be looked at. And I want to ask again that you really seriously look at expanding the
18 programs in the foreign languages.

19 Finally, when the Secretary of Education chose which majors in the sciences to
20 be eligible for SMART Grants the Berkeley campus was really disappointed — and especially
21 myself, who had already figured out who the students would be — that the Berkeley majors in
22 public health, forestry, nutrition, and environmental sciences were excluded. The Secretary
23 really needs to reconsider these critical science majors. We need to be expanding students in
24 these programs to help solve the major health, water, and resource problems facing the work in
25 this 21st century. Thank you for listening to my concerns and suggestions this morning.

1 **DAVID BERGERON:** Thank you. Cheryl, can I ask a couple of questions? You
2 commented that you wished we had more time to implement these new programs, and those of
3 us who had been working on this in the Department would share that view. That said, as we
4 thought about it I think we came to the same place you did — which is we wanted to get the
5 grant aid in the hands of students as quickly as possible. And I think that's what Congress was
6 thinking when they had such a quick implementation date. Do you have an estimate of what the
7 impact of that has been on debt burden for the first- and second-year students, and third- and
8 fourth-year students at this point? Do you think it would be the full amount that you are awarding
9 those programs, or some part of that?

10 **CHERYL RESH:** Okay. On the Berkeley campus the [work and loan?]
11 expectation that we have of all of our needy students is \$8,200 this year. With these new grants
12 freshman entering, instead of having an \$8,200 had \$750 less than the \$8,200. For the SMART
13 majors, rather than \$8,200 they have a \$4,200 work and loan expectation this year. It absolutely
14 makes a difference. And when we had to take away the grants from some students because of
15 the 120-unit ceiling, or because of the majors that were not allowed, you can tell that it
16 absolutely will change students' way of choosing majors — because they are still looking . . .
17 some of them are still trying to figure what major they'll go into to get that \$4,000 back. So for
18 sure it's going to reduce work and loan for these neediest students. Again, it's only some of the
19 Pell students. I have a lot of eligible non-citizen Pell recipients that aren't going to have this
20 ability, which is going to be an issue in the same major. They're both in the same major, but one
21 Pell student can get it and the other one can't.

22 **DAVID BERGERON:** Right. That particular item is clearly statutory.

23 **CHERYL RESH:** And you can do nothing about that one.

24 **DAVID BERGERON:** Through regs we can't do anything. The other question I
25 was going to ask is do you have a sense of what the benefit is to students of the Grad PLUS

1 compared to the private loans? Do you have a sense of the interest rate differences and
2 repayment term differences for your students? I presume your students were always fairly
3 attractive in the private loan market, and —

4 **CHERYL RESH:** But it's easier to . . . if you have them all as federal loans
5 they'll be easier to consolidate into one. You have the forgiveness of the loans if the person
6 dies. I mean, there's real benefits for them being in the federal program rather than these bank
7 alternative loans.

8 **DAVID BERGERON:** I just was curious whether there were differences in
9 interest rates that you've seen; the private loans were at 8.25 last year and now they're 7.9 —
10 you don't see —

11 **UNIDENTIFIED FEMALE:** She's right. The other benefits are the value down
12 the road, not the —

13 **CHERYL RESH:** Right. It's not the interest rate. I mean, that's . . . it's going to
14 be when you're paying it back. That's the real key, because that goes . . . the interest rate does
15 matter, but the real issue is going to be what's available for consolidation, for . . . The ease in
16 which you can change your terms. And you have all those options on the federal program and
17 it's not easy to change your terms with the alternative loans. And they're better under the Direct
18 Loans as well, than they are under the community overall.

19 **DAVID BERGERON:** Thank you. Barbara Beno. We continue to be way ahead
20 of schedule, yes. [Unintelligible]. We hadn't planned on answering questions. [Unintelligible.]
21 We'll see.

22 **BARBARA BENO:** Good morning. My name is Barbara Beno and I serve as
23 President of the Accrediting Commission for Community and Junior College of the Western
24 Association of Schools and Colleges, a regional accrediting commission. I am also the Chair of
25 the Council of Regional Accrediting Commissions. The Council — known as CRAC — is

1 comprised of the seven higher education regional accrediting commissions in the country,
2 including the Commission on Higher Education of Middle States, the Commission on Institutions
3 of Higher Education with the New England Association, the Higher Learning Commission of
4 North Central, the Northwest Commission on Colleges and Universities, the Commission on
5 Colleges of the Southern Association, my Commission, and then the Accrediting Commission
6 for Senior Colleges and Universities of the Western Association.

7 I thank you for this opportunity to comment on the Secretary of Education's
8 possible creation or modification of rules associated with the Higher Education Act, as well as
9 on the report of the Secretary's Commission on the Future of Higher Education. My comments
10 today reflect the views of the Council of Regional Accrediting Commissions and concern the
11 proposed rulemaking committee intended to address accreditation issues found in Part H,
12 Subpart II of Title IV. The Council has been engaged in discussion over the past two years
13 related to reauthorization of the Higher Education Act, as well as the most recent deliberations
14 of the Spellings Commission. The Council's recommendations to both bodies have been
15 comprehensive, addressing issues related to student learning, transparency, public disclosure,
16 and assessment of institutional equality.

17 The regional accreditors have appreciated the opportunity to submit testimony
18 and written commentary on the ideas being deliberated by the Spellings Commission. We
19 believe our viewpoints have been heard. We really appreciate the changes to the comments
20 made about accreditation in the final draft of the Commission's report — and we look forward to
21 the final report being released on September 26th. The Council intends to participate in
22 negotiated rulemaking when it occurs, and we'll nominate individuals to serve and to represent
23 the Regional Accrediting Commissions in those negotiations. The regional accreditors agree
24 that there are important issues in higher education practice that should be addressed. We also
25 believe that the higher education and accreditation communities have already benefited and will

1 continue to benefit from the deliberations and discussions at the national level, as well as the
2 debates and the actions within institutions and within institutions and within the accrediting
3 community that have really resulted from those federal or national discussions.

4 However, the Council believes that a better way for the Department, accreditors,
5 and institutions to address the important issues that have been raised is through a single set of
6 negotiated rulemaking sessions following passage of a Higher Education Act. That act is not
7 likely to be passed before spring 2007, and negotiated rulemaking is not likely to begin before
8 late spring or summer. The current House and Senate bills both contain proposed changes to
9 the legislation that will affect accreditation, so it's rather certain that there will need to be
10 negotiated rulemaking following passage of the Higher Education Act. Higher education is a
11 complex endeavor, and efforts to initiate change and practice require a good deal of energy and
12 focus. The changes are undoubtedly coming, and they'll require a substantial effort on the part
13 of accreditors and institutions alike.

14 Some of the broad changes suggested by the Spellings Commission may require
15 legislation — additional legislation. And some of the efforts to implement new regulations may
16 require adaptations of multiple sections of the regulations that affect accreditation. There
17 remains a good deal of detail to be worked out with respect to the respective roles of institutions
18 and of accreditors in making the changes to meet the objectives of the Department and of
19 Congress. The Council believes that it will be difficult — and perhaps counterproductive and
20 expensive — to engage in two sets of negotiated rulemaking in such a short timeframe. The
21 Council respectfully suggests that the Department delay negotiated rulemaking on accreditation
22 issues until the Higher Education Act has passed and all changes can be made at once. By
23 suggesting that rulemaking be delayed until passage of the Act, the Council does not want to
24 lose the opportunity to work with the Department staff on the important issues that it has raised.
25 By continuing to work collaboratively on these issues, regional accreditors and the Department

1 will be all better prepared to undertake negotiated rulemaking in a few months, once the Higher
2 Ed Act has passed.

3 Nevertheless, we do know the Secretary is authorized to initiate negotiated
4 rulemaking on existing legislation at any time. Should the Department conclude that there are
5 compelling reasons to proceed now with negotiated rulemaking the regional accreditors would
6 like to just hear more specific information from the Department on what aspects of current
7 regulation it intends to open. That will help us prepare for the negotiations.

8 Thank you for your kind attention and for considering these requests. The
9 Council of Regional Accrediting Commissions looks forward to working with you. Thank you.

10 **DAVID BERGERON:** Thank you, Barbara. Let me make one observation.
11 When we began the process that led us to be here — back in May or so — our view was at that
12 time, and it's noted in the Federal Register notice that announced this hearing, that it was
13 possible that the Congress would enact HEA before we were seating in a negotiating
14 committee, which we likely will do in November, December kind of timeframe. So our view at
15 that time and our expectation — or at least hope at that time — was that we would have an HEA
16 activity that would be concluded and we would be able to merge that into this process, rather
17 than having to wait an additional year before we implemented those regulations. Because if we
18 don't have a final rule in place by November first of 2007, it goes further off into the future. And
19 that was our hope at the time we noticed the public about this hearing; was that that process
20 would have concluded and we would have more that we would have available to talk about. So
21 thank you.

22 **BARBARA BENO:** We understand. We shared that hope with you. Thank you.

23 **DAVID BERGERON:** Next on our witness list is Laura Kerr.

24 **LAURA KERR:** Good morning. My name is Laura Kerr. I'm the Director of
25 Governmental Relations with the California State Student Association. CCSA represents

1 California State University students — over 400,000 of them. We're a student-run, student-
2 driven organization. Our board of directors is made up of the student body presidents from the
3 23 CSU campuses. Our mission is to increase access and affordability, and so we're here today
4 to talk about the student loan issues.

5 A little bit more about CSU students. We're unique, I think, compared to some of
6 the traditional college-going population. Two out of five of us have dependents or children, so
7 taking children into account when determining loans is really important to us. Thirty percent of
8 us work over 20 hours a week, which is significant. And 50 percent of us receive financial aid.
9 We also serve a lot of nontraditional first-generation college students to whom lending and debt
10 management is difficult to understand and to navigate.

11 We find the trend of increasing debt burden and decreasing grant aid to be very
12 troubling. And at the statewide level we've been working with our administration and a whole
13 coalition of people to reform our local CalGrant program. We have a bill on the Governor's desk
14 and we hope he'll sign it in the next two weeks.

15 At the federal level we stand in solidarity with the United States Students
16 Association, the UC Student Association — which is state — CalPIRG, and the Project on
17 Student Debt, [unintelligible] on the five-point plan to reform the student loan program, or the
18 federal loan program.

19 So with that we believe that you should limit the student loan payments to a
20 reasonable percentage of income, number one. Number two, we believe that you should
21 recognize that borrowers with children have less income available for student loan payments —
22 and again, that goes back to the fact that we have a lot of students with dependents within our
23 system.

24 We believe that you should protect borrowers from high interest charges when
25 they face hardship situations, and that you should cancel remaining debts when borrowers have

1 made regular payments for over 20 years — things that you've heard.

2 The final thing — we think that you should simplify the application process for
3 hardship deferrals and other repayment options.

4 So thanks for coming out. Thanks for making your only stop on the West Coast
5 California; we appreciate it. Have a good day.

6 **DAVID BERGERON:** Thank you, Laura.

7 **HAROLD JENKINS:** Just one comment on the timing of negotiated rulemaking.
8 Several witnesses have suggested deferring negotiated rulemaking until after reauthorization.
9 We don't know when reauthorization will occur. We don't know, for example, if it will occur in the
10 spring of 2007. And David has mentioned the fact that by statute in order for regs to go into
11 effect on July 1st of a given year they must have been published in final form by November 1st of
12 the previous year. And in order to do that, of course, we have to start quite a bit earlier than that
13 to do negotiated rulemaking. I guess I would also note that there have been a number of
14 speakers who have suggested relief or changes in current regs, and obviously that somewhat is
15 in conflict with the notion of putting off negotiated rulemaking until after reauthorization is
16 enacted. So these are just a few of the things that we in the Department need to take into
17 account as we set the timetable.

18 **NANCY COOLIDGE:** If I may respond — I think most of the suggestions for the
19 delay in negotiated rulemaking have been by people concerned with accreditation. I think there
20 is less of that sentiment with respect to other issues, particularly loan issues and ACG/SMART.
21 So I think you've heard it correctly, but not across the board.

22 **DAVID BERGERON:** I think that we have not heard general agreement of
23 witnesses that we hold off on all negotiated rulemaking; it's just if you apply an argument that
24 applies to accreditation, it applies to everything else as well. Because Congress potentially
25 could change any of these things that we change in regulations. That's the conflict. That's the

1 tension here.

2 We have reached the end of our witnesses signed up for the morning, I believe
3 — although Mary will tell us if we're wrong in a second. We're done with the morning set of
4 witnesses? Some had suggested that there might be some questions of us that people would
5 like to ask. I open up that up with some trepidation.

6 Because I understand a couple . . . let me explain a couple of things about who
7 we are. We're all career folks here, sitting at this table — and Mary at the back. That is to says,
8 we're not political officers of the Department. And often when we get into these things we're
9 speaking as career folks, without having talked about the issues that somebody might ask a
10 question about, at a political level. And so to the extent that we can answer we'll try to answer
11 some questions for a couple of minutes before we break for lunch. And then we'll break for
12 lunch and continue in the afternoon. I know Nancy has a question. At least one. At least one. I'll
13 let you go first, and you can break the ground for the rest of —

14 **NANCY COOLIDGE:** Right. I'm just actually — and I think this is appropriate to
15 the sort of staff role we play. But I'm interested in details about how will the Secretary this time
16 go about setting the dates for negreg, and presuming we go ahead with this winter — which is
17 what was suggested in the Federal Register — and how will they go about electing or
18 nominating, or having stakeholders represented? There's been changes. I was involved in the
19 early '90s in this, and there were a different set of rules sort of in play in the late '90s when they
20 did this. So I'm interested in what do you have in mind this time for the process?

21 **DAVID BERGERON:** That is actually an excellent question. Let me start with
22 how do we decide with what goes on the agenda. First of all, we can't change anything in law
23 through the regulatory process. So we can't change the statute. We can't make otherwise
24 eligible non-citizens eligible for ACG and SMART Grants. So we . . . that's one of these things
25 that we'll have to factor in, in the process — is things that we can't . . . that really we can't affect

1 because we can't make statutory changes. So that really quickly throws some things off the
2 negotiating agenda.

3 The other two issues are whether or not the Congress is likely to act to change
4 something that we have just negotiated around, and so we generally would avoid putting on the
5 agenda something where we expected legislative action to overcome what we do through regs.
6 And the last thing is whether or not we can reasonably expect to achieve consensus on the
7 issues being negotiated within the timeframes that we've established for the negotiating
8 process. What we want to accomplish is to have . . . is the notice [unintelligible] seat between
9 one and four negotiating committees. The clear agenda that we know we have is around
10 Academic Competitiveness and National SMART Grants, and you've heard some of the issues
11 that will likely be on the agenda to talk about in that area.

12 The rest of the . . . there is really no commitment to anything else, except to hear
13 from the public what it is they think we should be considering and talking about through this
14 process. This is just the first of those series of hearings. And so we expect that we'll be hearing
15 more as we make our way around the country, and we will conclude in Washington. And right
16 after we conclude with the hearing in Washington we will close the public comment period the
17 next day and we will also close nominations for committees.

18 We have a tension when it comes to committees in terms of membership. We
19 want to include everyone we need at the table, but we can't have so many people at the table
20 that we can't . . . that it can't manage the process well to achieve the results we want. And that
21 has been the tension we've had as we've tried to improve the process. So that's an issue that
22 really we will face when we sit down with the agenda and the nominees. And we will . . . that will
23 be in the . . . right before Thanksgiving we will be putting that together.

24 We hope to seat the negotiating committees in mid-December, which will start
25 about a month earlier than our traditional process. Our goal in doing that is twofold; one is to

1 have a little bit more time between the negotiating sessions — not so much necessarily for the
2 Department to do what we need to do to prepare for that; although that clearly is a part of it. But
3 really for more conversation to take place away from the table. We've used listserves and other
4 tools to allow both the federal and, more significantly, the non-federal negotiators to talk.

5 And we think that that has improved the process, and so we want to leave a little
6 bit more time for that conversation to occur between the negotiating sessions — but not have so
7 much time between that we don't make progress. So there is a balance there, and we're trying
8 to . . . that's a challenge for us, and we'll see how that all works. And then if HEA does get done
9 and we are able to move forward to another round of negotiating rulemaking we'll take
10 everything we've learned through this process and apply it to make the next process work even
11 better. We are in the continuous improvement mode, too, with regard to negotiated rulemaking.
12 We've learned a lot about the process and how to use it.

13 So we would be doing that, finishing negotiating by early March, NPRM by spring
14 or late, maybe early summer at the latest. And then NPRM out for 60 days of public comment,
15 finalized by November 1st. I think that answers all of Nancy's questions. If not, we'll talk some
16 more. That's kind of the sense of where we're going. Yes?

17 **HELENE LECAR:** One of the things that's been very pleasing to us is to see
18 the increase in information available on the Web to families. And one of the things I would love
19 to see the Department address is educational information for parents that is not bureaucratized.
20 Looking at the instructions on filling out FAFSA forms, looking on instructions about how to
21 choose a college presupposes a college education on the part of the reader. So the folks we
22 want to bring into the system, A: are not so likely to be accessible to Web information and B:
23 need to have it in several forms. So California at least has such a problem with high ratios of
24 students to counselors that the counselors have not been able across the state to fulfill their
25 jobs.

1 So I was wondering whether the Department could not prepare packets for the
2 very many community-based organizations that do tutoring, that have access to the Hispanic
3 community and the black community in particular — to enable people within those communities
4 to turn the information around. Because if we could educate parents about opportunities for
5 early college enrollment while the kids are still in school and what opportunities there are and
6 how to apply for aid, a lot of the anxiety and the fear that rests in those communities about. “I
7 don’t want to think about college because that’s scary,” might be allayed. I just recommend that
8 as something for which you have evident competence to do. You just need to direct the
9 information outward more than it is right now.

10 **DAVID BERGERON:** One of the things that several of the student witnesses
11 made the point of saying was that they’re out working in their communities in providing tutoring
12 and outreach, and to the extent that they don’t have the tools that they need to help — and that
13 kind of amplified the point that you just made, which is target the information to those parents in
14 a way that they can understand and grasp, and use it. Very good point.

15 **[off-mic]:** David?

16 **DAVID BERGERON:** You have to use a microphone, otherwise it isn’t getting
17 recorded — and this is transcribed. It’s the only part of the process we transcribe — the public
18 hearings. Why? I’m not quite sure.

19 **UNIDENTIFIED MALE:** The question I have is one that . . . has the Department
20 contemplated that as you go through these you start to . . . you know, you gave the litmus test of
21 the various things that either are not going to be eligible because of statutory requirements,
22 Congress might be pending doing something with them [unintelligible] litmus test of really
23 whether you can do that. Has the Department contemplated any kind of publication so that
24 people know — and I’m thinking about this for duplication of effort, because obviously you don’t
25 want to have people come to you in Chicago or in Orlando, or then again in DC with issues that

1 you know are not going to be eligible to be on the table. Is there going to be some way for
2 people to gauge or to see what literally might be working its way towards the agenda versus
3 those things that will not?

4 **DAVID BERGERON:** The thing for me — and that’s a very good question — is I
5 think we want to hear all the things that potentially should be on the agenda, and then we have
6 a positive obligation to sort it out. And then when we report back out again — either through our
7 final rulemaking process or along the way as process checks — explain why we’ve excluded it
8 in a very clear way that the public can understand. Because I do think there’s a need for
9 transparency in this process so that people don’t see things that were recommended and we
10 drop them and no one know why.

11 When we went through this negotiated rulemaking process the last time — which
12 was as little bit different because it was driven off of a Congressional effort called Fed Up, which
13 was basically about deregulating in the student aid area — and in that process we were very
14 careful to keep the public informed as to why we took things out of the process. And I envision
15 something more like that than for us to say, “Well, don’t bother coming to Chicago and telling us
16 this, because we’re not going to consider it anyway.” I’d much rather hear it and then sort it out.
17 A couple of the things that I’ve heard today are things that it’s important for us to hear, even
18 though they might require statutory change to effect.

19 **GAIL MCLARNON:** And I think it’s important for us to realize if it is a statutory
20 change that Congress, I am hoping, will be monitoring this to some degree and that they’ll
21 realize that maybe it is a statutory change that they need to make. So it will provide them . . . If
22 they hear it again and again and again, that they will realize that maybe it’s something that they
23 can do. That we can’t — our hands are tied; it’s a regulatory issue. It would send a message up
24 to the Hill.

25 **NANCY COOLIDGE:** I realized you don’t make the laws. But you are closer to

1 the people who do, and I'm interested in understanding — did Congress, in excluding
2 permanent residents who get Pell Grants from being even potentially eligible for the ACG and
3 SMART Grants — was the idea that we should be in the business of promoting transitions to
4 citizenship? Or was this a cost-saving measure that was not related to that desire? Can you
5 give us any insights into what the motive was? Because if we want to address this issue
6 politically we need to know sort of what was the thinking behind it in the first place.

7 **HAROLD JENKINS:** Well, there was no legislative history for this program. So
8 we have no . . . In other words, there's no formal indication anywhere of what Congress
9 intended for this provision, or for any of the other provisions that are in the law. So I think the
10 short answer is we really can't answer that question. And we don't know for sure that they even
11 focused on it.

12 **NANCY COOLIDGE:** They're very specific.

13 **HAROLD JENKINS:** Very specific, but we don't know why those words got —
14 [voices speaking off-mic]

15 **DAVID BERGERON:** Something about 3:00 in the morning has been
16 mentioned. It's the rational . . . But as Harold said, normally we have an extensive legislative
17 history — there are committee reports, conference committee reports. With regard to the Higher
18 Education Reconciliation Act there is very little. Several people have mentioned the \$12 billion
19 that has been taken out of the student loan programs and . . . and that whole issue. Let me
20 make one comment about that, and that is that some of where that money went was into the
21 new grant programs. And some of that money went to raise loan limits for first- and second-year
22 students. And some of that money went to reduce fees in the student loan programs and
23 authorize Grad PLUS. So the money — there was a net savings of whatever it was; and I don't
24 remember the numbers off the top of my head.

25 [voice speaking off-mic]

1 **DAVID BERGERON:** Yeah. Some of the savings went back into the aid
2 programs overall. If you talk to the student loan community — and there may be some of those
3 folks in the room today — they would say that they're the ones who the savings came out of,
4 because it was really targeted at reducing subsidies to lenders and the loan programs. So
5 there's a lot of ways you can discuss those issues, depending where you are and where you sit.

6 With that, I think we're going to adjourn for lunch. Unless there are other public
7 witnesses before we break. Otherwise we will reconvene at 1:00. Thank you all.

8 **[BREAK]**

9 **DAVID BERGERON:** We're ready to begin again, I believe. Our first witness
10 this afternoon is Chang Cai, if she's here. If Chang Cai is not here, is Iluvia Rodrigues here?
11 Take your time.

12 **ILUVIA RODRIGUES:** Good afternoon. I would like to thank the Department of
13 Education for the opportunity to speak about these issues that affect me and my fellow students
14 all over the country. I sincerely hope that all of our voices are heard loud and clear so that
15 changes can be finally made in the higher education system. My name is Iluvia Rodrigues, and I
16 am a second year student at the University of California, Riverside. At UCR I am the Vice-
17 President of Finance for ASUCR, my student government and I also serve on the Board of
18 Directors for USSA..

19 Today I want to open your eyes to two issues that, although well known, are
20 sadly always ignored -- recruitment and retention. These two words may not mean a lot to many
21 people, but for a student like myself who comes from a low-income community and has seen —
22 and continues to see — an immense amount of students not go to college because of a lack of
23 guidance and recruitment programs, it means a lot.

24 In order to achieve greatness within a university a variety of ideas and
25 perspectives are required. This, of course, can only be achieved through the minds and

1 backgrounds of different people — including minds of different people from lower-middle class
2 communities. I come from a high school with a graduating class of only a 13 percent rate to
3 college, including community colleges. Academic preparation programs to help students not
4 only become admitted but also help finance a higher education were not noticed by students
5 who were not from college-bound families or, in my case, from [unintelligible] program. Budget
6 cuts and lack of outreach in my opinion are the number one reason why so many students are
7 unaware of the opportunities that lie ahead for them in a college campus.

8 As far as retention goes, these lower-income students — predominantly students
9 of color — are not allowed to finish their degree or finish worry-free for one reason alone. And
10 that is debt. Some students just don't receive enough financial aid from the government due to
11 ridiculous regulations and therefore are forced to do either of three: drop out; work more than
12 the recommended hours; or get an immense amount of loan debt. All of these three have a
13 negative outcome. Due to debt, students are either not given the opportunity to finish their
14 education, not allowed to obtain the grades they are capable of obtaining due to unmanageable
15 work hours, or forced to graduate with immense amount of loan debt — and this amount of loan
16 debt is probably more than the first two years of their salary combined. Recruitment and
17 retention programs have been a political football for too long.

18 Although the Department of Education does not have a complete control of the
19 legislative policy, it can do something to ensure the strength and life of these vital programs. It is
20 time to take responsibility and take these programs seriously, and see them for the greatness
21 that they have to offer — a future for our youth and our country.

22 Being of lower income should not mean being denied a college education. I urge
23 for a bigger commitment for these programs in order to ensure quality, equality, and greatness
24 within the universities of this nation. Thank you.

25 **DAVID BERGERON:** Thank you. Chang Cai?

1 **CHANG CAI:** Hi, my name is Chang. I am a student from Berkeley, and an
2 intern at CalPIRG. And as an international student I am not allowed to get federal loans. But as
3 one of the lucky kids my parents can afford my education. But I am very aware of the issue of
4 loan debt, because my friends are facing it. I have a friend whose name is Anna, and she is just
5 this really talented little girl who plays piano really well and she composes and everything. And
6 she got into the UC, but she went to a community college instead because the kind of loan debt
7 she would have to face if she goes to UC. So I hope that you will make an effort to mitigate the
8 problems that people like my friend have. That's all. Thank you.

9 **DAVID BERGERON:** Bill Shiebler.

10 **BILL SHIEBLER:** I wanted to start out by saying that one out of every four
11 students must work more than 20 hours a week to afford their education at the University of
12 California, and the average student across the country works 23 hours a week in that same
13 respect. And when that's happening it's clear that our government is failing our future and our
14 potential. My name is Bill Shiebler, and I am currently the President of the University of
15 California Student Association and also on the Board of Directors for United States Student
16 Association. UCSA is a coalition representing over 200,000 undergraduate, graduate, and
17 professional students at the University of California. It's the official voice of UC students to the
18 regents, the state legislature, and the office of the Governor. UCSA's mission is to empower
19 students to advocate on their own behalf for the accessibility, affordability, and quality of the
20 University of California system.

21 It's through that mission that I am here today to announce that while students
22 across the University of California system are in class or work we appreciate this hearing and
23 the opportunity to speak to you today. But I cannot be pleasant or happy about the serious
24 problems that students are currently facing. In California our student fees have priced
25 thousands out of eligibility to access the University of California. Our university is keeping out

1 some of the best and the brightest students with some of the most potential because a lifetime
2 of debt with an inadequate paying occupation of public service is not a manageable route for
3 many of them, despite their passion. The average community college student pays about
4 \$16,000 in student loan debt after they graduate, and the average four-year student pays about
5 \$19,000 in loans. And in California the cost of living continues to rise, where our financial aid
6 packages and federal aid don't match or keep up with the incidental costs of education that
7 students face.

8 I know that the voices of the future in California are not alone in this struggle. The
9 University of California Student Association works strongly with the United States Student
10 Association — USSA — to connect these issues that we are facing with greater ones affecting
11 the entire student population across the country. We cannot continue to allow Congress to pass
12 provisions, enact policy, or legitimize their actions as benefiting our country's future when so
13 many are being left behind.

14 So what is it that students want? I was talking to my friend the other night about
15 this hearing and about the opportunity to speak to you all today, and I spoke to her about the
16 issues that we were going to be addressing, and she told me, "Well, do you have solutions? Or
17 are you just going to go and complain or whine?" And I told her frankly that I definitely don't
18 have all of the solutions and I want to make that clear. But I also want to be clear that when I
19 say the following recommendations are definitely steps in the right direction to alleviate the
20 increasing burden students and, more importantly, working students have to face every day
21 while attempting to achieve an education.

22 First, the Department of Education should improve the manageability of student
23 debt burdens. The Department should make regulatory changes to help protect borrowers from
24 unmanageable payment expectations or indefinite repayment obligations. It needs to make sure
25 that loan repayment is not excessively burdensome given the important role of loans in making

1 it possible to attend and complete college. Reducing debt is an issue that the Commission on
2 the Future of Higher Education identified as a priority, and more can be done to help those
3 borrowers who are having real difficulty in managing their student loan payments.

4 The Project on Student Debt will tell you that we need to limit student loan
5 payments to a reasonable percentage of income — less than ten percent for most borrowers
6 and never more than 15 percent. We need to recognize that borrowers with children have less
7 income available for student loan payments. And also, we need to prevent added interest from
8 making the problem even worse when borrowers face hardship situations. We need to cancel
9 remaining debts when borrowers have made income-based payments consistently for 20 years,
10 and simplify the process of applying for hardship deferrals. We support the Project on Student
11 Debt's proposal to assist borrowers, and it should be considered in the upcoming rulemaking
12 process.

13 I want to thank you for your time today, and let you know that students plan to be
14 present at all of these hearings held across the country through a coordinated effort with the
15 United States Student Association. Education is a right, and we intend to further that mandate
16 until education is truly accessible by every student. Thank you very much.

17 **DAVID BERGERON:** Jennifer Pae.

18 **JENNIFER PAE:** Good afternoon. How are you all doing? Thank you for having
19 us. My name is Jennifer Pae, and I am the elected President of the United States Student
20 Association. USSA is the nation's oldest and largest national student association representing
21 millions of students across the country. We are a coalition of student governments and
22 statewide student associations, and we are here today to express our concerns in high hopes
23 that they will be adopted in the negotiated rulemaking process.

24 Now, the federal government — as you may well know — is in a path of
25 divestment from higher education at an alarming rate. The Pell grant hasn't been increased in

1 over four years — not even accounting for inflation. The \$12 billion cut in the student loan
2 programs enacted by Congress will make it significantly more expensive for students in their
3 repayment periods. And finally, the president’s budget cuts crucial academic outreach programs
4 such as Talent Search, Upward Bound, and GEAR UP — while cutting significant state
5 matching programs, such as LEAP and the Thurgood Marshall Fellowship program. The federal
6 government’s actions are leading us in a direction away from the interests and priorities of our
7 country’s students and families. Furthermore, the Pell grant and SEOG have once again been
8 proposed for level funding — which unfortunately is just as harmful.

9 In this current state, higher education has developed into an unreachable goal for
10 many families and students. The commitment to provide quality and affordable higher education
11 for our country has become a distant memory. Every year 400,000 qualified students are turned
12 away from higher education due to increasing costs and student loan debt burdens. These
13 constraints can extend 20 or even 30 years after graduation, threatening the financial security
14 and success of our country’s future.

15 We therefore look forward to the Department of Education ensuring that the best
16 interests of students is a priority during the negotiated rulemaking process. As we see this
17 dramatic shift in priorities and jeopardizing the success of today’s college students and our
18 future you have the unique ability to reverse this change for the better. When the average
19 student is working, as Bill has said, more than 23 hours a week — and a student could work a
20 minimum wage job full-time for an entire year and still lack several hundred dollars to afford a
21 single year of public education throughout the year — we are not adequately providing the
22 opportunity to break the cycle of poverty.

23 We, the students of the University of California and the California State University
24 System, as well as students from across the country affirm that more should be done to help
25 student borrowers who are having difficulty with unmanageable debt burdens. The tools that are

1 supposed to assist borrowers with payments on federal loans are inadequate, confusing, and
2 inconsistent, and too often providing wrong incentives.

3 The Department of Education should make regulatory changes to help protect
4 borrowers from unmanageable payment expectations or indefinite payment obligations. We
5 must recognize that borrowers with children have less income available for student loan
6 payments. We must simplify the process for applying for hardship deferrals, and we must cancel
7 remaining debts when borrowers have made income-based payments for 20 years.

8 In addition, low-income students are likely to pass up available federal loans that
9 could enable them to attend and succeed in college because they see loans as a financial risk.
10 By improving protections for student loan borrowers you reduce the risks which often keep
11 students from taking advantage of loans that could help them, and you broaden access to and
12 affordability of college.

13 Given the important role of loans in making it possible to attend and complete
14 college, it is our responsibility to ensure that loan repayments are not excessively burdensome.
15 In addition, by providing adequate federal financial need-based grant aid we can greatly ease
16 these financial burdens and provide affordable higher education for our students.

17 Through the pending reauthorization of the Higher Education Act and now
18 through the negotiated rulemaking process we look forward to a positive and reinforcing
19 discussion to expand opportunities and access for students through federal grant aid and
20 preserving good programs, such as academic outreach programs.

21 This is why we are here today and why we will continue to be present at each of
22 the public hearings for the Department of Education. We need your help to save our students
23 from drowning in debt. We are here today asking you not only to hear us, but to take our
24 statements as words of fact and continue providing for our future. Our future rests in your
25 hands.

1 And on a more personal note — this isn't in my testimony, but I just wanted to
2 share a little bit about my story. I am a first-generation college student. Had it not been for these
3 federal financial aid programs and the student loans I wouldn't be here as a graduate from the
4 University of California, San Diego. My sister is a recent graduate from here, at Cal. She
5 graduated last May and she took it upon herself to decide to go to a junior college for two years,
6 thinking that it would save her money. Unfortunately, due to the process of FAFSA and through
7 just distribution of the student loan programs and federal aid she had to resort to private loans
8 — and she is now a graduate of UC Berkeley with just as much loan debt as if she had been
9 here for four years. That's extremely unfortunate. I do not want this to be the occurrence for not
10 only this year and this generation, but I'm more concerned about my younger sisters who are
11 now at four and ten — and what the future of higher education is going to look like ten years
12 from now when they're going to be applying. I hope that the Department of Education through
13 this negotiated rulemaking process — considering that the last time around that we were here
14 was quite a bit of time ago — that at least this year that we look into this and take on the
15 proposals that the Project on Student Debt has proposed, as well as we at USSA.

16 As the demographics of today's students are drastically changing, education and
17 our country's success is greatly suffering. USSA is going into its 60th year leading the fight to
18 make education a right, and we are here once again — since the last negotiating rulemaking
19 process ten years ago — to reaffirm this right. This belief should be practiced not only in policy,
20 but in implementation as well. We are here today to reach out to you because it is now time for
21 the Department of Education to lend us a hand in our success. Students need your help to
22 reframe this debate. Education needs to be a priority because it is our country's expressway to
23 quality jobs and life. We encourage this dialogue to continue, and urge that our proposals be
24 including in the upcoming rulemaking — and we look forward to continue working with you as
25 we have in the past, and greatly appreciate this opportunity. Thank you for your time.

1 **DAVID BERGERON:** Hector Jimenez Cardenas.

2 **HECTOR JIMENEZ CARDENAS:** Good afternoon. Today I would like to echo
3 the message that my fellow students across the nation have shared with you in regards to
4 students' concern about unmanageable debt due to the federal government's divestment in
5 funding for higher education. My name is Hector Huge Jimenez Cardenas, a student studying
6 international relations, and I currently serve as the Vice President of External Affairs at San
7 Francisco State University, as well as a board member for the California State Student
8 Association. Now entering into my fourth year in higher education I have become aware of the
9 difficult situations that my fellow students find themselves in regards to that. Students who are
10 entering four-year colleges direct from high schools have little to no knowledge on managing a
11 long-term loan and how debt will affect their future. Furthermore, many students do not have a
12 career of their choice secured for them after graduation, which increases uncertainty and a
13 feasible plan to be able to be able to pay back loan debt and still manage to pay for their living
14 expenses. A plan for a safety net by the Department of Education is desperately needed.

15 This year I talked to a migrant student who approached me about loan
16 consolidation questions she had and to try to figure out how she could potentially deal with her
17 increased student loan interest rates which she incurred this past summer. This student had no
18 idea what this change meant for the amount of debt that she would accumulate after her
19 graduation. This is a problem in the system. Additionally, many students — including myself —
20 were confused as to whether we needed to consolidate our federal subsidized loans or not. The
21 reality is that many students are just beginning to understand the process of taking out a loan
22 for education. This is a dangerous position for a student to be in when college costs have risen
23 more than 50 percent since 1990 and Congress hasn't increased the Pell grant, the most
24 common direct need-based aid for low-income students, since 2003. Students are clearly being
25 presented with no other choice than to borrow more money and increase their amount of debt

1 after graduation for them to be able to pursue a higher education.

2 We ask that you help advocate for access to higher education, and not just an
3 illusion — but to truly hold the mission of aiding students financially through their education. Not
4 at the expense of unmanageable levels of debt and for our future success. Thank you.

5 **DAVID BERGERON:** Charlie Friedman. I don't know if Charlie is here. Is
6 Charlie Friedman here? We'll come back. Daniel Buch? I understand Daniel is between things
7 and needs to get to something else after this.

8 **DANIEL BUCH:** Yeah. My name is Daniel Buch. I am a graduate student here
9 in sociology. I don't have any written comments. I just heard about this hearing today, and I just
10 briefly wanted to come and say to you that as a graduate student instructor teaching students
11 here, I see the effect of a broken system of student loans. I have a student right now who can't
12 buy his books for my course, and is having trouble . . . he's already behind. We're only in the
13 third or fourth week of the semester. And it's because of problems with the administration of the
14 loans. He can't get access to the money. I don't know all the details. What I do know is that it's
15 broken. I have another friend, a student who was forced to withdraw from the university because
16 — I don't know if this is part of what you're listening to today, but — because of a minor drug
17 violation he's gone. He's an incredibly gifted, bright young man and he can't get an education
18 now. So all I really came to say was that you all really need to fix this and you need to think of
19 the students first. I know that there are some interests out there; the private corporations that
20 are making loans and making money. And I'm not opposed to private business and making
21 money, but you need to put the students first in all of this. Student loans are not about making
22 money for financial corporations; they're about getting students the degrees that they need, the
23 knowledge that they need for all of us. That's all I wanted to say. Thank you.

24 **DAVID BERGERON:** Rowan Cota. Got to you faster than we expected, didn't
25 we?

1 **ROWAN COTA:** Yeah, [unintelligible]. I was expecting to have a few more
2 minutes to get ready. Good afternoon. I'm okay; Bob's prepared me. Good afternoon. My name
3 is Rowan Cota. I work for the Project on Student Debt, but I am actually here today because I
4 am also a student at Berkeley Community College. I had a lovely time with the financial aid
5 department this summer. First I went three or four rounds about what was going to be required
6 of me to verify all of the information on my FAFSA, which I filled out at the very beginning of the
7 year on the internet. Let me just say for a really complicated piece of paperwork — doing it on
8 the internet is the way to go. But I really believe that there are a lot of things in this document
9 that could be gotten from other sources, could be somehow integrated more into maybe an
10 interview experience in the school. Something that is a little easier for people to navigate. I work
11 with Bob Shireman, who is one of the most brilliant people I've ever met, and he looked cross-
12 eyed at some of the questions when I brought them in.

13 But after filling all of this out I had the experience of going to my financial aid
14 department three or four separate occasions to bring them the various pieces of verifying
15 documentation — things like tax documents, earning statements, that kind of thing. Information
16 which I know the IRS has and which honestly I would have rather had some way to just
17 communicate between the two offices and not have to take time out of my work day. I'm working
18 full-time in addition to taking 14 credits this semester, so time is a very, very important thing to
19 me. After all of that the financial aid department then returns me a letter which said I would be
20 receiving zero dollars in financial aid, even though I know full well that I qualify for a Pell grant.
21 They asked me to sign this document, promising me that they would change the amount some
22 time before they cut the check. This was not in May. This was not in June. This was not in July.
23 This was two weeks before school started in August. There is a problem with that. There is a
24 problem with the disbursement system.

25 I believe, in addition to simplifying the FAFSA, that there should be some sort of

1 regulation that people should know before classes start how much money they're going to get
2 so that they can plan how to buy their books, they can plan how to pay their rent, they can plan
3 how they're going to get to school. In both of the classes which I am taking physically on
4 campus we have had various students falling behind because they didn't receive financial aid
5 payments during the first or second week of school and the books cost three times what the
6 classes do. We're privileged in California that at the community college level our classes only
7 cost \$26 a unit, but when a book costs \$150 and you're not getting your financial aid check until
8 the third week of school — not a lot that privilege does for you. So that's what I had to say.
9 Thank you very much.

10 **DAVID BERGERON:** While you're standing there, since you raised the issue of
11 the FAFSA — we've been trying, just so you know, to get access to the IRS information and
12 have submitted legislative proposals both jointly with the Department of Treasury and the IRS.
13 So that's something that we have been thinking about. But in trying to simplify the process we're
14 also looking at other ways whereby, for example, instead of our current regulations require the
15 financial aid office to do exactly what they did — get the tax return, get the other documentation
16 — would a process that would have that information coming to the Department and being
17 reviewed once be something that would work better for you? Where you just fax the documents
18 to a . . .

19 **ROWAN COTA:** I definitely feel that being able to fax the documents or
20 perhaps to have the option if you efile your taxes to just be able to send a copy of that to the
21 Department would help. In addition — as I said — I believe that having an interview process
22 with the financial aid person, where they can give you a checklist at the very beginning and say
23 these are the things that we expect the Department to need from you, so that you could bring
24 them all in at one time, would be another option that would help simplify things.

25 **DAVID BERGERON:** Thank you. That's helpful. Dallas Cole.

1 **DALLAS COLE:** My name is Dallas Cole. I'm a UC Davis third-year student
2 and I'm the UC Davis Chapter Chair of CalPIRG and I've been running the Higher Education
3 Campaign, which is Student Debt Alert, for the past year. I actually have a testimony, but before
4 I do that this is a report of a task force that happened at UC Davis last year. We submitted it to
5 the Commission on Higher Education. This is an exact copy of what we submitted, so we're
6 going to submit that here as well. This is from the Los Angeles City College — the same type of
7 task force, I believe. And from UC San Diego. So we're going to hand in all these things; just
8 different ideas on how to approach the position and what each campus believes is the most
9 important way. We have student government officials, financial aid officials, administration
10 officials sitting in on these meetings and helping us.

11 Earlier this year I, along with many other students, spoke with members of the
12 Federal Commission on Higher Education. We went to Washington, DC and spoke with them
13 between their hearings. We presented them with numbers, information, and stories about
14 students sinking further and further into debt. I am really proud of my work there. It is clear that
15 the members of the Commission appreciated the input from students, and that they used the
16 information in the final report.

17 However, one thing particularly sticks out in my mind about what happened and
18 our experience with them. Repeatedly the Commissioners said that before hearing from us they
19 had no idea how much debt students all over the country were suffering from. They didn't know
20 the figures of \$16,000 graduating on average from college or community college, and \$19,000
21 from four-year colleges. This is the biggest obstacle facing the reformation of the student
22 financial aid program — the lack of awareness about the issue. During the last year I worked on
23 the Student Debt Alert campaign; we held media events, released reports, and worked with
24 various organizations to warn the country, students, and just the general population about the
25 ever-increasing pressure on college students to graduate with more and more debt. Yet, from

1 our interactions with the Commissioners it was clear that this kind of information had not
2 penetrated and was not available to many people.

3 I do not fault the Commissioners. They are intelligent professional people. They
4 listened to our arguments and our information and released a report that accurately depicted our
5 situation. What is clear, however, is that any attempt to tackle the problem of student debt has
6 to be made with the full involvement of students. Students and student organizations bring
7 unique perspective to the issues — we know what it's like with different solutions; what impact
8 they'll have on us and our lives more than anyone else can. I ask that you create committees to
9 look at the rules surrounding loans and the rules surrounding grants, and I firmly believe that in
10 order for these committees to succeed at providing solutions that work for student loan program
11 and help alleviate the student debt problem we have to have students and student organizations
12 represented and active on the Commission.

13 You've heard the students today present different solutions, present different
14 ideas, present different problems. And if we're there every step of the way presenting and
15 saying how this impact [unintelligible], this is what my friend would say if they had to do that you
16 guys can come up with a much more effective end result.

17 Many people today say that college tuition is something that students should
18 handle themselves because it has such a huge benefit for them in the long run. And we don't
19 deny that. But investing in students is an essential part of a society. Following World War II the
20 United States made the largest commitment to higher education in history and our country
21 boomed. In the 1960s California created the "master plan of higher education" and our state
22 prospered. It is time for a new commitment to higher education — a comprehensive plan made
23 with the help of students to prepare our state and our country for the coming decades. Thank
24 you very much.

25 **DAVID BERGERON:** Dallas, one thing that you should know is that the Higher

1 Education Act requires us to include students on the negotiating committees, and it has been
2 one of the real pleasures we've had working through the negotiated rulemaking process;
3 working with those students. They do add a tremendous amount to that conversation, that if it's
4 just the lenders and the institutions speaking to us it's not nearly as significant and helpful as
5 having students part of that process. So we always enjoy that part of this activity.

6 **DALLAS COLE:** So the next committee process after this, you guys are
7 breaking into committees to address different issues there will be students and student
8 organizations represented?

9 **DAVID BERGERON:** Students have to be represented on all the committees.

10 **DALLAS COLE:** Oh, okay. I was just speaking from my experience with the
11 Commissions. I know they don't have any students [unintelligible].

12 **DAVID BERGERON:** When we do negotiated rulemaking it's one of the
13 requirements of the statute — that we have students represented.

14 **DALLAS COLE:** That's great to hear.

15 **DAVID BERGERON:** We have worked our way through to everyone until 2:30,
16 which is when we called for a break. And I suspect our 2:40 isn't even in the room. So my
17 suggestion at this point is that we take a break. I don't know that it will be all the way to 2:30,
18 because if any students come or any other public witnesses come in the interim we will
19 reconvene and allow that person to testify as soon as they come. Yes, sir?

20 [unintelligible]

21 **DAVID BERGERON:** What is your name? Nicholas, come on. Gail tried to tell
22 me I was missing somebody. I was thinking I was further than I was. Sorry.

23 **NICHOLAS SMITH:** No problem. Sorry for that popping your break there.

24 **DAVID BERGERON:** It's okay, we have plenty of time. Plenty of time. But thank
25 you.

1 **NICHOLAS SMITH:** Thank you so much. Members of the panel, good
2 afternoon. My name is Nicholas Smith, and I am a fourth-year student at Berkeley, and also a
3 city policymaker working with the city council. I would love to speak off the top of my head like
4 everyone else did, but I think my statement here is so well-written [interrupted by laughter] that I
5 will try to kind of summarize it, with your indulgence. Thank you.

6 As a senior at the University of California, Berkeley and as someone involved in
7 local — but certainly interested in national — policy I want to take the time to thank you, first of
8 all, and your department for taking the time to have this public hearing regarding student loans
9 across the country. I think they are crucial, considering the fact that many current and future
10 students will have increased loan burdens and that approximately \$12 billion, as you know,
11 federal aid has been reduced. For the sake of our students, the leaders of our country — the
12 future leaders of our country, that is — I highly encourage the Department to do what it can to
13 create fair student loan repayment rules. And here is the thrust of my statement.

14 The Chancellor of Berkeley, Robert Birgeneau, is quite known for saying that
15 Berkeley has one of the highest levels of federal Pell grant recipients across the country
16 compared to other universities — and this is a fact that I am actually very proud of, because it
17 proves that your Department, the federal government, acknowledges the expensive nature of
18 higher education and the burdens that could possibly be placed on students without this help.
19 For that, again I thank you.

20 However — there's a caveat — I think it is incumbent upon me to point out that
21 while these efforts have indeed gone a long way to opening up the doors of higher education to
22 a wider array of American citizens, the action taken in the previous respect is only one part of
23 that solution. If you will, I would like to give you the perspective as this affects students on a
24 general basis, and then share with you my personal anecdote. I hope that after being imparted
25 this information which I am sure is not necessarily new to you, that the Department will make

1 the changes that I suggest at the end of the letter, and of course that other students have made
2 as well.

3 The nature of public education in America according to the many hundreds of
4 thousands of students and of its stewards is to produce a class of American citizens who are
5 well informed about the world around them and thus understand more about themselves. This
6 system — esteemed worldwide — has produced leaders of all stripes; from presidents of the
7 U.S. to the greatest philosophers, to composers of symphonies and jazz, to the greatest
8 inventors of the newest innovations. As time goes on the cost of the education system has
9 increased as well. And there are many a grandparent — I'm sure in the room, maybe — who
10 has imparted upon young people like myself that tuition used to be in the range of hundreds of
11 dollars. And as you know, those days are long gone.

12 Today's college students face new and difficult financial challenges. And I'm sure
13 as you know, Berkeley is America's — and arguably the world's — finest public educational
14 institution. Behind this phrase, "public educational institution" is the word access. In the early
15 1900s college used to be an exclusive enterprise attended by a seemingly monolithic sector of
16 American citizens, and in recent decades the system has been opened up greatly. Diversity as
17 we have never seen before. Good diversity, should I say. While students of yesteryear
18 represented the upper class elites, students of today don't necessarily reflect the same
19 typology.

20 I opened with Chancellor Birgeneau's statement about Pell grants to show that
21 we want to pursue higher education, but with the increasing cost of attending college it's getting
22 less and less financially feasible. While the student loan program is without a doubt the vehicle
23 by which so many American citizens are able to afford to attend college — and it's been a
24 benefit since its inception — the new challenge confronts all borrowers in terms by which money
25 is paid back. And at this point I find it appropriate to give you my personal perspective, after

1 giving you the general perspective here.

2 I have always been an ambitious young man never knew anything else but
3 attending university. My parents from day one instilled in me the importance of gaining a quality
4 education with the ultimate end of not simply sustaining myself financially, but as a means of
5 uplifting those who need a voice — whether in my hometown of Inglewood, California or
6 whether in the fields of Darfur, Sudan. Attending college has allowed me to realize my true
7 place in the world, and given the sense that although mankind faces a seemingly never-ending
8 stream of difficulties — not discounting its benefits — with the right knowledge about the world
9 around me, many of these problems can be cured.

10 I mention my parents as an allusion to the issue of money. It is true that I am not
11 ashamed to say that I come from relatively humble roots, and without the assistance of the
12 federal government's Pell grants and student loans I honestly couldn't see myself being able to
13 attend such a world-class institution. And I've got to throw in an endnote here from my friend,
14 Barack Obama, who says that, "my presence here is unlikely." Love that line.

15 I mentioned that my generation's grandmothers and grandfathers tell us that that
16 their tuition was in the hundreds of dollars and ours has not only doubled, tripled, quadrupled
17 . . . you get the point, but it has increased almost to an unimaginable amount. The lower range
18 of this tuition scale was definitely astounding to me when I first began to research the cost of
19 college and researching what college I would go to while I was a junior and senior in high
20 school. I must admit that I was never afraid of this, because I knew that I had the ability to earn
21 scholarships and student loans, and eventually get a pretty good job when I graduate. I much
22 appreciate the fact that just about half of my tuition is covered by scholarships and by other
23 loans. However, when my undergraduate work is complete I will find myself in approximately
24 \$37,000 in debt. And when my law school career is complete, I will be \$130,000 in debt. And
25 this debt amount underlies the problem that I speak to you today about.

1 This amount, \$130,000, is an extremely large price tag to bring about academic
2 achievement in this country — particularly starting out in America’s premier public institution.
3 This is not only a personal observation, but one that I think applies to hundreds of thousands —
4 and perhaps millions — of America’s college students. Honestly, the cost of education can
5 mean the difference between continuing to earn a professional degree — as I wish to — and
6 ending one’s academic career at the undergraduate level. I have heard many times about the
7 heavy risk of even considering law school — or any graduate school, for that matter — on the
8 sole grounds of its cost.

9 But I believe that you know that there is a problem, and will do what you can to
10 fix this problem. While your Department nor any of us here today has the ability to reduce the
11 cost of higher education in general, I know you have the power to make repayments of student
12 loans more manageable and more fair. What this means is not only continuing to increase —
13 excuse me, decrease — the interest rate on these loans outside of inflation, which would only
14 increase the length that students must repay these loans. For myself, this means choosing a
15 career path which I am most passionate about — public service and politics — or choosing a
16 career that simply lines my pocketbook so that I can even in part repay the huge loan that I will
17 have accrued by 2010. I would love nothing more than to engage in a career that I love most,
18 without the excessive burden placed on me by the repayment schedules of loans. I am sure that
19 my colleagues have the same feeling.

20 And I’m sure you’ve heard this earlier, but I want to simply recommend the five-
21 point plan that the Project on Student Debt has recommended. And the five-point plan reads, in
22 part, that we recommend that you limit student loan payments to a reasonable percentage —
23 between 10 and 15 percent of income; recognize that borrowers with children have less income
24 than others for loan payments; prevent added interest from making the problem even worse
25 when facing hardship; possibly cancel remaining debts when borrowers have made income-

1 based payments for 20 years; and simplify the process for applying for hardship deferrals.

2 For the sake of not only students, should I say, but for the sake of our country
3 that we love so dearly — please do your part to make our jobs that easier. I know you will do the
4 right thing. I thank you for having these hearings across the country, and Godspeed. Thank you
5 very much.

6 **DAVID BERGERON:** Thank you, Nicholas. Abdi Soltani.

7 **ABDI SOLTANI:** Good afternoon. Thank you for making this forum available.
8 My name is Abdi Soltani. I am the Executive Director of the Campaign for College Opportunity.
9 We're a California nonprofit organization focused on expanding and broadening access to our
10 community colleges and universities. Our organization was founded by an unusual coalition
11 that's broad-based and bipartisan — we were founded by the California Business Roundtable,
12 the Mexican American Legal Defense and Educational Fund, and the Community College
13 League of California. We work with business and employer associations throughout our State,
14 labor unions, community groups — all of us who have a stake in ensuring the affordability and
15 access to our colleges.

16 The couple of key points that I want to share with you are very basic. The first is
17 that any investment — whether it's from a state or the federal government — in college going is
18 an investment in the future of our country and our communities. Our organization commissioned
19 a study called "Return on Investment" and we found that for each dollar California taxpayers
20 invest in getting students into and through college those same taxpayers reap a return of \$3 on
21 that investment. The equivalent analysis for Pell grants or for federally subsidized student loans
22 would be similarly robust. The state and federal governments invest, those students gain
23 greater earnings, they work more years. The costs of incarceration and social services go down
24 substantially. So when we look at the repayment that students make on their loans it's not just in
25 the loan payment; but it's also in the greater economic benefits that accrue to the federal

1 government and to the federal treasury. I'll share that study with you. It's a California analysis,
2 and certainly we think the findings would probably extend to the federal investments in student
3 aid.

4 The second point deals with the nation's workforce. As you know, we're part of a
5 global economy, and so the question of the marginal difficulty of students attending college
6 affects the marginal productivity of our workforce in the future. If our country slips — and we're
7 beginning to slip — in our advantage educationally compared to other countries, the economic
8 impacts are much larger than the opportunities afforded to those individual students. The
9 California Business Roundtable commissioned a study with our organization, looking at what
10 are the growth industries. And what we find in California and across the country is that those
11 occupations which require a college education are growing faster than the workforce as a
12 whole. And, in fact, for example — each engineer that we produce, that translates to three other
13 jobs in the economy that are supported by the economic activity produced by that engineer. So
14 I'm sure you've heard today a lot of testimony about the importance of this issue for students
15 and for families. With both the idea of return on investment and the preparation of workforce, I
16 want to impress to you the importance of this to the well being of the society and the country as
17 a whole.

18 We want, and encourage — and thank — the federal government for its
19 involvement in investments in college going. And as you deliberate on these policies related to
20 federal student loans and student financial aid, we support the recommendations of the Project
21 on Student Debt to provide that five-point recommendation that makes college student loans as
22 affordable as possible, gives students some reasonable flexibility to make their payments back,
23 account for the fact that some families have children, and the other recommendations that are
24 put forward.

25 I'll share with you these materials and leave them for your consideration, and I do

1 thank you for your time.

2 **DAVID BERGERON:** Thank you. If there are no other public witnesses who
3 want to testify right now, we will adjourn until our next witness, which is currently scheduled for
4 2:40. But as I said, if anyone wants to testify in the intervening time just let Mary or I know and
5 we'll continue. So otherwise we'll spend some time chatting informally, I am sure. Thank you.

6 **[BREAK]**

7 **DAVID BERGERON:** We're going to reconvene a couple of minutes earlier than
8 we had planned. We're going to reconvene now. A couple of minutes earlier than we had
9 planned, because our next witness has arrived. Kriss Worthington. You've got a hard act to
10 follow. You've not been here, hearing all of the students who have been coming to testify. I
11 noticed you know Nicholas, but all those students who have come and testified have done a
12 remarkable job. And so you've got a lot to follow now.

13 **KRISS WORTHINGTON:** Thank you. First, my name is Kriss Worthington, and I
14 am a member of the Berkeley City Council. And I want to welcome you to the City of Berkeley,
15 and I'm thrilled that you have chosen to hold this hearing in the first place; I think it's a very
16 momentous occasion to have such a hearing. And the fact that you chose to hold it in Berkeley I
17 think is an honor to Berkeley, and to the students who have been working so hard on this issue.
18 I never try to stop the students — to top the students — at UC Berkeley, because most of them
19 are much smarter than I am, and they're very articulate and very well researched.

20 So my role as a city council member — like many city council members in
21 Berkeley — is actually to run as fast as we can to try to keep up with the innovative ideas that
22 come from UC Berkeley students, and to support them and to help take their ideas and sort of
23 push them a little bit into reality.

24 **[Laughter]**

25 Not to suggest that they're unrealistic, but they are idealistic and visionary — and

1 they ask for a lot; and if you can give them just 50 percent or 75 percent of what they're asking
2 for I think the people of Berkeley would be very thrilled. And sometimes we're satisfied if we only
3 get 25 or 30 percent. But in this case I think the things that the student coalition — especially
4 what the Project on Student Debt — is proposing are actually things that are not just in the
5 interest of students, they are in the interest of the business community. I think they're even in
6 the interest of the investors and the banks that are making the loans. I think these suggestions
7 are very practical and will avoid a lot of problems down the line where I . . . As someone who is
8 long past my academic years, I have known a lot of people who have struggled very hard to pay
9 their student debt. And the percentage of money that they owed for debt was so astronomical
10 and it influenced their career decisions in a very negative way. They really had their heart set on
11 doing a certain job — like teaching, for instance, and other sort of serving the community type
12 jobs. And there are some small steps that can help people with their student loans, if you take a
13 certain career. But so many people that I know end up becoming investment bankers when their
14 heart is not into that. And we are losing so much of a resource to our country that students who
15 really want to do the jobs that we are urgently looking for people to do — there's not enough
16 people to do these kinds of jobs — and the students who want to do those kinds of jobs can't do
17 it because they have to pay back all this money.

18 Now, there's nothing wrong with being an investment banker. It's a perfectly
19 legitimate, reasonable job. But do we really have to force so many of our students into doing
20 jobs that they're not going to enjoy, they're not going to be giving back to society. So I think it's
21 very critical that we find a way to limit the percentage of student loans. It's extraordinarily
22 important for people who have multiple kids. If you have a bunch of kids, these kinds of loans
23 can really be devastating to your family. So if there is a way to structure it so that, as the Project
24 on Student Debt suggests, recognize borrowers with children have less income available for
25 student loan payments. To me, a family that has multiple kids — they struggle so hard to get

1 them into college; we want those kinds of families to succeed.

2 And the biggest battles here are not about helping the poorest of the poor. You
3 know, to some extent the poorest of the poor are doing relatively okay. But it's really lower-
4 middle class and middle-middle class kids who are the ones that are getting — in my
5 experience — astronomical debt. And those are the people who we as a society need to help
6 them to become successful in their careers. And we don't need to thrust this gigantic debt
7 burden onto them that could put them into bankruptcy or that could stop them from having a
8 fulfilling career. So those are just a few brief comments.

9 I don't know how long you're going to be here in Berkeley for this evening. In case
10 you didn't make reservations at Chez Panisse before you got here I want to bring to your
11 attention that right in this neighborhood we have some incredibly outstanding restaurants where
12 you can come and spend your money and support the Berkeley economy. One of them is The
13 Unicorn Restaurant, at 2533 Telegraph, with pan-Asian cuisine. Another one, if you have a
14 different food preference — the Bateau Ivre, or the Drunken Boat, has wonderful French and
15 American cuisine. And these are phenomenal restaurants. And just taking a stroll down
16 Telegraph Avenue — it is an incredible street with all kinds of funky and unique services and
17 products. And you might enjoy a brief stroll down while on your way to one of these restaurants
18 to have a wonderful meal before you disappear from the City of Berkeley. Thank you very much.

19 **DAVID BERGERON:** Thank you. Molly James, are you ready?

20 **MOLLY JAMES:** Hello.

21 **DAVID BERGERON:** Hello, Molly. How are you?

22 **MOLLY JAMES:** What do I do with this?

23 **DAVID BERGERON:** We'll take it.

24 **MOLLY JAMES:** Hello. Thank you so much for letting me speak before this
25 board. I just wanted to kind of tell you my story and why it affects me directly. I am the youngest

1 of five kids in a family that is like just above the tax-bracket line to not be able to receive really
2 good financial aid. So as a result, I — being that I am going to take on not only an
3 undergraduate degree, but a graduate degree and maybe even a law degree — am going to be
4 looking at some pretty serious debt by the time I'm done with my educational career. And this is
5 incredibly ineffective for me, because I am most likely going to go into a nonprofit realm when I
6 graduate. So it's very likely that I'm going to be paying debt for a really long time. And as a
7 result, it is not only incredibly to me personally but also to me as a principle that we make it a
8 serious priority to help people like myself — as well as others — who are currently literally
9 drowning in student debt. So I really think it's a priority. It needs to be made a priority that we
10 establish a workable way for students to pay off their debt in both a timely and . . . a timely
11 manner, which is not detrimental to their potential way of life. Okay. Thank you.

12 **DAVID BERGERON:** Thank you, Molly. Michael Reagan.

13 **MICHAEL REAGAN:** Hi. Thank you for letting me speak. I'm kind of winging
14 this. I actually have a story to tell about [unintelligible] and his name is James Schwab. He is the
15 leader of the Progressive Coalition at our University. He actually started up this group so that a
16 lot of like-minded organizations that he's doing a lot of great work. And it's really fun to see him
17 work. And he actually just last quarter he wanted to run for president of the university
18 [unintelligible] and to do so he needed to get financial aid, because he didn't have time to take
19 on another job and do his AS work. He was denied financial aid because he was making too
20 much money — money he was using to spend for his college education. So he had to take on
21 another job, and he wasn't able to accomplish his dream of running for president of AS. Well,
22 his small dream.

23 It's just depressing to see that the richest the nation in the world, that we don't
24 have enough means to support people that really want to make a difference in the world and
25 really want to make great change. So I was actually working for a nonprofit group last summer,

1 and one of the things that . . . I talked to people in the street, and one of the things that they
2 always said is we need education; that's the one thing that can help people level the system and
3 get people to equal out. The problem is that we're not really looking out for the people that need
4 it the most. When people graduate with \$20,000, \$30,000 in debt and they're paying off their
5 loans, and they're still in their 40s and 50s and they can't go into occupations like teaching or
6 nonprofit work. And it's depressing to see people that want to make a difference and they just
7 can't. And that's what I wanted to say. So thank you so much.

8 **DAVID BERGERON:** Thank you. Kenan Wang? Kenan?

9 **UNIDENTIFIED FEMALE:** I think he might be coming after class.

10 **DAVID BERGERON:** Okay. Is Nan Zhang here? If neither of them are here,
11 and we don't have any more witnesses . . .

12 **UNIDENTIFIED FEMALE:** [Unintelligible]

13 **DAVID BERGERON:** Hi, how are you?

14 **VIVIENNE NGUYEN:** Good afternoon. My name is Vivienne Nguyen, and I am
15 [unintelligible] here for the ASUC at Cal. I am also a resident assistant here at Clark Kerr. And
16 so I'm coming here before you today to talk about loans. Unfortunately, I come from — well, not
17 unfortunately [unintelligible] I come from is upper middle-class family. And so I was not given
18 need grants or [unintelligible] zero dollars. I have no financial aid whatsoever. And so it's hard
19 for me, because I want to be so involved in this campus and in so many different [unintelligible].
20 But considering the fact of all the loans I will have to pay in a few years, that's kind of
21 overwhelming for me because I want to be involved in the ASUC, I want to get to know
22 residents, I want to reach out to students — but how can I do that when I know I have so many
23 loans to pay off later? And so what I am just asking you today is just for the Department of
24 Education to re-look or review the [unintelligible] system so that it is more fair for students and
25 so that the loans can be repaid in a more fair manner. I'm not saying loans are bad — they're

1 wonderful. But the way the repayment system is right now I believe it's not fair, and that's all
2 [unintelligible].

3 **DAVID BERGERON:** Thank you. We don't have any other witnesses scheduled
4 until 3:10. Correct? Yes?

5 **UNIDENTIFIED FEMALE:** I'm just curious — I know you're recording this; will it
6 be available in audio version, or [unintelligible]?

7 **DAVID BERGERON:** Generally the transcribed version of this is available at the
8 Department if somebody wants to come in and review that transcript. We generally have not
9 published it to the Web or something like that. Although we certainly will think about that. That
10 was not something that was feasible the last time we did this, because the technology has
11 changed so dramatically. So we will . . . we're going to look at how best to keep that information
12 available to the public. Whether we'll just do it in the paper form in the office or think about doing
13 something else with it. A summary will appear, though, when we do the Notice of Proposed
14 Rulemaking that arises from this. So we will take another little break until 3:10, unless any other
15 students or any other witnesses come.

16 **[BREAK]**

17 **DAVID BERGERON:** I think we're ready to reconvene. I hope we're ready to
18 reconvene. Kenan Wang is our next witness. Is Kenan here?

19 **KENAN WANG:** Yeah.

20 **DAVID BERGERON:** You have time to put your shirt on. It takes longer,
21 though, when everybody is watching you! I know that because I have one under the table
22 somewhere here, and it took me awhile to put mine on, too.

23 **KENAN WANG:** All right. Thank you for [unintelligible] and I am personally very
24 invested in the subject of education and specifically [unintelligible]. My parents were raised in
25 . . . come from very humble backgrounds. Both of them lived in poverty in China before they

1 came here. And the reason that we are . . . that [unintelligible] is because of education. Because
2 my parents got educated, and my dad [unintelligible] got a scholarship to go to grad school in
3 America. And [unintelligible] relatives that live on farms in China, doing backbreaking manual
4 labor for a few dollars [unintelligible].

5 I don't think that anybody here would argue the fact that education is one of the
6 most important things that a person can [unintelligible]. We all [unintelligible]. But time after time
7 politics puts the education system on the backburner, and as a result many public education
8 systems — including the UC system, which used to be free — are steadily increasing their
9 tuitions. This [unintelligible]. Because fees continue to rise and financial aid does not, we're
10 leaving many deserving students in the dust. And other students that go to college; many incur
11 so much student debt that it limits the options that they have coming out of college.

12 [Unintelligible] programs like Teach for America and Peace Corp, but a lot of my
13 fellow students won't be able to do things like this because they'll be paying off student debt. In
14 fact, I read the other day that around a quarter of students come out of public universities with
15 too much debt to lead a life as a schoolteacher. And of course, we all know that many law
16 students come out of law school with no choice but to practice corporate law and not
17 necessarily do what they went into law for. Of course, these are just a few examples and I'm
18 sure you've all heard many [unintelligible] stories over the past few hours.

19 But the bottom line is that we as a society need to put our actions and our money
20 where our words are, and create [unintelligible] and [unintelligible] options for deserving
21 students. So thanks.

22 **DAVID BERGERON:** Thank you. Our next witness is Nan Zhang.

23 **NAN ZHANG:** Hi, my name is Nan Zhang and I am a junior [unintelligible], and
24 this is my first semester at UC Berkeley. [Unintelligible] this semester I was [unintelligible]
25 education advocacy and [unintelligible], and I feel that I have the obligation to [unintelligible]

1 concerns of the students on campus and what they're facing nowadays with the loan payment
2 system.

3 I have talked to over 100 students — half of whom shared with me their personal
4 stories regarding their own situations with loan repayments and also I [unintelligible]. Those who
5 [unintelligible] have loans from [unintelligible] nor how much they might have to repay after
6 [unintelligible] — all they know is that they might have to pay [unintelligible]. Though the amount
7 that they owe may not be the same, their goal is the same — and that is to pay off their loans as
8 soon as possible, and not [unintelligible]. The girl who I talked with about four days ago told me
9 that she was trying to find a [unintelligible] while she [unintelligible] \$16,000 in debt. And I also
10 [unintelligible] she wanted to [unintelligible] and she said she couldn't [unintelligible]. She just
11 can't [unintelligible]. And so another guy that I met on campus was also telling me how he owes
12 about \$14,000 in loans, and this is only his second semester here. I just feel that we as students
13 have the right to a higher education and that [unintelligible] should be a primary [unintelligible].
14 And so we all know that everybody [unintelligible] but it is becoming ever more difficult
15 [unintelligible] [unintelligible].

16 And like all the students on campus I want to receive a decent education and
17 then to go to grad school without having to repay my loans [unintelligible] for the rest of my life.
18 And so on that note I would also like to share my own experiences. I don't [unintelligible], but I
19 receive grants and [unintelligible]. But because I have access to these resources I believe
20 [unintelligible] others who should have this access to these kinds of resources, too. And so that
21 is a primary reason why I am director [unintelligible]. And [unintelligible]. And [unintelligible] that
22 students have to [unintelligible] [unintelligible]. And adding to the burden of larger interest rates
23 and longer loan [unintelligible] we're not only [unintelligible] but also discourage those who
24 [unintelligible] higher education. And therefore I am [unintelligible] solution to this loan crisis now
25 and [unintelligible]. Thank you.

1 **DAVID BERGERON:** Thank you. Our next witness is Christina Maslach.

2 **CHRISTINA MASLACH:** Thank you for the opportunity to speak. I am Christina
3 Maslach; I'm Vice-Provost for Undergraduate Education here at the University of California,
4 Berkeley. And I'm also a member of the Accrediting Division [unintelligible] Colleges and
5 Universities in the Western Association of Schools and Colleges, now called WASC
6 [unintelligible]. The Senior Commission accredits 152 four-year colleges and universities and
7 graduate schools in California, Hawaii, and the Pacific Islands. And these institutions serve
8 nearly 800,000 students.

9 My colleagues and I follow the work of the Commission on the Future of Higher
10 Education with great interest. Representatives of WASC and other regional accrediting agencies
11 have submitted testimony and contributed to the important conversations stimulated by the work
12 of the Commission. I share some of the Commission's concerns about education in this country
13 and support many of the ideas in the Commission's report — especially initiatives to improve
14 preparation for college and accessibility to higher education.

15 I do have comments concerning the Commission's efforts to improve
16 accountability and transparency, and [unintelligible] accreditation. In its dual role of holding
17 institutions accountable and promoting institutional improvement, the WASC Senior
18 Commission has been requiring institutions in this region to assess student learning for more
19 than ten years. As a result, throughout this region setting clear student learning outcomes and
20 measuring the learning that takes place are part of every college's ongoing work.

21 Along with mandating assessment, accreditation encourages a kind of innovation
22 and quality improvement that [unintelligible] report advocates. The accreditation process is
23 rigorous; the standards mandate quality [unintelligible] a cycle of continuous evaluation,
24 innovation, and improvement, and the involvement of stakeholders including employers and the
25 public.

1 Measuring student learning is a very complex task. Using a single standardized
2 test for a method of measurement is neither desirable nor effective. Quite frankly, no such
3 instrument exists. The differences among our students, among our institutions defies such
4 standardization.

5 The innovative and productive work that is being done in colleges throughout the
6 country to develop effective methods for measuring student learning should be encouraged so
7 that best practices and the identified, refined [unintelligible] shared and emulated. The work of
8 building [unintelligible] tools for assessment should not be cut short prematurely, [unintelligible]
9 government [unintelligible] mandated program that prescribes standardized [unintelligible] tools
10 of measurement.

11 WASC and other accrediting agencies provide information to the public about the
12 status of [unintelligible] institutions and strive to make this information accessible to the public
13 within the bounds of the law. Further, the public four-year colleges and universities in this region
14 — and UC is one of them — educate about 70 percent of students in this region. We are
15 required by law to make extensive information available to the public. Transparency and public
16 accountability are a part of the life of these institutions. The Senior Commission of WASC looks
17 forward to continuing a dialogue about these important issues as you move forward in your
18 deliberations. And I want to thank you for the opportunity to speak to you today.

19 **DAVID BERGERON:** Thank you, Christina. One question. Earlier in the day I
20 asked this question on the issue of accreditation [unintelligible] basically you. One of the
21 criticisms I have heard about our current regulations as they relate to accreditation is it doesn't
22 foster continuous improvement approaches; that it basically sets a bar and then if you meet the
23 bar you're okay and if you don't meet the bar you're subject to sanctions. But it really gives no
24 incentive in the current system, regulatory framework for continuous improvement. You, in your
25 testimony, made the point that that's not true; that is something that is built into your process.

1 Could you speak a little bit more about that?

2 **CHRISTINA MASLACH:** Sure. I think the mandates — the standards that are
3 put in there, continuous improvement, [unintelligible] innovation, [unintelligible] to it. And that's
4 what we're looking to see in these institutions. So it's something . . . it's not just about bean
5 counting, if I can say that. You know, [unintelligible] standard — check, check, check. But it's
6 really more of a process of what I will call a self-study strategic planning for the future. And how
7 an institution is going to be [unintelligible] in achieving those goals. And so the Commission is
8 really looking for, given the nature of the institution — where they are, who they're educating,
9 what their educational goals are — how are they moving forward in that? And there are . . . it's
10 not just about meeting the bar or failing. It's also about meeting the bar in a way that the
11 accreditation . . . you know, that WASC says you're doing wonderfully and we don't even need
12 to come back and talk with you for another ten years. In other cases it might be for a shorter
13 amount of time. So there are things [unintelligible] going not just well in terms of the minimum,
14 but that you've really got the kind of processes in place which are going to yield real
15 improvements in [unintelligible] these things. That this is what the commission is looking for and
16 encouraging.

17 It also brings together representatives from all of these institutions [unintelligible]
18 at a meeting to discuss and compare, and share so that they're really talking to each other
19 about these issues. And then we also have workshops throughout the year to really . . . So it's
20 not about kind of coming in and just waving our finger at it [unintelligible] saying here is the
21 source of things and here's how, as you think about it [unintelligible] what's going on in your
22 institution — what is the information you're looking for? What are your goals? What are you
23 trying to do to really enhance the learning? That's the basis on which [unintelligible]
24 accreditation [unintelligible]. So I've been on the commission now for three years and sort of
25 seen this process with a wide range of [unintelligible] institutions [unintelligible]. And many of

1 them are doing various things and different kinds of things. You know, what's happening in
2 Berkeley is not even [unintelligible] UC system. But given the goals that we are setting for the
3 students, it's really I think quite impressive how these institutions are stepping up to the plate
4 and [unintelligible] they haven't thought about these issues in this way before. The accreditation
5 actually gives them a process now, support in doing [unintelligible] proactive [unintelligible].

6 **DAVID BERGERON:** Thank you. Is Danny Herrera here? Danny.

7 **DANNY HERRERA:** Good afternoon, commissioners and [unintelligible]. I'd like
8 to take this opportunity [unintelligible]. So I'm a fifth-year student here at the University of
9 California, Berkeley. And I'd like to actually apologize [unintelligible] this [unintelligible].

10 [People noting difficulty hearing Mr. Herrera.]

11 **DANNY HERRERA:** So I'll start over. I'm a fifth-year here at the University of
12 California, Berkeley. I just wanted to share my story with the commissioners regarding my
13 experiences with student loans. After graduating high school I was admitted to all the
14 universities to which I had applied, but I was initially . . . I refrained from attending college
15 because of student loans. I was afraid of student loans. I didn't want to get them. So I opted to
16 go to community college instead, which was a much cheaper option. Things went well in
17 community college and I ended up transferring to the University of California, Berkeley.

18 I am currently a fifth year, right? So since the two years that I've been at this
19 university I currently have acquired nearly \$40,000 in debt for student loans. Also, by the time I
20 graduate — which is in May — I will surely be over the \$50,000 mark. Now, this is a very
21 burdensome debt for a recent graduate to have, especially considering that I come from a low-
22 income minority community. I just wanted to express to the Commission that the type of
23 repayment plan that I . . . I guess the choices that I will have in terms of repayment will be very
24 important in terms of whether or not I attend graduate school and also which career choices I
25 pick. Many of the careers that are in social sciences — which is my field — are low-paying jobs.

1 And so students that go into these kinds of jobs usually don't want to go into them because they
2 don't pay enough; and so they want to go elsewhere. With that, I just wanted to recommend to
3 the Department of Education to find less burdensome ways to fund students' education, as they
4 will be making a valuable contribution to the future of this nation. And I want to remind the
5 Commission as well that my story is only one of thousands on this campus, as well as — I'm
6 sure — hundreds of thousands across the country. Thank you very much.

7 **DAVID BERGERON:** Thank you. That is the last scheduled witness that we
8 have. We have to stay until 4:00 to see if there are other witnesses that come. So we will be
9 staying around. You are welcome to, or you can assume — based on the fact that there is no
10 one else signed up — that we're done for the day. Under that assumption I will make my closing
11 comments now. And then if my colleagues have anything they would like to say in conclusion I'll
12 let them do that.

13 I have appreciated very much all of the testimony that we received. As you
14 probably have heard as I've talked to folks around the room, I very much appreciate particularly
15 the students who have come to testify; you've done a remarkable job representing yourself and
16 your fellow students here in California, and we appreciate your coming and spending the time
17 with us. What you have to say is important to us, and we look forward to continuing to work with
18 you.

19 I will also say to everyone else that I appreciate their coming. I always feel like I
20 need to make special comment about students, because so often in these processes we forget
21 that they're our primary customer — and I try to remind myself every time I interact with
22 students that they are why we do what we do. I appreciate everybody else who testified and I
23 appreciate very much the folks who came from Washington to listen with us.

24 I want to also thank the folks here at the University of California at Berkeley,
25 again, for their hosting this event. It has meant a lot to us that it was on a campus and the

1 support and cooperation we've gotten has been tremendous. Thank you. Make sure that
2 everybody here at UC Berkeley knows how much we appreciate it. When we made the phone
3 calls and said we would like to do it on campus, what can we do? Immediate positive response.
4 So we really do appreciate everything they did to make this possible and make this work — and
5 make it so that we could have as much student participation as we could. Anything either of you
6 would like to say?

7 **GAIL MCLARNON:** Yeah. I'd like to mirror David's remarks, and also to thank
8 you as well. I think one of the recurring themes I heard was you appreciated us coming out to
9 listen to you. I appreciate you coming out and sharing your experiences with us. I think a
10 dialogue between federal agencies and the folks who implement the rules that we develop, and
11 the folks that receive the aid that we provide is essential to our understanding and trying to
12 improve the programs that we — and you — administer. I especially feel privileged to hear the
13 students speak and participate in the process. I was just so floored by the level of articulation
14 and passion, and involvement that the students showed today. And I would like to thank you
15 especially for coming out and sharing with us.

16 **HAROLD JENKINS:** Yes, I agree with my colleagues' comments. As I have
17 mentioned to several people today you might think that we at the Department of Education see
18 students more frequently than we do. In fact, I myself almost never see them. And so this is
19 valuable. Again, it's not just a matter of personal enrichment; I think the comments and the
20 perspectives that we've heard today will really help to inform our work as we proceed towards
21 the development of policies and rules for the student aid programs. I think — as has been
22 mentioned — certainly the shirts made a strong statement. And so it was a good gesture.

23 **DAVID BERGERON:** So again, thank you. As I said, we will be staying until
24 4:00 in case anyone else comes, but didn't want people to wander away without having said
25 thank you to everyone for their participation and their help in making this as productive as it has

1 been. So thank you.

2 [chatting]

3 **DAVID BERGERON:** We have someone who would like to testify, so we're
4 going to go back to that. Did Mary get your name? If she didn't get your name, as you're leaving
5 make sure she gets your name and contact information.

6 **JELENA SIMJANOVIC:** No problem.

7 **DAVID BERGERON:** Go ahead and introduce yourself.

8 **JELENA SIMJANOVIC:** Okay. My name is Jelena Simjanovic, and you don't
9 have to attempt to write that because it's a long and Slavic name. I am a recent immigrant. I
10 moved to the States two years ago, and my husband is also a recent immigrant and he moved
11 to the States a couple of years ago, too — which makes it very hard for us to finance our
12 education because it's kind of different when you come from a traditionally middle-class
13 background in the States or . . . I guess you could compare yourself to low-income residents.
14 I'm not sure how to phrase that. I am in my late 20s; he is in his early 30s. So when we talk
15 about how we're going to organize our lives, we plan to have children at some point. But with
16 the amount of student loans that are piling up it's kind of hard to imagine that we're going to
17 have any children, ever. Or buy a house or something like that.

18 So another thing is that I think that recent immigrants are kind of . . . they don't
19 qualify. We don't have our box to tick off. We are not any traditional minority or anything like
20 that. But if we are allowed to move to this country we should be allowed to have access to
21 education. And I know a lot of people who finished their . . . who have undergraduate degrees
22 from universities abroad, but then they come here and they're like swamped with life and getting
23 used to being here. And just the fact that education costs as much as it costs, they never dare
24 to cross that line and apply for graduate school or for another degree, or anything like that. So
25 basically they end up being worker class, or blue-collar forever. Although they could be doctors

1 or lawyers, or psychologists, or whatever. And I know a lot of people like that.

2 But I was brave. I was like — whatever, I'll just owe this money and do that. So
3 I'm in the graduate school for public policy. And when I wanted to apply for scholarships a lot of
4 scholarships were for U.S. citizens only. I know that's not a problem of the federal government,
5 but foundations would give scholarships to students, to U.S. citizens or foreign students. And
6 I'm in this in-between category and there is one single scholarship I can apply for. And I keep
7 my fingers crossed that I get it for next year, because otherwise it's getting crazy. And then you
8 try to do all these jobs on the side. But then you don't have enough time to study. And then
9 you're like — okay, what is the point of me being here if I'm having 80 hours a week but I study
10 [unintelligible] 30? Well, not 30 but 50.

11 So that's what I want to say. Think of our lost little immigrants. I don't know. I
12 know it's a touchy topic lately. But . . . yeah. That's what I have to say.

13 **DAVID BERGERON:** Thank you very much.

14 [off-mic question]

15 **JELENA SIMJANOVIC:** Yes, I am taking a lot of loans. When I went to financial
16 aid office I didn't understand the process, and they were like, "Let me see what your needs are;
17 you can borrow as much as your needs are." And he started laughing, "Oh, don't worry, you're
18 not even close to your limit — you have a lot of needs unmet." And I'm like — yes, I know. And
19 we have to pay a professional fee. But that's the university's problems, not yours.

20 **UNIDENTIFIED FEMALE:** Is your issue then that you feel burdened by your
21 loans for repayment?

22 **JELENA SIMJANOVIC:** My issue is that I'm going to take so many loans that
23 with my public policy degree I will have to pay them, to repay them for the next 30 years. My
24 husband is doing a PhD in history, and there is not much financial aid for that. So altogether
25 we're looking into good \$80,000 to \$100,000. And you know, that's not fun.

1 **DAVID BERGERON:** Thank you.

2 [whispering/unintelligible conversations]

3 **[END OF RECORDING. END OF TRANSCRIPT.]**

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U.S. DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION

PUBLIC REGIONAL HEARING ON
NEGOTIATED RULEMAKING

Loyola University - Water Tower Campus
Rubloff Auditorium - 1st Floor
820 N. Michigan Avenue
Chicago, Illinois 60611

Thursday, October 5, 2006

9:02 A.M. - 3:30 P.M.

1

2

3 Department of Education Panel Members:

4

5

6 **Daniel T. Madzellan**

7 Director of Forecasting and Policy Analysis Staff

8

9 **Jeffrey Taylor**

10 Deputy General Counsel for Postsecondary and Regulatory Affairs

11 Office of General Counsel

12

13 **Carney McCullough**

14 Senior Program Analyst

15 Policy and Budget Development Staff

1 P R O C E E D I N G S

2 **PHIL HALE:** Good morning. Would everyone
3 have a seat, please?

4 My name is Phil Hale. I am Vice
5 President of Public Affairs here at Loyola
6 University, Chicago. Thank you all for coming.

7 We are very honored to have the
8 opportunity to host this public hearing for the
9 U.S. Department of Education, and I am very
10 delighted to have this opportunity to welcome all
11 of you to our Water Tower Campus.

12 Let me start with some housekeeping, if I
13 may. First of all, the bathrooms are over here,
14 outside of the room to my left. There is also
15 water outside that will be refreshed throughout
16 the day. For those of you who are planning to
17 make a day of it, after lunch we will have some
18 caffeinated beverages and some cookies to keep you
19 going.

20 I would also like to encourage those of
21 you who are also planning to be here for a while
22 to sit in a little bit towards the center. This
23 is a nice auditorium, but we always have this
24 tendency--everyone sits along the aisles and sits

1 in the back and then latecomers come and they are
2 too embarrassed. So there are a lot of empty
3 seats, but there is this cluster of people in the
4 back. We have no idea how many people to expect,
5 but I understand that we are already pretty full
6 for this morning's testimony. So just be aware of
7 people that may be coming in late, if you would,
8 please.

9 Before I introduce our panelists from the
10 Department and before we launch into the public
11 testimony, I would just like to ask if we could
12 just step back for a minute and remind ourselves
13 very briefly of what we are all about. We all
14 come here today with some very particular issues
15 that we want to discuss and to share with the
16 Department of Education, but we are here because
17 these issues all pertain to Federal funding for
18 postsecondary education and, like every other
19 level of education, funding for higher education
20 is very much an investment on the part of the
21 Federal government, and an investment that has
22 benefits that, I think, accrue to our entire
23 society.

24 I used to have a doctor who used to say

1 that there is no panacea in medicine except for
2 proper weight control, achieved through good diet
3 and exercise. I think the same thing is true for
4 social ills, as well. There is no panacea for
5 social ills except for education. We frequently
6 discuss the benefits of higher education and what
7 it can do for the individual student, and that is
8 important, especially in terms of their potential
9 for future earnings. Investments in higher
10 education also have societal benefits that I think
11 we just do not talk about nearly enough.

12 For example, in addition to preparing
13 individuals for employment, higher education
14 prepares students to be good citizens, citizens
15 who are better informed about issues, citizens who
16 are more active in their communities. Higher
17 education also fuels new technologies and
18 innovations that are at the very leading edge of
19 this country's economic development. Similarly,
20 it is just impossible to imagine, for example, our
21 health care system in this country without
22 college-educated nurses, doctors, researchers, and
23 other professionals upon whom all of us depend,
24 really, for our very lives.

1 So the programs we will be discussing
2 today, like ACG and SMART, have a societal impact
3 that goes well beyond the individual students who
4 will directly benefit from them. And I just think
5 it is important to remind ourselves of that every
6 once in a while. As you know, this public hearing
7 is one of four regional hearings that the U.S.
8 Department of Education has scheduled. We are
9 very honored to host the Midwest hearing, and I
10 want to welcome all of our panelists from the
11 Department who are here today.

12 I would like to introduce, now, from the
13 U.S. Department of Education, Dan Madzelan,
14 Director of Forecasting and Policy Analysis Staff,
15 Office of Postsecondary Education, U.S. Department
16 of Education.

17 Did I get it right?

18 **DAN MADZELAN:** Yes.

19 **PHIL HALE:** All right. Thank you, Dan.

20 **DAN MADZELAN:** Thank you, Phil.

21 Phil did get my title correct. I do work
22 in a hierarchy and, pretty much, your position in
23 that hierarchy is directly related to the length
24 of your title. You start with Secretary, Deputy

1 Secretary, Assistant Secretary, Director of Staff
2 for Forecasting and Policy Analysis in the Office
3 of Postsecondary Education.

4 So, at any rate, thanks to everyone for
5 coming here today. What I want to first do is
6 introduce my colleagues here up at the head table.

7 To your far right is Jeff Taylor. Jeff
8 is our Deputy General Counsel for Postsecondary
9 and Regulatory Affairs.

10 Seated next to Jeff and between Jeff and
11 myself is Carney McCullough. Carney is with me in
12 the Office of Postsecondary Education. She is the
13 Senior Policy Analyst for the Student Financial
14 Aid Programs.

15 As some of you probably know, we are
16 required by statute in the Department of
17 Education, and with respect to the student
18 financial aid programs authorized by the Title IV
19 of the Higher Education Act, to engage in a
20 process known as negotiated rulemaking anytime we
21 want to issue new regulations or amend existing
22 regulations that affect the Title IV student
23 financial aid programs.

24 We are required to do that except in a

1 couple of limited circumstances. We actually had
2 one of those limited circumstances this past year
3 when the Congress passed the Higher Education
4 Reconciliation Act, which made significant changes
5 to the student loan program, but also more
6 importantly authorized two new grant programs, the
7 Academic Competitiveness, and the National SMART
8 Grant programs. We just did not have time to go
9 through a full notice and comment, negotiated
10 rulemaking process. So we did issue interim final
11 regulations on those program with comments
12 invited, expecting to issue final regulations,
13 essentially for year two of the new grant programs
14 November 1st. But again, we are on a pretty tight
15 timeframe and pretty strict requirements in
16 general.

17 So that is really why we are here today,
18 to start off this next negotiated rulemaking
19 process. This is the fifth time that we will have
20 undertaken this process since the 1992 Higher
21 Education Amendment. Carney and I have been
22 involved in--I do not know if all of them, but
23 certainly most of them. I have been a Federal
24 negotiator on three occasions.

1 The regional hearing that we are having
2 today, as well the one that we had a couple of
3 weeks ago in Berkeley and the two that we have
4 upcoming, is really the first step in this
5 negotiating rulemaking process. We want to hear
6 from the affected entities, the higher education
7 community, about the things that we ought to be
8 regulating.

9 Basically, our process for negotiated
10 rulemaking is that we have these regional
11 hearings. We also invite comment. We essentially
12 also solicit non-federal negotiators. That was in
13 our August 18th notice. You have until November
14 9th to submit yourself or someone you know as a
15 non-Federal negotiator. Then, I think we have it
16 scheduled for December--sit down and basically
17 have our first negotiating session in Washington,
18 D.C. Typically, we have had four or five of these
19 sessions over a period of four to five months
20 where we all sit around the table and we craft the
21 actual language for notice of proposed rulemaking.
22 Generally, we finish that up in May or June. We
23 have established a little bit more aggressive time
24 period this time around. We are actually starting

1 this process a month or so earlier.

2 As far as what it is that we are
3 negotiating, that is why we want to hear from you.
4 Basically, we do have one item that we will
5 negotiate. The Secretary announced this in this
6 past May that--you probably know for the Academic
7 Competitive Grants program, that one of the
8 eligibility requirements is that a student can
9 plead a rigorous program of secondary education.
10 What does that mean? Well, we made a stab at it,
11 and we have the Secretary's letter of last May, as
12 well as some regulatory language, but that is the
13 one item that the Department has committed to
14 negotiating. Everything else is open.

15 We know, beyond that one issue, that
16 there has been concern raised out in the community
17 about the Secretary's Commission on Higher
18 Education and their recommendations, what the
19 Secretary may try to do in terms of implementing
20 some of those recommendations through regulations.
21 Again, I can say no decisions have been made on
22 that. We had also left room in this process for
23 negotiating any items that may have come out of
24 any reauthorization in the Higher Education Act,

1 but since the current authority for the Higher
2 Education Act has been extended yet again, this
3 time to June 30, 2007, we are not really looking
4 at any reauthorization items in this particular
5 negotiating rulemaking session.

6 For today, many of you have signed up to
7 speak. We are going to give you five minutes to
8 speak. These sessions will have a transcriber and
9 recorder, so please, when you step up to the
10 microphone, state your name, state your
11 affiliation, and then you have five minutes to
12 speak. We are not going to cut off at five
13 minutes. We do not have a series of lights here,
14 but we are not going let you ramble on, either,
15 because we do have a schedule and we are going to
16 try and stick with it.

17 We have scheduled a break at 10:30, but
18 that would obviously be more for us than for you
19 guys. If we, you know, feel that we have good
20 momentum, kind of a good discussion, or if we are
21 hearing good things, then we will just go through
22 till lunchtime. We will break for lunch at--is
23 that noon, on there?

24 Okay, 12:00 to 1:00, we will have a break

1 for lunch.

2 Again, please speak into the microphone
3 and I will be--I guess I am the timekeeper, and I
4 will call people to the microphone essentially in
5 the order that you have signed up.

6 Again, just in closing, we are here today
7 to listen. If you have a question, we will be
8 happy to answer it. We are not committing to
9 anything today. That is what the actual
10 negotiating sessions are about. But again, we are
11 very interested in hearing what is on your mind,
12 what you have to say, what you think the
13 Department should be doing with respect to moving
14 these Title IV student aid programs forward.

15 And with that, I will call our first
16 speaker, Miriam Pride, to the microphone.

17 **MIRIAM PRIDE:** Which microphone?

18 **DAN MADZELAN:** Any one you like. Thank
19 you.

20 **MIRIAM PRIDE:** First of all, I want to
21 say thank you to Phil Hale and to Loyola for
22 hosting us, and thank you to our partners and
23 colleagues from the Department of Education for
24 having the courage to step outside the Beltway and

1 have a conversation with us at our home
2 territories.

3 Good morning, everyone. My name is
4 Miriam Pride, Mim Pride, from Blackburn College.
5 I come today primarily as a representative of the
6 Work Colleges. Blackburn College is a small,
7 private, liberal arts college that is affiliated
8 with the Presbyterian Church located in
9 Carlinville, Illinois. We enroll slightly more
10 than 600 students, all of whom engage in some form
11 of work on campus and perform community service as
12 part of their academic program and as part of the
13 requirements for graduation.

14 We are one of seven Work Colleges,
15 including seven Work Colleges that receive Federal
16 funds under Section 448 of the Higher Education
17 Act, as revised 1965. Those colleges include
18 Alice Lloyd, Berea College in Kentucky, College of
19 the Ozarks in Missouri, Sterling College in
20 Vermont, Blackburn in Illinois, Ecclesia in
21 Arkansas, and Warren Wilson in North Carolina.

22 While there are no specific issues in a
23 negotiated rulemaking session that will be
24 convened later this year and early next year that

1 directly affect the Work Colleges, we do believe
2 that our voice should be heard in the negotiated
3 rulemaking sessions. This is especially true as
4 it relates to the very real concerns of smaller,
5 independent, liberal arts institutions and the
6 students that they serve, most especially as it
7 relates to the overarching concern of keeping the
8 cost of college within the reach of low- and
9 middle-income families and students who attend the
10 Work Colleges.

11 Work College students largely come from
12 families that can barely afford a college
13 education. Berea College and College of the
14 Ozarks recruit only students whose expected family
15 contribution is so low that they cannot be
16 expected to contribute anything to tuition.
17 Forty-one percent of Blackburn students are the
18 first in their family to go to college.

19 We are able to keep tuition low in our
20 institutions because students contribute by their
21 work to the work of the institution and lower the
22 cost of college. We also, all of us, raise
23 substantial private funds.

24 Most of our students complete a

1 baccalaureate degree with a minimum of loan
2 indebtedness and within four years. The only
3 major exception to that is teacher preparation
4 students who, typically, now are taking four-and-
5 a-half years.

6 We believe we have a unique perspective
7 to contribute to the ongoing debate about college
8 student costs, student indebtedness, and
9 institutional accountability for Federal student
10 aid funds. We believe that the Work College
11 experience and the point of view should be heard
12 at the negotiated rulemaking table.

13 In the past, the Work Colleges have been
14 indirect participants in the negotiated rulemaking
15 sessions. However, during the Neg. Reg.,
16 following the enactment of the 1998 Higher
17 Education Amendments, the process of selecting
18 institutional representatives by the U.S.
19 Department of Education changed.

20 First, the major Washington-based
21 associations were largely ignored in the process
22 of selecting persons to represent the various
23 sectors in the higher education community. While
24 individuals were selected from those sectors, they

1 did not necessarily represent those sectors, nor
2 did they have effective lines of communication or
3 ways of expressing the views of those
4 associations.

5 Second, not all sectors, and particularly
6 the smaller liberal arts colleges, were
7 effectively represented. The Work Colleges urge
8 the Secretary to assure the presence and actual
9 representation of all sectors, and all points of
10 view, and to ensure that a balanced viewpoint is
11 presented around the neg reg table when key issues
12 related to all of the Federal student loan
13 programs, the new Federal grant programs, and
14 other important student finance issues and
15 policies affecting students and their parents are
16 discussed.

17 Just a few weeks ago I attended a very
18 wonderful conference in North Carolina. The most
19 elite institutions in this country were present.
20 Some of you here were present. The conference was
21 well funded. The best demographers, financial aid
22 experts, people who care deeply about young people
23 were discussing how to provide access for able,
24 low-need students and they struggled with that

1 issue for three or four days. At the end of the
2 conference I left sad because nowhere at the table
3 were my colleagues from the HBCUs, or from Berea,
4 or from Bloomfield College, the people who, for
5 decades, have served those populations well. In
6 the cases of Berea and Blackburn, for almost 150
7 years.

8 It would be sad indeed if higher
9 education has reached the point where the private,
10 liberal arts teaching institutions are not
11 represented at the table when public policy about
12 higher education is being made.

13 We would also encourage the Secretary to
14 use her considerable influence to urge the
15 Congress to complete the reauthorization of the
16 Higher Education Act, especially those parts
17 providing Federal Pell Grant, supplemental grant,
18 FSEOG, and Federal Work-Study for needy students.

19 Thank you.

20 **DAN MADZELAN:** Thank you.

21 **DAN MADZELAN:** David Preble.

22 **DAVID PREBLE:** Good morning. Thanks for
23 having us here.

24 I am Dr. David Preble, Director of the

1 Commission on Dental Accreditation of the American
2 Dental Association. The Commission on Dental
3 Accreditation accredits over 1,300 and is the
4 accrediting body recognized by the U.S. Department
5 of Education for dental, advanced dental, dental
6 specialty, and allied dental education.

7 As their representative, I will be
8 limiting my comments to accreditation issues.
9 First of all, we do applaud the Secretary for
10 mentioning in her radio address that she would be
11 meeting with accreditors to talk about some of the
12 issues that came out of the Commission report.

13 It is important to recognize that
14 specialized, professional accreditation is
15 different in many ways from institutional
16 accreditation. Specialized accreditation deals
17 with development of competent practitioners, and
18 the Commission on Dental Accreditation in
19 particular requires that programs provide outcome
20 measures that provide the public with very useful
21 information on program completion, success on
22 licensure exams, and employment rates.

23 Our program's on-time completion rates
24 are exemplary, generally over 95 percent, and

1 success rates on licensure exams are similarly
2 high. Specialized accreditation is a discipline-
3 specific review process based on professional
4 expertise that takes years to develop. We do
5 involve public representatives in the process, but
6 we believe this is most appropriate at the
7 decision-making level where the public can most
8 effectively oversee the process.

9 Accreditors provide accurate and
10 appropriate public information. We feel it is
11 also important to recognize that accreditation is
12 not simply an evaluation process, but one that
13 also fosters improvement. In order to maintain
14 the integrity of the process, not all aspects of
15 the process are appropriate to be made public
16 because of the chilling effect that would have on
17 program candor, a necessary component to develop
18 useful recommendations for improvement.

19 Accreditors throughout--not just
20 specialized accreditors, work to keep the costs
21 associated with accreditation reasonable. Some of
22 the recommendations in the Commission report would
23 create an undue burden in time and money without
24 providing significant benefit. Since a major

1 thrust of the report is cost containment in
2 education, we recommend careful consideration of
3 consequences before acting, such as potential for
4 increased litigation, maintenance of increasingly
5 extensive databases, inclusion of public members,
6 onsite visit teams, et cetera.

7 From a process standpoint, we are in
8 agreement with a letter from members of the
9 Committee on Health Education, Labor, and Pensions
10 regarding concern about negotiated rulemaking for
11 Commission recommendations before legislative
12 action. In the absence of new legislation
13 specifically on accreditation, we see no
14 justification for negotiated rulemaking.

15 And lastly, again, we advise caution in
16 lumping all accreditation and education issues in
17 one basket when considering recommendations. We
18 believe specialized, professional accreditors have
19 shown strength and success in areas that may be a
20 concern for undergraduate institutions.

21 Thanks for the opportunity to share my
22 thoughts.

23 **DAN MADZELAN:** Thank you very much.

24 Also, I will do my best, but if I

1 mispronounce your name, please accept my apology.
2 That is part of the reason why we ask you to say
3 it yourself. With a name like Madzelan I am a
4 little accustomed to that, as well.

5 **DAN MADZELAN:** Umair Mamsa.

6 **UMAIR MAMSA:** Dear Department of
7 Education, my name is Umair Mamsa, and thank you
8 for the opportunity to speak today at the hearing.

9 I am a junior at the University of
10 Illinois in Chicago, majoring in philosophy and
11 political science. As a student, I believe that
12 the Department of Education should make higher
13 education acceptable and affordable, and that all
14 those that hope for a quality education can also
15 have the opportunity, joy, and satisfaction to
16 call themselves a student one day.

17 Historically, the affordability of
18 education went through three phases, as I view it,
19 luxury, privilege, and opportunity. Today it is a
20 necessity.

21 First, in the early days, with the birth
22 of the best American universities, a college
23 degree was revered as a luxury for the rich and
24 affluent members of society. Later on, as

1 colleges became a lot more eminent and more began
2 to emerge, it became a privilege for the middle
3 class and it became a little bit easier to go to
4 college.

5 Then we moved on to the opportunity
6 phase. In the late 1960s, there was new optimism
7 and hope with the passage of the Higher Education
8 Act and financial aid programs. Through
9 hardworking parents' lifelong savings and
10 students' hard work, they could open a window for
11 opportunity with scholarships and loans. The
12 dream of belonging to an intellectual community,
13 to study the arts and humanities, research and
14 learn the sciences, expand the mind, could be made
15 possible.

16 But contrasting that to today, education
17 in today's society is more than a luxury and a
18 privilege. It is a necessity for the individual,
19 a necessity that will ensure one's pursuit of
20 happiness, the ability to succeed in the
21 workforce, and secure the financial well-being and
22 to provide for their loved ones. It is also a
23 necessity for society, with taxpayer dollars, and
24 those dollars funnel right back into society. A

1 society cannot function without its doctors,
2 lawyers, teachers, scientists, and researchers as
3 they provide services and a wealth of knowledge
4 for the community. Education, thus, is a self-
5 sustaining investment for society to ensure its
6 well-being and the mechanism to ensure an educated
7 citizenry.

8 So, in order to meet this necessity, the
9 burden falls on the student and his or her
10 parents. Today, the primary stress of the student
11 is how they are going to pay their college bill,
12 afford the skyrocketing cost of textbooks, and
13 work increasingly long hours, often at minimum
14 wage salaries, and the last worry is struggling to
15 find time to study. As a result, the education
16 that one gets is empty and hollow, one that sucks
17 up the intellectual curiosity and quest for
18 knowledge. The initial enthusiasm and joy of
19 leaving off to college is dried up in the
20 remainder of time spent trying to leave as quickly
21 as possible.

22 Now, if we really live in an enlightened
23 society, if we really regard ourselves as the best
24 nation in the world, a society that cherishes the

1 rights and freedoms of individuals, then the
2 education of our citizens and our students should
3 also be rooted by the same sacred values. A
4 college degree should not have to be dependent on
5 finances and should not be a burden. Education is
6 a necessity, but it needs to be a fundamental
7 right. In order for one to obtain an education
8 now the burden is huge. It is this very burden
9 that the Federal government should be supporting.

10 Now, in the Spellings Commission Report,
11 it states that the median debt level among
12 students who graduate from four-year colleges and
13 universities was \$15,000 for public universities
14 and \$19,400 for private institutions. Now,
15 instead of valuing and regarding those that go to
16 college, they are penalized and punished by debt.

17 But today, I urge that the Department of
18 Education consider ways in which higher education
19 can become more affordable and accessible for all
20 students. And it can easily be done in a variety
21 of ways including increasing grant aid and making
22 loans more manageable by limiting a student's
23 repayment to a reasonable percentage of their
24 income and recognizing that borrowers with

1 children have less income available for student
2 loans. Protecting borrowers from high interest
3 charges when they face economic hardships will, in
4 essence, aid all student borrowers in their
5 efforts to successfully earn a college degree.

6 In conclusion, let's set the stage for
7 higher education. We went from luxury, privilege,
8 opportunity, and today of necessity. Today, let's
9 finish what needs to be done and make higher
10 education a basic right. Let the next few days be
11 a landmark as the 1960s Higher Education Act gave
12 hardworking students an opportunity, I ask that
13 today or in the near future the Department of
14 Education make a progressive action and transform
15 the opportunity to a few to a fundamental and
16 basic right for all.

17 Thank you once again for allowing me to
18 speak.

19 **DAN MADZELAN:** Thank you.

20 **DAN MADZELAN:** Bammeke Jenkins.

21 **BAMMEKE JENKINS:** My name is Bammeke
22 Jenkins, and I am an alumni of the Upward Bound
23 Program. For those that do not know Upward Bound,
24 it is a program because of the War on Poverty

1 under President Johnson in 1964. It was started
2 to serve first generation and low-income, college-
3 bound students. There were 130 students in the
4 initial year.

5 I am a product of the Chicago public
6 school system, and when I was in grammar school,
7 it was deemed the worst school system in the
8 nation. Because of Upward Bound, I have not only
9 graduated from high school, I have also graduated
10 from undergrad, and I have a master's degree, and
11 right now I am working on a master's/Ph.D. here at
12 Loyola. So Upward Bound has truly been a benefit
13 for me.

14 Right after I graduated from undergrad, I
15 went back and started to work for the program that
16 I graduated from. So I felt that there was a need
17 for me to give back to those that were like me.
18 If you cut Upward Bound-type programs, then those
19 students that were like me who were a part of this
20 public school system that really was not helping a
21 lot of people--if you cut programs like that,
22 students like me would not be standing here today
23 as teachers right now. Right now, I teach at City
24 Colleges of Chicago.

1 So I just want to say that Upward Bound
2 has done so much for so many and I am an advocate
3 of it. I advocate all of the TRIO programs to my
4 students. The TRIO programs actually are Upward
5 Bound, Educational Talent Search, Educational
6 Opportunity Centers, Upward Bound Math and
7 Science, Ronald E. McNair Post-Baccalaureate
8 Program Student Support Services, and they also
9 have professional training grants that are also
10 under the TRIO umbrella.

11 The last thing that I really want to say
12 about Upward Bound is that it was started to
13 help--the purpose of the program was to help
14 students matriculate into college and become
15 successful and contributing people to our nation
16 and society. I have a lot of friends who have
17 graduated from Upward Bound and they are doing
18 just that. So I want you to consider keeping the
19 TRIO programs when you go back to the Beltway.

20 **DAN MADZELAN:** Thank you.

21 **DAN MADZELAN:** Nayshon Mosley.

22 **NAYSHON MOSLEY:** Good morning. Again, my
23 name is Nayshon Mosley and I bring you greetings
24 on behalf of Chicago State University's Upward

1 Bound program.

2 I, like Mr. Jenkins, am a product of the
3 Chicago public schools, as well as the Chicago
4 State University's Upward Bound program. I was
5 introduced to the program as being a student in
6 one of their target schools in 1992. I
7 participated and graduated through that program in
8 1995. As a result of that, I not only went on to
9 get my bachelor's degree, but I also got a
10 master's degree, and I am currently working on my
11 doctorate degree.

12 Being from a low income, poverty-level
13 situation, first generational college student, I
14 would have never before probably been given the
15 opportunity to advance--and not only just the
16 opportunity, but the encouragement that the staff
17 in Upward Bound have provided me with. Not only
18 do we just go to college and graduate college, but
19 through our time in Upward Bound we were given the
20 opportunity to not only go through historical
21 colleges and universities, but we also took
22 cultural trips.

23 We did a lot of journeying into Canada
24 through the Underground Railroad situations. We

1 went to Historically Black Colleges and
2 Universities. We went to private and liberal
3 colleges and universities. We had the opportunity
4 to kind of see what all opportunities were
5 available to us, not only just to motivate you to
6 go to college but to give you different options.
7 We were mandated to apply to a minimum of eight
8 colleges and universities, to not put all of our
9 eggs in one basket, to go ahead and, if you did
10 get rejected by one school or if you do not get
11 accepted by one or two schools, you still have
12 five or six schools.

13 A lot of students that, where I came
14 from, that would be a discouragement to them, to
15 get a rejection letter from one university would
16 be enough to say, "Oh, see. Now I can't go to
17 college." Well, those students that were in the
18 program with me and those students that continued
19 to be serviced by the Upward Bound programs, as
20 well as all TRIO programs, they have more of an
21 opportunity available to them today.

22 One of the main focuses of the Upward
23 Bound program is, again, to target low-income,
24 first generational college students. As a result

1 of that program, I stand here before you today, as
2 well as Mr. Jenkins, to encourage you all to
3 continue to push for funding for the Upward Bound
4 programs, to not cut funding, to not overwhelm
5 them with the numbers to where they cannot receive
6 quality services.

7 I stand here today so that my daughter
8 and other children will not have to go through the
9 cycle of not only not being a first generational
10 college student, but also siding for education so
11 that she can live above the poverty line. I
12 believe that the Upward Bound program is a
13 successful program. I believe that the graduation
14 rates, not only from high school but also from
15 college, are higher than they would be just with
16 the basic city of Chicago education. I think a
17 lot of students through the Upward Bound program
18 do not just resort to city colleges because it is
19 convenient. I think that they branch out and go
20 to other colleges and universities across the
21 state and across the country. Without the Upward
22 Bound program, that encouragement would not be
23 there coming from impoverished areas.

24 So I just want to thank you for the

1 opportunity to share with you my testimony, and
2 again, encourage you, fight for funding for Upward
3 Bound. It is a great program.

4 **DAN MADZELAN:** Thank you.

5 **DAN MADZELAN:** Paul Murray.

6 **PAUL MURRAY:** Hello, my name is Paul
7 Murray. I am a student of University of Illinois
8 at Chicago. I would like to start by saying thank
9 you for holding these hearings.

10 In February, billions of dollars were cut
11 from higher education funding. This may not have
12 caused many problems right then and there, but in
13 the long run I think this will prove to have been
14 a huge mistake that could cripple the American way
15 of life, as well as the economy.

16 There are five main points that are being
17 pushed by students across the Midwest. The five
18 points will be discussed in total by at least one
19 student today. I would like to touch on one of
20 these points. I will discuss the idea of linking
21 repayment of student loans to a percentage of
22 income after graduation.

23 Lower government aid means that more of
24 the cost is placed on students. The consequences

1 for students, of course, are more debt, lower
2 grades, and different job selections. Since more
3 debt is assumed, I am just going to move right on
4 to lower grades. When more of a burden is placed
5 on students, students need to find a way to
6 support that burden. A student may need to work a
7 full-time job concurrent with their full-time
8 class schedule. In this case, the emphasis for
9 the student is more on a means of funding college
10 rather than receiving high marks in classes.

11 Second, a student may choose a higher-
12 paying job rather than a lower-paying job. Such a
13 student may want to be a teacher, a police
14 officer, or even a criminal defense attorney for
15 the state, but this student may not be able to
16 take these careers into consideration.

17 Take me, for example, trying to get a
18 degree in political science at UIC. I will
19 graduate at least \$30,000 in debt. After
20 graduation, I hope to move on to law school. I
21 think we all know how expensive law school is.
22 When I graduate from law school, which is not even
23 a sure thing, I know that I will not be able to
24 afford to work for the state. I am so sure that I

1 will not be able to afford it that the thought,
2 "Maybe I will work as a criminal defense lawyer
3 for the state," will not even be a thought by that
4 time.

5 If I am thinking like this, there are
6 certainly many others. Who will the state turn to
7 for attorneys with its rising number of jail
8 inmates? Everyone I know rants about how greedy
9 lawyers are. What if that were true? What if, 30
10 years down the road, it was still true? Would the
11 United States really depend on all of the lawyers
12 in the country to generously donate their time to
13 work on pro bono cases? Then it would be like a
14 citizen obligation, kind of like jury duty, only
15 this would be secluded to greedy lawyers. We all
16 know how every citizen jumps at the chance to do
17 jury duty.

18 What I say about college debt being hard
19 to pay back, I think it goes double for anyone out
20 there trying to go to school to be a teacher,
21 police officer, or any other government position.
22 Who knows, funding education may save the
23 government they would otherwise have to pay to
24 employees in order to balance their student loan

1 debt. If I am not mistaken, raising wages on such
2 a wide scale as it is in government may even raise
3 inflation or cost of living at a higher rate than
4 the current, as it did when the cuts were made in
5 February. However, I digress.

6 I would like to conclude by saying that
7 college would be a lot easier on students, and
8 positions in certain jobs would be a lot easier to
9 fill if repayment of financial aid was a
10 percentage of the income of the student after
11 graduation. Society will benefit as a whole if
12 higher education receives more money because
13 public demand on high-paying jobs would not be as
14 high. What if this were the way to trim a little
15 fat off the ever-widening gap between rich and
16 poor?

17 Thank you for your time.

18 **DAN MADZELAN:** Thank you.

19 **DAN MADZELAN:** John Padgett.

20 **JOHN PADGETT:** Good morning and thank
21 you.

22 Thank you for this opportunity to
23 participate in today's hearings. My name is Dr.
24 John Padgett, and I am pleased to serve as

1 President of the International Academy of Design
2 and Technology here in Chicago.

3 The Academy is an accredited institution
4 offering associate and bachelor degrees to over
5 2,000 talented students in the fields of design
6 and technology. Our primary programs of study
7 include fashion design, interior design,
8 information technology, merchandising management,
9 and visual communications.

10 We commend the Commission and Secretary
11 Spellings for the suggested concrete and bold
12 statements to the problems facing students and
13 postsecondary institutions today. It is time that
14 we shine a light on the system that has failed
15 many students. The obstacles to student success
16 highlighted in reports are ones we deal with every
17 day. Our student population is unique, although
18 not entirely unique. Fifty-eight percent of our
19 students are over the age of 21. Nearly 60
20 percent are minorities. Many of the students are
21 the first to attend college. Like many other
22 colleges and universities across the country, IADT
23 must address the deficiencies in an educational
24 system that graduates students from secondary

1 schools without basic skills or the competence
2 required to be successful in postsecondary.

3 Of all incoming students on our campus,
4 65 percent have lower than college skills and/or
5 English. Thirty-five percent of our incoming
6 students do not have secondary school level
7 reading or math. To bridge this chasm between
8 students' skill levels and college work, IADT
9 offers a two-tiered system of developmental
10 courses in subjects of English and math.

11 The first tier course focuses on helping
12 students achieve secondary school levels in math
13 and English. The second tier courses are designed
14 to bring the students' skills to those of college
15 levels.

16 With improvements in our developmental
17 curriculum and instructional design, as well as
18 improvements in classroom delivery, we have seen
19 an increase in the pass rate of our developmental
20 students. Currently, 65 percent pass versus 47
21 percent last year. Even more telling, we have
22 seen a marked improvement in attendance rates in
23 our developmental students, 85 percent attendance
24 for all classes versus 55 percent last year.

1 The retention of these high-risk students
2 has significantly increased since the policy has
3 been in place, improving 25 percent for this
4 specific population. In an effort for the success
5 of IADT students enrolled in these types of
6 programs, Career Education Corporation has
7 designed a developmental curriculum to be rolled
8 out at more than 80 campuses across the country
9 this fall.

10 The preparatory education program is
11 designed to target all incoming students, unless a
12 student requests a test-out of the developmental
13 course work. Every student, then, will
14 participate in a core content course each term
15 designed specifically to improve student skill
16 levels while also engaging in the program of study
17 of their subject.

18 CEC has committed time and resources to
19 programs such as these to help students succeed
20 throughout their educational experience, enhance
21 their confidence, and their mastery of basic
22 skills in math, reading, and writing. We support
23 the recommendations of the Commission with regards
24 to better aligning secondary school preparation

1 for the advanced college level work.

2 First, encourage state efforts to align
3 K-12 graduation standards with college and
4 employer expectations.

5 Second, provide incentives for higher
6 education institutions to make long-term
7 commitments to work actively and collaboratively
8 with K-12 schools and systems to under-served
9 students improving college preparation.

10 Additionally, we also recommend that the
11 Department provide incentives to high schools and
12 school systems to develop post-graduation bridge
13 course work geared towards students who are not
14 prepared to enter college, and yet have completed
15 their high school requirements.

16 And finally, standardize state high
17 school graduation requirements to level the
18 playing field for students going on to higher
19 education.

20 Thank you very much for this opportunity
21 to speak.

22 **DAN MADZELAN:** Thank you.

23 **DAN MADZELAN:** Earl Dowling.

24 **EARL DOWLING:** Good morning and thank you

1 for this opportunity.

2 Please know that we, members of the
3 professional financial aid community, appreciate
4 your keen interest as evidenced by this regional
5 initiative and by heroically developing and
6 implementing two new federal grant programs.

7 My name is Earl Dowling, and I am the
8 Director of Scholarships and Financial Assistance
9 at Harper College.

10 Harper College is a comprehensive public
11 two-year college, with an enrollment of over
12 24,000, located in Palatine, a northwest suburb of
13 Chicago. Harper College is dedicated to providing
14 an excellent education at an affordable cost,
15 promoting personal growth, enriching the local
16 community, and meeting the challenges of a global
17 society.

18 My professional financial aid experience
19 spans 25 years, mostly in the public sector. I
20 appear before you this morning to make this one
21 suggestion for inclusion in negotiated rulemaking
22 discussions. The Academic Competitive Grant
23 program is not available by interim Federal
24 regulations to students enrolled in certificate

1 programs. The negotiated rulemaking committee
2 must reconsider this oversight, and therefore I am
3 recommending the definition of an eligible program
4 of the higher education amendments be modified to
5 read as follows, "An eligible program is a
6 program, as defined in 34 CFR 668.8 that, for the
7 ACG program leads to a certificate—" that is the
8 new language—"Or to an Associate's or Bachelor's
9 Degree in a two-year academic degree program."

10 For the current academic year, Harper
11 College will enroll over 950 full-time students in
12 our certificate programs. Harper students will
13 earn their certificates in such high-market areas
14 as culinary arts, early childhood administrator,
15 early childhood teacher, financial management,
16 hotel management, and licensed practical nurse, to
17 name just six programs. These programs are in
18 skilled and very marketable areas. They attract
19 the same quality student as enrolled in the
20 associate's degree program.

21 In fact, and this is critical to my
22 argument, a student earning a certificate, in,
23 say, forensic science, will sit alongside an
24 individual working on their associate's degree in

1 forensic science. Same faculty member, same
2 lesson plan, and some rigorous high school
3 background, but one is rewarded with an ACG. One
4 chose the associates degree for their
5 postsecondary studies, whereas the other chose a
6 certificate. We have created an inequity issue,
7 but easily corrected during negotiated rulemaking.

8 This concludes my remarks. Thank you for
9 the time.

10 **DAN MADZELAN:** Thank you.

11 **DAN MADZELAN:** Alisa Abadinsky.

12 **ALISA ABADINSKY:** Good morning. I want
13 to thank you for this opportunity to testify, and
14 also for having it, really, in my backyard this
15 morning.

16 My name is Alisa Abadinsky. I am the
17 President of the Coalition of Higher Education
18 Assistance Organization, also known as COHEAO. It
19 is a membership organization that is a partnership
20 of over 300 educational institutions and
21 commercial organizations from throughout the
22 country. I work as the Director of University
23 Student Financial Services at the University of
24 Illinois system. I am very proud to have heard

1 student testimony from there this morning,
2 although, today, I am testifying on behalf of the
3 Board of Directors and members of COHEAO.

4 COHEAO members support student financial
5 assistance and they are dedicated, especially to
6 the preservation and improvement of the Perkins
7 Loan Program. The Federal Perkins Loan program
8 began in 1958 after the Sputnik launch by the
9 Soviet Union as the National Defense Loan Program.
10 It was renamed the Direct Student Loan Program,
11 then renamed again as the Perkins Loan Program
12 after Representative Carl Perkins of Kentucky, the
13 former Chairman of the House Education and Labor
14 Committee. It is the oldest federally supported
15 student loan program, a program that has helped
16 many of our nations leaders pay for college.

17 The Perkins Loan Program remains one of
18 the most cost-effective ways of providing student
19 financial assistance. It is one of the best-
20 targeted programs for accomplishing the mission of
21 improving access to higher education. It
22 represents a highly efficient use of Federal funds
23 since it targets the lowest-income students and
24 includes an institutional match of 25 percent of

1 Federal Capital Contributions. That makes it
2 unique among federally supported loan programs.

3 Since the Perkins Loan Program began in
4 1958, more than \$21 billion in loans have been
5 made to students thanks to the revolving fund
6 concept and the institutional match, only one-
7 third of these funds came from the federal capital
8 contributions.

9 COHEAO has several issues that it
10 believes should be included in the negotiated
11 rulemaking schedule to commence this year. In
12 general, we believe the negotiated rulemaking
13 offers an excellent opportunity to expand and
14 improve the administration of the Perkins Loan
15 Program by campuses and the Department.

16 First, we believe that the current
17 practice by the Department to hold all funds
18 recovered from defaulted loans that have been
19 assigned for collection to the debt collection
20 service should be modified. Under current
21 practice, an institution that believes that it
22 will not be able to collect a defaulted Perkins
23 loan has the option of assigning the loan to the
24 Department, which can then attempt to collect the

1 loan itself. Sometimes the Department's efforts
2 result in a successful collection. However, the
3 government does not return the collected funds to
4 the Perkins Loan revolving fund, nor to the
5 original campus where the money could be relented
6 to help future students. This not only continues
7 to penalize future students for their
8 predecessor's failure, it also discourages schools
9 from assigning loans to the Department in the
10 first place, since the assignment means a total
11 loss of that loan for the institution's Perkins
12 Loan fund.

13 Current law gives the Department the
14 option of whether or not to return a share of
15 collections to the institution. We propose the
16 collections of assigned loans be returned to the
17 revolving fund of the campus that assigned the
18 loan after deducting the Department's collection
19 costs.

20 Other issues that COHEAO believes should
21 be part of the negotiated rulemaking agenda
22 include the following changes that would improve
23 the operation of the Perkins Loan Program, and I
24 will offer a summary, and we have additional items

1 in our submitted testimony. Although the VISTA
2 cancellation benefit still exists, confusion has
3 arisen due to the managing of the program, with
4 the AmeriCorps program under the Corporation for
5 National Service. The regulations need to reflect
6 the benefits clearly under the new program name.

7 Second, prior to consolidating a Federal
8 Perkins Loan, consolidation lenders should be
9 required to provide easy to understand and
10 conspicuous disclosures to Perkins Loan borrowers
11 about the loss of benefits that would result if a
12 Perkins Loan were consolidated, including the fact
13 that there is no interest rate benefit from
14 consolidating Perkins. Borrowers currently are
15 consolidating their loans without being fully
16 informed about lost benefits.

17 Third, allow deserving borrowers who have
18 served their country and the military contingency
19 operation to receive the new military deferment on
20 all of their outstanding Federal Perkins Loans if
21 at least one loan meets the criterion of having
22 the first disbursement made on or after July 1,
23 2001. In the Federal Perkins Loan Program, no
24 federal interest subsidy cost is involved.

1 Therefore, there is no cost rationale for
2 restricting the loans eligible for this military
3 deferment to only those for which the first
4 disbursement was on or after July 1, 2001. The
5 statute does not preclude this interpretation and
6 it is much clearer and, we believe, much fairer to
7 borrowers and a more logical approach.

8 And finally, address conflicts in the
9 August 2006 interim final regulations on loan
10 rehabilitation.

11 I want to thank you for this opportunity
12 to testify about the upcoming negotiated
13 rulemaking. COHEAO looks forward to participating
14 in this round, and we will be submitting the name
15 of a negotiator at the appropriate time. Thank
16 you.

17 **DAN MADZELAN:** Thank you.

18 **DAN MADZELAN:** Mauri Ditzler.

19 **MAURI DITZLER:** Good morning. I am Mauri
20 Ditzler. I am President of Monmouth College.

21 Monmouth is a private, residential,
22 liberal arts college in Monmouth, Illinois. We
23 are a member of the Associated Colleges of the
24 Midwest, the Council of Independent Colleges, an

1 independent colleges' organization, the
2 Association of Presbyterian Colleges, and a number
3 of other institutions.

4 I speak for myself today, but I expect
5 that my enthusiasm for what the Department of
6 Education may do in response to the Spellings
7 Report and my concern for what they may do are
8 shared by my liberal arts college.

9 Those of us who work daily in higher
10 education know that there is a lot of work that
11 needs to be done. So we welcome the Federal
12 government as you join us in that task. As a
13 matter of a fact, I am particularly enthusiastic
14 that the Federal government is interested because,
15 in my career, I noted that when you prompt us,
16 those of us in education, even those of us in
17 private higher education, we usually respond, and
18 we respond quite enthusiastically.

19 That is also why I am a bit concerned,
20 because sometimes you prompt us and we respond,
21 and then, in our enthusiasm of response, there are
22 sometimes some unintended consequences. When we
23 look at what the Spellings Commission asks you to
24 do, we are enthusiastic about those things. I

1 think all of us should be. Access, affordability,
2 accountability--who could be against those things?
3 And we are for them, as well. But we know that,
4 in our enthusiasm to legislate for those items,
5 sometimes we can cause actions that have
6 unintended consequences. I think that is my
7 concern.

8 At Monmouth, we regularly ask ourselves,
9 "What were colleges meant to be? What, really,
10 should be about?" And we have concluded, looking
11 back at our heritage, and the heritage of so many
12 colleges like ours, that we are really about the
13 public good. As I read the Spellings Report, I am
14 convinced that those people were thinking about
15 the public good.

16 But then I worry that, in their attempt
17 to be very concrete, they got away from the
18 idealism. They talked about concrete things like
19 access and affordability. Those items can support
20 the public good, but one can also imagine how
21 enthusiasm towards those could actually turn us
22 against the public good.

23 What I am going to do is give you two
24 quick examples, and then suggest that you be very

1 careful as you legislate in these areas. One has
2 to do with affordability. Affordability is a good
3 thing. The Commission talks about the importance
4 of ease of transfer. That should make things more
5 affordable, and I can imagine what they had in
6 mind. A young person could look around and find
7 the college that had the least expensive English
8 composition course and enroll in that college for
9 a time. Then they could find someplace that had
10 inexpensive calculus courses and take those
11 courses for a time. And when it was time to put
12 the major together, they could find, maybe, a more
13 expensive institution that would give them the
14 courses in their major. The net effect would be
15 less cost overall, so it would seem more
16 affordable.

17 But some of us think that we miss a piece
18 when we do that. We think that when you transfer
19 there is a problem. We think that a very
20 important part of education has to do with
21 integration and building a community and learning
22 from each other. We think it is important for
23 young people to work with the same colleagues, the
24 same students, over four years. They see what

1 happens if they are uncivil as a freshman to some
2 classmates. They see what happens if they get
3 along with their professors, if they build
4 bridges. They see what it is like to be led as a
5 freshman by upper-class students and then
6 gradually take that responsibility as they move
7 on.

8 So we think that it is very important
9 that you live in a community, learn how to
10 function in a community, or learn the consequences
11 of not functioning well in that community. We
12 think it is very important that, when you are a
13 senior, you can think back to your first year and
14 remember taking courses with those same students.
15 So you all had read some of the same texts, had
16 some of the same professors, went through the same
17 crises on campus, figured out how those were
18 worked out, so that when you talk to each other
19 and you learn from each other, you learn as a
20 community should.

21 We think that if you focus too much on
22 transfer, as I think the Commission's report does,
23 you run the risk of losing part of what we think
24 is a very important aspect of the American higher

1 education system. We are building from a
2 community and learning as part of that community.

3 Another example of where I can imagine
4 one might take a recommendation of the Commission
5 and then go in the wrong direction has to do with
6 accountability. Accountability is a good thing.
7 We should all be for it, but, again, it can have
8 some unintended consequences. If we asked
9 colleges to be accountable, one of the things we
10 would ask them to be accountable for is their
11 graduation rate. We should all do better for the
12 graduation rate. If a young person enters our
13 college, we should make sure that they graduate.
14 If we are not doing a good job of that, we have to
15 let people know. So we ought to publish, in some
16 fashion, our graduation rates. I can imagine a
17 response to the Spellings Commission to say,
18 "Let's make that readily available." But if we
19 make that too readily available, we will mislead
20 young people. Well, actually, more
21 problematically, we will cause colleges to respond
22 in inappropriate ways. If it is important to me
23 that my college has a high graduation rate, if it
24 is published and we are accountable for that, I

1 can do one of two things. I can work very hard to
2 make sure my students are likely to graduate, and
3 I hope I would do that. But another thing that is
4 likely to happen is we are likely to look at the
5 population of applicants and say, "Which of those
6 applicants are more likely to graduate?"

7 So we might give a preferential financial
8 aid package to students whose gender, race, and
9 economic background suggest they are much more
10 likely to graduate. I fear that would happen.
11 While, in our enthusiasm to look better in the
12 accountability standards, we would take actions
13 that were inappropriate.

14 I do hope that you will hold us more
15 accountable, but I ask when you do this
16 legislation you take a great deal of care, that
17 you do not simply publish statistics, but you
18 think of ways to correct those and fine tune so
19 that, in fact, institutions are not punished for
20 taking risks working with students who have a long
21 way to go, because we think that is in the public
22 interest.

23 I come today simply to say to you that
24 we, in private higher education, want to be a

1 partner with the Department of Education. We want
2 to endorse the Spellings Commission's report, but
3 we ask that you be remarkably careful as you go
4 down that path. We know that, when we work
5 together well and when we are on the same page, we
6 can do a lot of good things together. But we also
7 know from past experience that sometimes the
8 responses of the diverse higher education
9 community are not what the Department of Education
10 expects them to be and we suffer from unintended
11 consequences.

12 Thanks for the opportunity to talk.

13 **DAN MADZELAN:** Thank you very much.

14 **DAN MADZELAN:** Paula Peinovich.

15 **PAULA PEINOVICH:** As a 1966 graduate of
16 St. Olaf College from the Midwest Conference and a
17 colleague from Monmouth, I think that these
18 comments will also indicate to the Department the
19 tremendously complicated task we are undertaking
20 here.

21 My name is Paula Peinovich, and I am
22 President of Walden University. Walden is an
23 entirely online university owned by Laureate
24 Education. We offer graduate degrees at the

1 master's and doctoral levels in education,
2 psychology, management, public policy, and
3 administration, and health and human services, as
4 well as master's programs in engineering and INT,
5 and undergraduate programs in business.

6 We serve the independent adult learner.
7 The average age of our student population is 35.
8 Walden is accredited by the Higher Learning
9 Commission of the Central Association.

10 I appreciate the opportunity to share my
11 thoughts with you today on a number of issues that
12 Walden believes the Department of Education should
13 consider during the negotiated rulemaking process.
14 We support the work of the Commission on the
15 future of higher education.

16 As an overarching issue for
17 consideration, my comments are focused on the need
18 to better incorporate the interests of the non-
19 traditional learner into Federal higher education
20 policy. As Peter Soakes so deftly demonstrated in
21 his issued paper to the Commission, the
22 traditional full-time student 18-22 years of age
23 residing on a campus represents only 16 percent of
24 the higher education population. Thus, as I speak

1 today on the specific concepts of outcomes
2 measures and transparency, innovation in teaching,
3 and changes to Title IV funding, I do so with a
4 broader recommendation that changes in these
5 policies must take into consideration the needs of
6 the non-traditional adult learner.

7 We applaud the Commission's consideration
8 and dialogue regarding how the higher education
9 community might better measure student achievement
10 and how to use those measures in a manner that
11 best informs students' prospective policy makers
12 about the quality of our institution. The issues
13 are difficult. I think you have just seen that
14 from looking at Walden and Monmouth College.

15 It is essential to ensure that we do not
16 end up with a mechanism that pigeonholes
17 institutions as one-size-fits-all. Rather, we
18 must embrace and encourage the diversity in the
19 institutions and in the educations that they
20 offer.

21 At Walden, we have a specific process for
22 measuring student achievement that incorporates
23 continued improvement as a primary goal. Each
24 academic program at Walden has a set of student

1 learning outcomes specific to that program and we
2 conduct audits to improve their clarity and scope
3 regularly. We work to ensure that the measures
4 used are appropriate and at the correct level of
5 specificity for the learning outcome in question.

6 Learning and outcome assessment at Walden
7 draws upon multiple measures, including things
8 that are easily reported, student GPA, retention
9 rate, graduation rate, student course evaluations,
10 ratings on research papers and dissertation
11 evaluation records, student assessment, final
12 course grades, annual surveys of students and
13 alumni, and a wide range of these kinds of
14 measures. Some are not as easily reported
15 publicly and in a comparable rate.

16 We also use third-party studies of the
17 impact of our graduates on their own communities
18 and their own client base. Within our
19 institution, the process of using outcome data for
20 continuous improvement is embedded into the
21 University's functioning. The faculty of the
22 Curriculum and Academic Policy Committees, which
23 is the core of our faculty-shared governance
24 system, review regularly the outcomes that are put

1 together by our Outcomes Assessment Division. The
2 faculty committees record their analyses, make
3 action plans for improvement into a concrete
4 system, and review progress against plans
5 continuously.

6 In terms of the accreditors in student
7 assessment, I want to mention that Walden has been
8 accepted into the Higher Learning Commission's
9 Academy on the Assessment of Student Learning. In
10 the Academy, institutions voluntarily participate
11 in a four-year series of workshops and projects on
12 assessment. The goal of the Academy is for
13 institutions to improve their assessment programs
14 and share their experiences with the peer group.

15 Walden's participation will serve as a
16 springboard to developing the next iteration of
17 Walden's Outcomes Assessment Framework.

18 Challenges for the future at Walden in our
19 assessment program include integrating periodic
20 academic program review and continuous outcome
21 assessment, assessment of student services,
22 providing capacity for longitudinal analysis
23 providing information to the public on learning
24 outcomes, and using third party research impact

1 assessment more broadly within the institution.

2 This new Academy, sponsored by the Higher
3 Learning Commission, will be a valuable service to
4 assist us in moving forward with those with not
5 only the support of our own institution, but with
6 peer collaboration.

7 Walden supports the general concept
8 presented by the Commission that institutions have
9 a responsibility to disclose more information to
10 students, prospective students, and the public in
11 order to improve institutional accountability
12 regarding student achievement, and to help
13 students to make more informed decisions about
14 their education. However, each school or type of
15 institution may define student achievement
16 differently based upon their mission and the
17 population they serve.

18 Any Federal policy regarding the
19 disclosure of data for comparative purposes should
20 respect institutional discretion and diversity in
21 that regard. This is why Walden does not support
22 a mandatory testing requirement as a measure of
23 student assessment and institutional quality at
24 the undergraduate level.

1 While national testing may be applicable
2 in the K-12 study, we believe the diversity of
3 higher education institutions and degrees offered
4 prevent any application of effective testing at
5 the undergraduate level. A testing requirement
6 for all eligible institutions would ultimately
7 result in the homogenization of our higher
8 education institutions.

9 Alternatively, we believe it is possible
10 to require institutions to publicly disclose
11 certain specific information. We support the
12 idea, for example, the graduation rates,
13 completion retention rates, the disclosing of that
14 are useful to the public. When considering
15 methods for doing so, however, it is critical that
16 the Department of Education consider the need for
17 consistency in defining these terms.

18 In addition, the Commission report
19 suggests the possibility of requiring disclosure
20 of all outcomes by both the Department of
21 Education and by accreditors. While both entities
22 might require institutions to report such data,
23 each of them for different purposes, disclosure to
24 the public should coordinate between the relevant

1 entities.

2 Walden prides itself on its reputation
3 and accomplishments in providing a quality
4 education exclusively through distance learning.
5 Distance education is now a proven way in which to
6 provide access to a quality education for many
7 learners who otherwise might not be able to
8 enroll. Walden was at the forefront of distance
9 education when we were founded 35 years ago, and
10 we have some ideas on how to encourage innovation
11 while ensuring continued quality.

12 Walden supported the recent repeal of the
13 50 percent Rule as part of the effort to expand
14 access to distance education. However, with its
15 repeal comes additional responsibility on the part
16 of the Department, the creditors, states, and
17 accredited distance education institutions
18 themselves.

19 We support the Department's new
20 regulations that implement the repeal of the 50
21 percent Rule. In particular, we think it is
22 consistent with the Act's intent to clarify the
23 distinctions between telecommunications, distance
24 education courses, and correspondence courses. We

1 understand that some may have concerns about this
2 language, and specifically the need to clarify the
3 term, "regular and substantive interaction." We
4 look forward to continued discussion of those
5 terms.

6 Walden has continually worked to ensure
7 the appropriate level of interaction between our
8 faculty and students, and we welcome the
9 opportunity to share our experience in defining
10 those terms with the Department of Education if
11 this language is under consideration during
12 negotiated rulemaking.

13 We also believe that accreditation should
14 play an important role in ensuring quality in
15 distance education as it does with all
16 institutions and programs. While we supported the
17 repeal of the 50 percent Rule, we also had an
18 expectation that Congress would include certain
19 safeguard measures. It is important ensure that
20 all recognized accredited agencies are doing a
21 consistent jobs reviewing institutions that offer
22 distance education.

23 Adjusting Title IV programs to better
24 meet the needs of the independent working adult

1 learner is of great importance to Walden. While
2 we recognize that our recommendations will be
3 outside the scope of negotiated rulemaking, we
4 believe they are important to mention. In my
5 written submission, I highlight a number of
6 recommendations for focus on discussion on the
7 PLUS Loan Program.

8 While we applaud the extension of the
9 PLUS Loan Program from just parents of dependent
10 undergraduates to working graduate students,
11 independent adult undergraduate students remain
12 excluded. These students who represent the most
13 important demographic to enroll often have less
14 access to funding than others. Again, I refer you
15 to Peter Soakes report to the Commission about the
16 demographics of the higher education student
17 population. We strongly encourage the Department
18 of Education to consider the expansion of the PLUS
19 Loan Program to include independent undergraduate
20 learners.

21 We, of course, also applaud Secretary
22 Spelling's initiative to streamline the FAFSA
23 application and approval process for students who
24 may more quickly understand the funding for which

1 they are eligible. Such understanding often has a
2 direct bearing on their educational choices. This
3 is an area in which the Department of Education
4 can improve systems without the need for Federal
5 legislation.

6 In conclusion, I ask that the Department
7 of Education consider when making any changes to
8 its regulations how the Federal government and the
9 higher education community might do a better job
10 serving the needs of the growing cohort of
11 independent adult learners. We believe that all
12 students and the public would benefit from the
13 increased disclosure of student assessment data by
14 institutions from continued growth and access to
15 innovative methods of teaching and from reform to
16 our financial aid systems.

17 I look forward to any opportunity to work
18 with the Department of Education on these issues
19 as it proceeds with negotiated rulemaking.

20 Thank you very much.

21 **DAN MADZELAN:** Thank you.

22 I see my boss is coming down the aisle.

23 [Pause in proceedings.]

24 **DAN MADZELAN:** Some on-the-fly

1 adjustments.

2 **DAN MADZELAN:** Steven Crow.

3 **STEVEN CROW:** My name is Steven Crow, and
4 I am the Executive Director of the Higher Learning
5 Commission of the North Central Association of
6 Colleges and Schools.

7 The Commission is a regional accrediting
8 agency that accredits over 1,000 colleges and
9 universities in 19 states.

10 I also appear today on behalf of the
11 Council of Regional Accrediting Commissions, which
12 I recently chaired. The Council, known as CRAC,
13 is comprised of seven regional higher education
14 accrediting commissions in the United States.

15 Thank you for the opportunity to comment
16 on a variety of issues germane to higher education
17 and the Department of Education. Dr. Barbara
18 Beno, the chair of CRAC, spoke at the hearing in
19 Berkeley on September 19th. I will not repeat
20 most of the points she made there about CRAC's
21 activities related to the authorization of the
22 Higher Education Act, and to the recently
23 completed National Commission on the Future of
24 Higher Education. My comments today, as hers on

1 September 19th, reflect the views of the Council
2 or Regional Accrediting Commissions.

3 We admit to some confusion about the
4 various proposals the Secretary of Education has
5 made about accreditation. In the Federal Register
6 for these hearings, we learned of the plan to
7 begin a round of negotiated rulemaking commencing
8 by the end of this year and saw that accreditation
9 was specifically included in the scope of that
10 negotiated rulemaking. In her speech on September
11 27th, Secretary Spellings announced plans for a
12 summit in November on accreditation.

13 Through Barbara Beno, CRAC stated the
14 case that it would be wiser to postpone any
15 negotiated rulemaking related to accreditation
16 until after Congress reauthorizes the Higher
17 Education Act, probably next year. In light of
18 some of the changes contained in the House and
19 Senate drafts in Section H of HEA this year, we
20 expect a negotiated rulemaking on accreditation
21 may potentially need to occur within a few months
22 of the round contemplated to start this winter.

23 Our suggestion to postpone negotiated
24 rulemaking applies only to accreditation. We are

1 fully aware that new regulations need to be
2 crafted for changes in higher education funding
3 that have been approved. And we understand that
4 the DOE and the higher education community would
5 be well served by a negotiated rulemaking on these
6 matters. With respect to accreditation, it seems
7 more likely that, in the short run, more useful
8 collaboration might be made through the proposed
9 summit than through negotiated rulemaking.

10 Secretary Spellings has made it clear
11 that she wants accreditation to play a more vital
12 role in assessing student learning, while eager to
13 participate in a discussion about what that role
14 might be and how it might be achieved. However,
15 the Secretary has misunderstood assessment and
16 accreditation by commenting that the accreditation
17 process only inquires whether an institution does
18 assessment, and then is satisfied with a yes-or-no
19 response.

20 Strong assessment of student learning
21 requires that faculty determine and state clear
22 learning goals and then create methods by which
23 they determine whether a student achieves those
24 goals. From these assessments, faculty and

1 administration plan and fund ways to enhance
2 student learning. This is hard and complex work
3 that never really ends.

4 Therefore, it should be no surprise that
5 within my Commission, at least 50 percent of our
6 accreditation decisions in the past few years have
7 involved requiring follow-up on the effectiveness
8 of a given institution's practices on assessment.
9 Every other region could report the same. Most
10 regionally accredited colleges and universities, I
11 think, will freely testify that for the past 10-15
12 years, assessment of student learning has, in many
13 ways, shaped their relationship with their
14 regional accrediting agency.

15 All recent revisions to regional
16 accreditation standards have made assessment of
17 student learning core to the accreditation
18 enterprise. In addition, thousands of
19 administrators and faculties have attended scores
20 of meetings and workshops provided by regional
21 associations that want to educate these
22 institutional representatives on ways of making
23 their assessment practices more effective. To be
24 sure, we also give assistance in providing better

1 information to their accreditor about assessment
2 of student learning on their campuses.

3 Regional accreditors see assessment as a
4 major measure by which to shift the culture of our
5 colleges and universities to place a high value on
6 learning more about what students learn on their
7 way to a degree. We believe that effective change
8 in the learning environments created by
9 institutions should be driven by evidence rather
10 than instinct, by knowing rather than assertion,
11 by dependable data rather than surmise.

12 Institutional self-studies and peer
13 review team reports are filled with evaluations of
14 assessment programs and advice on how to make
15 assessment an effective management tool for
16 educational quality. It has been a challenging
17 lesson to teach and a hard one for institutions to
18 learn. The amount of follow-up testifies to that
19 and to the commitment of regional accreditation to
20 continue and enhance the assessment imperative.

21 But we have come to understand that this
22 institutionally specific, mission-based
23 assessment, no matter how useful it might be for
24 our colleges and universities, does not

1 necessarily provide the kind of comparable data
2 about learning that the National Commission
3 proposes and the Secretary seeks.

4 It is worth noting that the wording
5 considered by the Senate and the House this year,
6 in revising the Higher Education Act, suggested
7 that Federally recognized accrediting agency
8 standards related to student learning should
9 value, among other things, such as the degree
10 completion and job placement, the kinds of data
11 used by institutions to improve their programs.
12 This highly specific to each institution, so we do
13 need to have an important discussion with the
14 Secretary about the idea that accreditation can
15 support a national institutional reporting scheme
16 guaranteed to provide useful points of comparable
17 data.

18 The report of the National Commission, by
19 the way, was not the first to note that
20 accountability and assessment are not synonymous,
21 and that they do not necessarily serve the same
22 ends. At this point, we are concerned that the
23 shift to nationally comparable data is likely to
24 have the unintended consequence of undercutting

1 the efforts of regional accreditation and our
2 member institutions to make assessment a powerful
3 tool for educational improvement.

4 The debate over the right mix of national
5 tests or some other means of developing uniform
6 comparable performance data promises to be heated.
7 The energy burned there, particularly that of
8 faculty who are fundamental to the success of
9 assessment, probably will come at the expense of
10 making progress in assessment.

11 Make no mistake, in higher education no
12 assessment scheme will work unless the faculty
13 believes it is worthwhile for the success of their
14 students and for the ability of the faculty to
15 improve teaching and learning. While a few
16 national tests may well provide comparable data
17 for consumers and policy makers, we are confident
18 that, in and of themselves, they do not provide
19 the rich mix of evaluation strategies found in
20 assessments that lead to necessary educational
21 improvement.

22 This is not an either/or situation before
23 us. Instead, it is a both/and. We understand,
24 and we look forward to the conversations that

1 contribute to understand and reasonable shared
2 responsibilities among institutions, states,
3 accreditors, and the Department of Education.

4 Thank you for your time.

5 **DAN MADZELAN:** Thank you.

6 **DAN MADZELAN:** George Torres.

7 **GEORGE TORRES:** Thank you.

8 As a result in the sudden change in the
9 weather from Austin, Texas to Chicago, and the
10 fact that the cab driver asked me if I had a map,
11 I will be brief.

12 [Laughter.]

13 **GEORGE TORRES:** My name is George Torres.
14 I am the Assistant Vice President for
15 Congressional Legislative Relations with Texas
16 Guaranteed Student Loan Corporation. I cannot
17 hear what I am saying, I am sorry, because of the
18 change in weather. So let me know if what I am
19 saying is clear.

20 I do have a detailed copy of my testimony
21 outside, so I will be very brief. This is just a
22 summary. Texas Guaranteed Student Loan
23 Corporation was established in 1979 by the Texas
24 Legislature as a public non-profit corporation to

1 administer the Federal education loan program for
2 the State of Texas, and to provide other related
3 programs to support the state's postsecondary
4 education efforts, student financial aid,
5 recruitment, retention programs, those kinds of
6 things--outreach awareness.

7 At the outset, we would like to make a
8 couple of points. One is that we, along with the
9 CBA, the Education Finance Council, the National
10 Association of Student Loan Administrators, and
11 the Student Loan Servicing Alliance, submitted
12 comments to the interim final regulations
13 published the Department of Education in August,
14 and we appreciate the Department's consideration
15 of those comments. We also want to support
16 previous input to the Department that strongly
17 encourages the Department next year during the
18 reauthorization of the Higher Education Act to do
19 all that you can to urge the Congress to increase
20 spending for need-based grants, especially for the
21 Pell Grant Program. And to hopefully increase the
22 income protection amounts for student financial
23 aid applicants.

24 These statutory changes have been

1 recommended by both the advisory committee in
2 student financial assistance, as well as the
3 Secretary's Commission. And doing just those two
4 things will go a long way in increasing access to
5 higher education for low-income students and
6 families.

7 In Texas, 70 percent of all financial aid
8 awarded every year is through the Federal program,
9 which is unfortunate. We do not like it, but that
10 is the way it is. Ninety percent is through the
11 Federal programs. So the Federal programs are
12 very, very important in the State of Texas.
13 Making these changes, opening up these programs as
14 much as possible will help everybody.

15 For negotiated rulemaking, I am just
16 going to touch on three issues. One is that,
17 because of the size of the student loan program,
18 about half of all the financial aid in the country
19 is generated through student loans through the
20 FFELP. And because a core focus of guarantors is
21 to try to work with the student financial aid
22 community to maximize the success of borrowers in
23 repaying their loans, working with the Department,
24 with families, with schools, with lenders, with

1 student loan services throughout the life of the
2 loan, we feel it is of utmost importance that a
3 guarantor be a part of the negotiated rulemaking
4 team.

5 Therefore, Texas Guaranteed has
6 nominated, and strongly encourages the Department
7 of Education to approve, as in past years, a
8 guarantor of the National Association of Student
9 Loan Administrators to represent the interest of
10 the FFEO as the primary source of financial aid to
11 the negotiated rulemaking team.

12 The issues of negotiated rulemaking,
13 again, because our focus is on trying to simplify
14 the process of applying for student loans in both
15 the FFEL as well as the Direct Loan Program, we
16 urge the Department to look at simplifying the
17 method of obtaining and granting student loan
18 deferments. Currently, a borrower must document
19 eligibility for this benefit with his or her
20 lender, and a holder can grant only an in-school
21 deferment if the holder receives information that
22 supports the borrowers' eligibility for the
23 deferment.

24 To simplify the process, Texas Guaranteed

1 suggests that the Department require a holder to
2 grant any type of deferment to the borrower,
3 notify the borrower if that borrower has currently
4 been granted such a deferment based upon
5 documentation obtained by another holder. We also
6 think that the National Student Loan Data System
7 could probably be used to accomplish this and to
8 simplify that process.

9 Utilization of discretionary
10 forbearance--while forbearance can be a useful
11 tool in preventing defaults, guarantors have found
12 that there is little that can be done for
13 borrowers to resolve mid- and late stage and
14 prevent defaults because of heavy use of
15 discretionary forbearance early in their
16 repayment. We suggest the Department examine
17 whether the current use of forbearance is
18 appropriate and, if not, implement changes to
19 strengthen its use by encouraging lenders to
20 increase counseling to borrowers regarding the
21 impact of forbearance on loan repayment
22 illustrating to the borrower the impact of
23 interest over time, requiring some type of payment
24 when the borrower has used one or more years of

1 forbearance before granting a subsequent
2 forbearance, reinforcing with lenders and
3 guarantors the importance of borrowers
4 establishing responsible repayment habits early,
5 and the importance of borrowers promptly resuming
6 repayments after a period of non-payment due to a
7 deferment of forbearance. And, probably most
8 important, requiring lenders and guarantors to
9 promote the use of deferment to obtain an economic
10 hardship deferment alternative repayment options,
11 such as graduated repayments plans, interest only
12 payments, or reduced payment forbearance prior to
13 granting a discretionary forbearance.

14 Exit counseling--we would like the
15 Department to recommend or reevaluate exit
16 counseling requirements to include the new
17 graduated professional GradPLUS borrowers, as well
18 as Stafford borrowers who have obtained in-school
19 consolidation loans. And that exit counseling
20 include a discussion of a grace period and its
21 applicability only to Stafford Loans that have not
22 been consolidated, discussion of the availability
23 of deferment and forbearance for GradPLUS and
24 consolidation loan borrowers, encouraging the

1 borrower to establish early repayment habits, and
2 a warning about the impact of taking advantage of
3 a longer repayment period, as permitted under the
4 extended repayment schedule, as well as under the
5 consolidation loan program.

6 On a final note, Texas Guaranteed
7 supports the views expressed in the two September
8 letters from 12 U.S. Senators--I think there were
9 14 U.S. Senators on the other letter--concerning
10 the regulations that will be promulgated to
11 implement changes that were made in the Deficit
12 Reduction Act concerning the payment of special
13 allowance for certain lenders. That was the
14 letter that was sent on September 1st signed by 14
15 Senators, I believe, including Mr. Ensign and Mr.
16 Kennedy. And the September 6th letter from--well,
17 I do not think Mr. Kennedy signed that one, but
18 the September 6th letter signed by Mr. Ensign and
19 Mr. Kennedy and 10 other Senators regarding the
20 treatment of the Commission's report in negotiated
21 rulemaking.

22 Having said all of that, it is certainly
23 our intent that Texas Guaranteed work in
24 conjunction with our student financial aid

1 community to work with our congressional
2 delegation next year and with the Department of
3 Education during the reauthorization and to do
4 everything we can to educate our delegation on the
5 findings of the advisory committee on student
6 financial aid, which, again, for the third time, I
7 think, this decade, has found that the two biggest
8 barriers to obtaining higher education is
9 inadequate index funding and the cost of
10 education, as well as working with them on
11 reviewing the findings of the Secretary's
12 Commission.

13 That is it for me. Thank you.

14 **DAN MADZELAN:** Thank you very much.

15 **DAN MADZELAN:** Alan Stager.

16 **ALAN STAGER:** Hello, my name is Alan
17 Stager, and I am a junior at the University of
18 Wisconsin Waukesha. I am also the student
19 government president at UW Waukesha. I would
20 first like to thank you guys for hearing students
21 today.

22 Going back to my public education in high
23 school, I know I had to work hard to get a great
24 education and get into a great college. What I

1 did not realize was that no matter how hard I
2 worked, my choice of college would ultimately
3 depend on cost. Working hard is what I did. I
4 worked to receive two scholarships and also began
5 working full-time at the age of 15. My initial
6 choices in college were the University of
7 Wisconsin Milwaukee and the University of
8 Wisconsin Madison, two of the larger research
9 universities in the area, knowing that these would
10 be better for my education and better for my
11 resume, and being able to get a better job out of
12 college.

13 My choice to go to UW Waukesha was pretty
14 much, basically, solely on cost. It would be
15 about half as much as it would be compared to
16 going to UW Milwaukee or Madison--not necessarily
17 the quality but like I said, the cost.

18 Coming from a middle class family, I am
19 not eligible for any financial aid. My brother
20 and I have not received any financial aid from my
21 family, except for the house we live in, basically
22 because my parents are going to be retiring soon,
23 and also they have their interests to worry about
24 as far as being able to live for the rest of their

1 lives.

2 Like I said, I have been working full-
3 time over the summers and part-time during the
4 school year, working 24-25 hours a week, somewhere
5 around there, throughout college. There have been
6 many times that my studies have suffered. There
7 have been many times when I had to choose what
8 classes to skip to study for the other classes,
9 because I spent the whole night before working.

10 Every day is a struggle between school
11 and work, making sure that I pass all my classes,
12 not to mention getting good grades, and following
13 through on promises at work to my boss, making
14 sure I can continue to go to school, which also
15 leaves no time for study groups, sports, clubs,
16 and organizations on campus. It makes it really
17 hard to juggle all three and still make sure I get
18 a good education and be able to get a good job out
19 of college.

20 After I graduate college, I will have
21 racked up over \$15,000 in debt. I mean, that is
22 my plan so far. If I can get out with \$15,000 in
23 debt that would be good--well, as good as I can
24 get for now, I guess. I decided to go to a two-

1 year college, like I said, to save on cost. If I
2 did not, I would be looking at upwards of \$20-
3 30,000 in debt.

4 Working and getting scholarships has
5 obviously helped bring that down, but \$15,000 in
6 debt coming out of college to start my life off I
7 do not think is fair. I mean I was planning on
8 starting my life after I got out of college, not
9 after I had to pay off my student debt.

10 Being at Waukesha, I started getting
11 involved in student organizations. Like I said,
12 it was a hard juggle between classes and work, but
13 every time I could, I have been working to--I have
14 been enjoying student organizations.

15 I am actually at Waukesha right now
16 because I really believe in their way of learning,
17 and their accessibility just means that I do not
18 necessarily have enough money to go to a four-year
19 college right away. That is why I am President
20 right now at UW Waukesha. I really believe that
21 education should be open to more students, not
22 only myself, being a middle class student that is
23 struggling to get through college, but for
24 everyone that is not as privileged as I am to be a

1 middle class student.

2 Some of the things that I would really
3 like to see be done to help students get more
4 accessible education is more programs for high
5 school students to get encouraged to go to
6 college, more financial aid for students who might
7 be first generation students to go into college,
8 as far as their families, lowering tuition, not
9 only for those students who do not have enough
10 money to go, but also middle class students like
11 myself that will end up with \$15-, \$20-, \$30,000
12 in debt. I guess the real question is, I guess,
13 getting through college, like I said, is hard for
14 me, what about all those less fortunate students
15 that will not have this opportunity that I have.

16 Thank you.

17 **DAN MADZELAN:** Thank you very much.

18 **DAN MADZELAN:** Kiley Williams.

19 **KILEY WILLIAMS:** Good morning. My name
20 is Kiley Williams. I am a student at the
21 University of Wisconsin Oshkosh, and I am the vice
22 president of United Council of University
23 Wisconsin Students, which represents 125,000
24 students on 21 campuses in the UW system.

1 I began my college education at one of
2 those campuses, the University of Wisconsin Fox
3 Valley. Fox Valley is a two-year campus, minutes
4 away from my home in Appleton. With good grades
5 and strong extracurriculars throughout high
6 school, I was accepted to every University I
7 applied to.

8 For me, attending a two-year was far away
9 from the prestigious education I dreamt of growing
10 up. But, being from a middle class family, I
11 qualified for nothing but loans. To save money I
12 attended Fox and lived at home for my first two
13 years in school.

14 I got involved with the student
15 association on campus and was elected as
16 Communications Director. I thought the skills
17 that I would learn as Communications Director
18 would directly apply to my marketing major. I did
19 not think the position would lead me to you today.

20 Once I got involved with student
21 government on campus, I got involved with the
22 United Council and the United States Student
23 Association where I found a passion that I never
24 knew I had. Growing up in a household where a

1 college education transformed my parents' lives, I
2 always believed that education is the key to
3 creating a better life for oneself. And yet,
4 education is not an option for so many people
5 because of various barriers.

6 The United States has come so far as a
7 country, and we pride ourselves on having a
8 progressive society, but the United States is
9 failing in our global economies right now. I
10 cannot help but imagine our position in the global
11 climate years from now when our friends and I are
12 the leaders of this country. How can we be a
13 civilized nation, a progressive society, and a
14 global leader if we are not an educated
15 generation?

16 As a nation, we have amazing rights that
17 many countries admire us for. How can we exercise
18 rights, though, if we are not educated? I truly
19 believe in the power of education, and I also
20 believe in the right of every person to have
21 access to have higher education if they so desire.
22 The only barrier to higher education in the United
23 States should be lack of will to attend college.
24 How do we break down the other barriers?

1 The first step is to increase grant aid.

2 Second, to make loans more manageable by
3 limiting loan repayments to a percentage of
4 students' income, and also to realize that
5 students' parents have less income to devote to
6 repayment, and then also to lower interest.

7 And finally, just to give more grant
8 money than loans so that students like me and Alan
9 do not graduate with thousands upon thousands of
10 dollars in student debt.

11 As a student and the Vice President of a
12 united council representing 125,000 students in
13 Wisconsin, I beg you to make higher education a
14 top priority in our country to ensure a strong
15 future for generations to come.

16 **DAN MADZELAN:** Thank you.

17 **DAN MADZELAN:** Michelle Villarreal.

18 **MICHELLE VILLARREAL:** Hello. I just want
19 to thank you for convening these hearings about
20 how to make college more affordable.

21 **DAN MADZELAN:** Could you state your name
22 and affiliation?

23 **MICHELLE VILLARREAL:** Yes. My name is
24 Michelle Villarreal. I am with the University of

1 Wisconsin Stevens Point, representing about 9,000
2 students.

3 My story begins like many other college
4 students. I had the anticipation after graduating
5 high school about college--or before graduating
6 high school. I had that feeling of urgency that I
7 needed to leave high school and finally be on my
8 own. Of course it was not that easy.

9 After months of deciding and delegating
10 what college to attend in the Fall of 2006, I
11 found the college I presently attend, University
12 of Wisconsin Stevens Point. I also found myself
13 funding this at my parents' mercy so that they
14 could provide me once more, because I realized
15 quickly that I would not be able to pay for
16 college on my own.

17 In order to take out a loan I would need
18 a cosigner, my mother. I searched for a loan and
19 found one that was seemingly reasonable, later to
20 find out that it was anything but that. A loan
21 for \$20,000 would accumulate interest, and I would
22 end up paying way over \$60,000 upon graduating. I
23 found that the loan companies milk the fact that
24 students have no other option than taking out a

1 loan.

2 It is a win-win situation for the loan
3 companies because of the fact that students have
4 no other option than taking out a loan other than
5 scholarships. The business of loans make almost a
6 200 percent profit off of the money that they are
7 loaning because of the money I will end up paying
8 in interest. Between the gap of school and
9 graduation, I would need to juggle work, school,
10 extracurricular activities, and my social life, as
11 well as my family life. That is a vague picture
12 of most college students.

13 Extracurricular activities are essential
14 because, other than GPA, it sets you apart from
15 other contestants in this cutthroat job market. I
16 found it disheartening that new actions are being
17 committed against the fact that college tuition
18 has gone up substantially and interest rates
19 continue to skyrocket. Coming from a middle class
20 family, I can only imagine how much more painful
21 it is for families who cannot even think of the
22 possibility of college.

23 Many hold this misconception that their
24 problems are really in their action, but it is not

1 the case in this situation, between students and
2 college. The bigger picture here is that this
3 problem has not been accepted as an issue. It has
4 been thrown to students in this country as their
5 own problem. This problem should be addressed as
6 an issue and a solution should be sought
7 diligently and justly by the institutions that I
8 rely on: the education institutions and, most
9 important, the government institutions.

10 How can young adults concern themselves
11 with the social issues of today when their main
12 concern after graduating college will be, "How am
13 I going to be able to rid myself of the shackles
14 of debt?"

15 Thank you.

16 **DAN MADZELAN:** Thank you.

17 **DAN MADZELAN:** Colleen Kiefer.

18 **COLLEEN KIEFER:** Hello, my name is
19 Colleen Kiefer, and I am with the Student
20 Government Association at the University of
21 Wisconsin, Stevens Point.

22 First of all, I want to thank you for
23 arranging this entire event. I know all of us
24 really appreciate being able to actually talk

1 about issues that are affecting us.

2 Like I said, my name is Colleen Kiefer.
3 I am an out-of-state student from Philadelphia
4 studying water waste management and sewage sites
5 at the University of Wisconsin Stevens Point. I
6 am also a Senator representing the students of the
7 College of Natural Resources in our student
8 government association. Because I am an out-of-
9 state student and my tuition is extremely higher
10 than the average student at our school, and
11 because of this high cost, I have already taken
12 out approximately \$20,000 in private loans and
13 will graduate with an estimated debt of \$50,000,
14 which is a lot of money.

15 With my major in waste-water management,
16 I will be qualified to provide crucial services to
17 the community. However, these services, while
18 personally satisfying, are not exceptionally
19 rewarding in compensation, making it difficult for
20 me to pay off my accumulated student debt. While
21 my situation is more extraneous for my university,
22 the reality is that my constituents at the
23 University of Wisconsin, Stevens Point are
24 graduating with an average of almost \$15,000 in

1 debt.

2 At UW Stevens Point, over 90 percent of
3 our students are full-time, and it is difficult
4 for us to remain in good academic standing while
5 struggling to balance work, class work,
6 extracurricular activities that are directly
7 related to field work that they will do later in
8 life, like research on the field, as well as
9 internships that are vital for field experience
10 and future employment. Because of the financial
11 demands placed on us, many of my constituents are
12 forced to choose a minimum wage job at a local
13 grocery store or coffee shop, instead of
14 internships and going to these extracurricular
15 activities.

16 This is detrimental to their educational
17 progression, as well as for the marketability of
18 them once they have left and graduated. As a
19 specific representative of my university's College
20 of Natural Resources, I represent students who are
21 generally entering fields that do not receive high
22 incomes. For example, the average environmental
23 protection major will make approximately \$27,000
24 after graduating. A resource management major

1 will make approximately \$25,000 after graduating.

2 All of these jobs pose as vital services
3 for the sustainability of our environment and our
4 economy. However, the majority of my constituents
5 will be unable to purchase cars, houses, or even
6 securely start families due to the financial
7 constraints of having to pay off their student
8 loans. It is because of this that I ask you to
9 consider the five-point plan that has been
10 presented earlier today and to help us relieve
11 honorable graduates of impossible debt that can
12 just load them down for decades.

13 Thank you.

14 **MARY MILLER:** Break.

15 [Laughter.]

16 **DAN MADZELAN:** My boss is suggesting that
17 we take a break.

18 [Laughter.]

19 **DAN MADZELAN:** So, how about 15 minutes,
20 and we will reconvene at 11:00?

21

22 **DAN MADZELAN:** Well, I think we will
23 reconvene.

24 Before we start, I just want to mention

1 that out on the table in the lobby there are some
2 papers that provide some local luncheon
3 opportunities--or identify, I guess, some local
4 luncheon opportunities for you.

5 With that, we will continue with Jeff
6 Runion.

7 **JEFF RUNION:** My name is Jeff Runion. I
8 am a sophomore currently attending St. Louis
9 Community College at Miramack. I am also the
10 State Board Chair for Missouri Public Interest
11 Research Group.

12 St. Louis Community College is a two-year
13 public institution and a gateway to higher
14 education for many non-traditional students. Like
15 other non-traditional students at my institution,
16 I have to deal not only with a hectic class
17 schedule, but also working to find enough living
18 expenses.

19 Right now, I am only able to do this by
20 combining income from the three jobs I work on
21 campus and supplementing that with student loans
22 and Pell Grants. At the start of each semester, I
23 get a knot in my stomach as I walk into the
24 financial aid office to take out yet another

1 essential student loan. I know, as I use this
2 money to pay for food, rent, clothing, and books,
3 that one-day, after I am handed my diploma, I will
4 also be handed a bill, with interest.

5 This debt incurred by students has not
6 only financial repercussions but social
7 implications, as well. Student loan debt after
8 college keeps some students from pursuing vital
9 public service careers, as public service careers
10 do not pay enough for students to pay off their
11 loans and manage their living expenses. In
12 addition, this delays milestone events like buying
13 a home, starting a small business, the definition
14 of the American Dream.

15 Both PIRG and the St. Louis Community
16 College Student Government have worked together to
17 highlight student concerns about college
18 affordability. We have conducted research at
19 local, state, and national levels that points to
20 student loan burden as the primary culprit in
21 creating immediate and continuing hardship for
22 students at both two-year and four-year colleges.
23 We have identified several problems, such as
24 student loans being too hard to meet by people who

1 work in the public sector, and policies for
2 defaulters do not include leniency for unexpected
3 hardships.

4 In addition, when students default, they
5 are ineligible for hardship claims, loan
6 forgiveness, and Federal Pell Grants. This
7 seriously compromises their ability to complete a
8 degree at a four-year school and obtain gainful
9 employment. Fixed non-variable interest rate
10 loans are too inflexible to create, and create
11 excess money for loan payments that commonly get
12 diverted away from education budgets.

13 This was the case last winter when the
14 U.S. House and Senate deflected billions of
15 dollars in interest rates to reconcile the budget.
16 Students are not properly educated and counseled
17 on how loan programs work. This lack of knowledge
18 leads to fear of entering college or negligent
19 budgeting. Some students who are undecided in
20 their majors or overwhelmed by mounting debt drop
21 out of two-year schools, defaulting on their loans
22 prior to receiving associate's degrees, leaving
23 them in debt and lessening their prospects for
24 employment.

1 I have some recommendations I would like
2 this Board to consider:

3 One, to increase loan forgiveness. The
4 Board needs to create loan forgiveness programs
5 for people pursuing public service careers such as
6 education, nursing, or social work. These
7 valuable and needed public sector careers will
8 appear more attractive and realistic options to
9 students.

10 Reform default regulations. Students who
11 have previously defaulted should have
12 straightforward opportunities to claim hardship
13 and return to deferment. In addition, loan
14 programs need to offer community service or some
15 other redemptive recourse to enable defaulting
16 students to repay loans.

17 Reinvest grant aid. Excess money from
18 student loan payments and private loan subsidies
19 need to be invested in non-binding grant aid. The
20 interest rate needs to be variable and kept at 6.8
21 percent so students will be able to take advantage
22 of lower interest rates, yet be able to budget for
23 a capped constant rate over the course of their
24 schooling.

1 Provide more financial education to
2 students. Colleges need to offer regular
3 mandatory informational workshops and advising
4 sessions on loan programs and scope of tuition
5 payment options. Loan counseling should be
6 coupled with the yearly visits that a student
7 makes to his or her academic advisor. To this
8 end, community colleges need more federal funding
9 for financial aid and advising staff to facilitate
10 lower advisor to student ratio.

11 Thank you.

12 **DAN MADZELAN:** Thank you.

13 **DAN MADZELAN:** Elizabeth Tieri.

14 Elizabeth?

15 [Pause.]

16 **DAN MADZELAN:** Brett Thurman?

17 **ELIZABETH TIERI:** I apologize.

18 I am Elizabeth Tieri from the University
19 of Illinois at Chicago.

20 Today, I present to you not one but seven
21 stories, a generation of college attempts,
22 disasters, and successes.

23 As the youngest child of a large family,
24 I have never been able to make a single step in my

1 life without first studying six others before me.
2 My steps towards college, towards my career,
3 towards this testimonial before each of you today
4 can only be made in reflection of my siblings. So
5 I offer you their stories as the prelude to mine.
6 Pardon me if I get a little personal.

7 Donald Jr. was an enthusiastic man who
8 quickly found himself footsteps to follow outside
9 of our struggling middle class family. He learned
10 a trade and started a business with little concern
11 for those of us still waiting for life to breathe
12 through our lungs.

13 Colleen left as quickly and as distantly
14 to work full-time in the city while studying one
15 course at a time. She graduated as a nurse 15
16 years later while I was taking the ACTs, but
17 without a cent of debt.

18 Andrea tried a few trade schools, but
19 decided raising her toddler was simpler.

20 Rocco panicked without a determined
21 career and dedicated his life to the Reserves in
22 order to afford a future.

23 After Cheri's divorce, she maxed out
24 Federal loans in order to support her children.

1 My sister Kathleen was found by a
2 scholarship for families like ours, but that did
3 not involve out-of-state living expenses, which
4 she had to cover with student loans and weekend
5 jobs.

6 And now there is me. At the beginning at
7 my college career, I feared working too much and
8 moving too slowly, taking too many loans and not
9 enough courses. I dabbled in secondary education
10 because I was told there were jobs and have
11 recently been advised to try information science
12 for similar reasons.

13 Apparently there is no money in my chosen
14 profession, and many mentors find that a larger
15 factor than my interests and my talents. But in
16 this, my last year of undergraduate studies, I can
17 clearly state what I want, regardless of the
18 unclear path towards that goal.

19 I do know, however, that it involves
20 graduate school, as so many careers have slowly
21 begun to include. Unfortunately, this decision is
22 an unprecedented one in my family, and I found
23 myself without my standard counsel.

24 Unfortunately, as well, I find myself considering

1 not departments, programs, or professors, but
2 distances, tuition, and teaching assistantships.

3 These are not quite factors that I
4 understand directly, but more comprehensible are
5 their effects on me. Speaking in numbers, as is
6 too often done in these circumstances I have over
7 \$30,000 in loans already and am looking at similar
8 costs each year until I earn my doctorate.

9 Between my siblings and I, we have more
10 than \$100,000 in student debt, a number that could
11 nearly buy my mother and father a home of their
12 own, but that is a luxury that my parents continue
13 to consider much less profitable than higher
14 education. I am lucky and grateful to have
15 parents with such strong priorities. They have
16 instilled in me the strength to juggle a full
17 course load, two part-time jobs, and some
18 selective extracurricular activities.

19 I feel I have succeeded, but I am quite
20 aware that many other students are not so strong.
21 Many students fall behind in their studies, skip
22 dinners on a regular basis, and literally collapse
23 beneath the weight of higher education. I,
24 myself, have begun to notice my weaknesses. Just

1 yesterday, I felt forced to step down from an
2 executive position in our undergraduate student
3 government because I am not able to sacrifice the
4 little time I have between classes, my library
5 job, and my waitressing job for the student body.
6 I must focus that time on homework, reading, and
7 my thesis as a double major in history and French
8 language studies.

9 This has been a realization for me. I
10 can tell myself that it is my best option for the
11 present. I cannot forget, however, that this
12 selection would not have been necessary if just
13 one part-time job would suffice. And I cannot
14 help but be jealous of those whose higher
15 education is not tainted by these selections, as
16 few as such students may be.

17 In preparation for standing before you
18 today, I found that in my French Literature class
19 of 15 students, 10 of us felt forced--not just
20 compelled but forced--to work more than part-time
21 to support our educations. To reiterate the
22 numbers, that is two-thirds of my colleagues.

23 I stand here today to compel you to
24 consider my stories and those I have brought to

1 you while you legislate changes that should make
2 higher education more universally available and
3 more positively experienced by future students.

4 Thank you very much.

5 **DAN MADZELAN:** Thank you.

6 **DAN MADZELAN:** Brett Thurman.

7 **MATTHEW GUIDRY:** Hello. Brett Thurman
8 will not be able to make it in today. He is not
9 yet here. My name is Matthew Guidry. I am taking
10 his spot.

11 I am with the University of Wisconsin
12 Stevens Point, and I am representing both a
13 student organization, WisPIRG, Wisconsin Public
14 Interest Research Group. I am the Vice President
15 of the State Board and also the local campus
16 organizer there. I was also a student there.
17 Along with that, I am also representing the
18 College of Letters and Science as a Student
19 Government Senator. So there are a lot of people
20 in there, but to add one more stack to it, me and
21 the fellow WisPIRG compatriots and students went
22 out and collected postcards of other students that
23 were also into this and really wanted to be
24 represented but could not make it because of

1 classes or other reasons. Also, getting 260 other
2 students here would be a little bit harder. But
3 they came in spirit, and I will have postcards for
4 you later from all of them.

5 On to what I was actually looking to say
6 to you guys--beyond that I really wanted to hit on
7 three main points, the system. And from the
8 system was basically from starting from high
9 school, my own personal fears and fears of many,
10 many compatriots that I have had going into this.
11 They were scared to go into college and, once they
12 made it into college, when it really hit them was
13 that first freshman semester where they would get
14 scared. They would see that giant bill come in
15 and have no idea how to pay for it, and that would
16 scare some of them away. Some of them would work
17 like crazy, work 40-60 hours, which is ridiculous,
18 which every high school counselor and every
19 college advisor that I have talked to has said,
20 "Do not work more than 20 hours, or you are
21 hurting yourself by hurting your homework time,
22 and hurting your college time, and hurting your
23 extracurricular time--to basically lose out on
24 that college experience of diversity and

1 education."

2 But with that, it is beyond fear of just
3 getting that loan. It is beyond fear of not
4 knowing how to do it. So that is one of those
5 questions that I would probably pose to you and
6 you are probably looking at right now, is how to
7 make that application process easier and smoother
8 from not just college freshmen but high school
9 seniors. I am hoping to see you hit it earlier
10 and harder. And, as Jeff had mentioned earlier
11 from Missouri, have that as an advisory point
12 where every year, every semester, when you go to
13 get advised for what classes you are taking, be
14 advised on your loans so you can stay up to date
15 on that, because these college kids, of course,
16 with their busy schedules and their hectic lives,
17 have many things on their plate that--they feel
18 overburdened. That is probably from inexperience
19 from it or literally being overburdened from being
20 overworked, along with many other things
21 contributing to that.

22 So taking it off their plate for some
23 reason and getting it back on the plate seems to
24 be very, very important. It is getting those kids

1 to look at it consistently over time. I think
2 that would at least get rid of that initial fear.

3 Beyond that, add to the existing
4 counseling over and over and over again because of
5 that long-term debt that is coming in there. One
6 of my friends had mentioned earlier that she had
7 took out \$15,000 in loans so far, and that is
8 going to boost her up to about \$60,000 to pay for
9 that in the end. Luckily, she got rid of that
10 specific loan because it just did not seem
11 economical and viable to what she wanted to do as
12 an out-of-state student.

13 So, getting stuff like that, even
14 though--the ridiculousness out of it, which is,
15 basically, maybe the loan companies taking
16 advantage of certain students, non-traditional
17 students, out-of-state students, finding a better
18 way to make it a smoother transition for students
19 that really want to go to that number one college
20 that they like. For instance, Stevens Point is
21 huge in natural resources. We just had Governor
22 Doyle up there, and he just pledged to get us in
23 five years--well, in 2012, in his mind--to get us
24 to 100 percent renewable energy and off the grid.

1 Now, to do that, we have to keep our
2 natural resource people, our physics people, and
3 all our people within that college motivated and
4 moving. And to continue doing that, it seems to
5 be a lot more effective to get the money worries
6 out of the way and get that economical stability
7 to give them the ability to get in there and do
8 their student organizational stuff that will come
9 from the ideas to help us with that future.

10 Along with getting everyone going like
11 that, I work in the IT department a lot. So I
12 have a lot of experience right in there, and what
13 I gained from that experience, beyond just the
14 little computer knowledge, is working with a lot
15 of the people. Those people I work a lot with,
16 School of Education people, they come in
17 constantly and they are always working on these
18 new Web sites. But what I hear from them over and
19 over again is not the fact that they have to work
20 on these Web sites that they have very little
21 training, is that the fact that they have enormous
22 student debt coming in and, as teachers, they
23 cannot really afford to have a family, or they
24 cannot really afford to look to buy a car soon.

1 They are investing in that bike, and they really
2 like that bike, but it is kind of hard to commute
3 with a bike if you are, say, coming from Chicago
4 to Kinoshia or Racine to Milwaukee. It is a
5 little bit to pedal.

6 It is economic hardships like that that
7 just make me cringe a little bit and say, "We need
8 to get out there and help our public service
9 figures, help our educational people"--which you
10 guys, I know you are right there with us and you
11 are probably, like, saying, "Yes. That is what we
12 are here for and that is what we want to do."
13 Keep going with it, because it has got to have an
14 answer out there.

15 I think we have thrown some answers out
16 there, hopefully, today with the five-point plan
17 and putting some caps on the interests' rates to
18 prevent some of that ridiculous overspending and
19 maybe over-profitizing from it. More importantly,
20 looking beyond that, is those with exceptional
21 problems.

22 I had a friend it was two years ago, now.
23 He had a slight accident and is now paralyzed from
24 the chest down. He is still going to school. He

1 is still kicking really hard, but he is thinking a
2 lot more about student debt because the direction
3 he was originally going was in natural resources
4 and, kind of, a game warden kind of thing, which
5 he is now unable to do. So now he is changing
6 directions, "elapsing" some more student debt with
7 some more loans. He is still worried about how he
8 is still going to pay for it, if he is going to be
9 able to pay for it, if he is going to be able to
10 work for that.

11 Really, that was kind of an eye opener to
12 me on how hard this process really was, because he
13 is unable to see what direction he is going, or
14 how much loan debt he is going to be in at that
15 point four years from now, now that he has to
16 restructure his major to compensate for that
17 accident.

18 So I think that falls into some economic
19 hardship and economic forbearance issues that
20 should really get touched on and for the hardship
21 especially with specific injuries of that nature
22 would be something that would be really touching--
23 I think you guys would know how to handle that,
24 but something I really wanted to point out.

1 And getting beyond that, I would also
2 like to thank you for having this and making this
3 here today. I would like to say that we have
4 several students from UWC at this point, as you
5 have probably heard from, now. They have come
6 about five hours, and we left about 9:00 last
7 night. So we may be a little wired and a little
8 tired, but we are really happy to be here, and we
9 are really happy that you guys are talking about
10 this and getting this issue on the table to get it
11 fixed out there.

12 So thank you, and hopefully there will be
13 some more comments and solutions for you guys.

14 **DAN MADZELAN:** Thank you, and it has been
15 a nice day. It will continue to be so, I am sure.

16 **DAN MADZELAN:** Edgar Staren.

17 [Pause.]

18 **DAN MADZELAN:** Edgar Staren?

19 **DAN MADZELAN:** Dan Mann.

20 **DAN MANN:** Good morning. Dan, Carney and
21 Jeff, we are really happy to have you in Chicago,
22 here in our home state.

23 My name is Dan Mann. I am the Director
24 of Financial Aid at the University of Illinois at

1 Urbana Champaign.

2 My colleague, Susan Fisher from the
3 University of Wisconsin at Madison is here. We
4 are here presenting comments on behalf of the
5 Financial Aid Directors of the Big Ten
6 Universities.

7 Our Big Ten Universities enroll more than
8 589,000 students. This past year, we administered
9 more than \$2.3 billion in Federal financial aid
10 funds. We have been very pleased to have the new
11 ACG and SMART grants. We are very happy that,
12 after many years, we have had new grant money
13 available to our students. I do not think any of
14 us would have designed these programs this way if
15 we were told that we had new money, but we are
16 nonetheless trying to make them happen and work.
17 So one of our concerns is trying to make sure that
18 we are able to administer these programs in an
19 efficient way for our students.

20 In terms of our comments today, we are
21 actually coming to you with 15 very specific
22 recommendations. In the spirit of trying to keep
23 within our five-minute time range, I am not going
24 to read all four pages of this, but I am going to

1 try to summarize the 15 recommendations.

2 Our first six comments are specific to
3 the ACG and SMART grants. Recommendation number
4 one is that ACG and SMART grants should not only
5 be available to U.S. students, but they should
6 also be available to eligible non-citizens, just
7 as other Title IV aid programs are available to
8 these students.

9 Our second recommendation is that
10 continued eligibility for ACG and SMART should be
11 based on the institution's established
12 satisfactory academic progress policies, just as
13 it is determined for other Title IV programs, and
14 not on a prior semester grade point average.

15 Recommendation number three, initial
16 eligibility for ACG and SMART should be determined
17 any time during the academic year for students who
18 may have not qualified for it at the beginning of
19 the fall semester. However, a student should
20 retain eligibility for the entire year, unless
21 satisfactory progress requirements are not met.

22 Recommendation number four, if AP/IP
23 credits exceeds the grade level one status as
24 defined by the institutions when the student

1 begins initial enrollment at the institution, the
2 student should be eligible for year-two ACG
3 without establishing a grade point average of 3.0
4 or higher at the institution.

5 Recommendation number five, grade level
6 progression for determining eligibility for ACG
7 and SMART, should follow the rules currently in
8 place for the Stafford Direct Loan annual loan
9 limits.

10 Recommendation number six, the cumulative
11 grade point average of the prior institutions
12 should be used to determine eligibility for
13 transfer students in regards to the required 3.0
14 grade point average.

15 We also have two recommendations on other
16 provisions. The first is the provision that calls
17 for the elimination of business assets for all
18 small business defined as those with fewer than
19 100 employees is patently unfair. In our
20 experience, the asset protection allowance
21 currently in the Federal methodology protects a
22 reasonable amount of such assets and evaluates all
23 family-owned businesses equitably.

24 Our other recommendation is we support

1 the recommendations put forth by the project on
2 student debt. The five practical reforms proposed
3 by this group weighs the burden of student debt
4 for our students.

5 We have three other comments in general.
6 One is we support the continuation of the current
7 experimental sites initiatives, and we will work
8 towards changing the statutes that these
9 experiments have proven to be unnecessary.

10 A second general recommendation, we
11 support continued efforts to increase the annual
12 loan limits for undergraduates at the freshman and
13 sophomore levels.

14 And the third general comment, we support
15 increasing the aggregate loan limits for all grade
16 levels.

17 We also have four very specific
18 recommendations and comments regarding the
19 Spellings Commission's recommendations. First, we
20 agree that the amount of funding currently found
21 in all student aid programs is insufficient to
22 meet the needs of our students.

23 Second, we are proponents of any means to
24 identify low-income students with academic promise

1 who would benefit from early intervention
2 programs.

3 Number three, we support increasing the
4 funding in Federal grant programs to restore the
5 purchasing power of the Pell and FSEOG programs.

6 And finally, we have participated in many
7 experimental site initiatives that have
8 demonstrated that eliminating some regulations
9 have no detrimental effect on the integrity of our
10 student aid programs. As we are talking about
11 simplification, we think we ought to be looking at
12 simplifying the current rules that are there,
13 because we have proven that some of those rules
14 are not necessary.

15 Thank you.

16 **DAN MADZELAN:** Thank you.

17 **DAN MADZELAN:** Eric Weems.

18 **ERIC WEEMS:** Good morning. I am Eric
19 Weems. I am the Director of Financial Aid here at
20 Loyola University of Chicago.

21 I would like to thank you, as well as all
22 of the participants for taking the time to visit
23 our lovely campus here at the Water Tower campus.
24 Fortunately, we have gotten many of the

1 construction cranes moved out of the way for a new
2 residence hall and some of the other construction
3 going on in this campus.

4 I would like to applaud the Department of
5 Education for giving us the opportunity to offer
6 our observations as a higher education community,
7 and specifically as a student aid community to be
8 able to work toward collaborative efforts to
9 improve all of the Federal student aid programs.
10 So thank you very much, again, for being here.

11 I would also like to thank Dan Mann, who
12 summarized many of the points that I had in mind
13 to say today. So I will, at the risk of time--I
14 will not go back and try to expand on how he
15 eloquently touched on these points.

16 I would like to make just a few general
17 observations about the Academic Competitiveness
18 Grant and the National SMART Grant. Clearly, as
19 Dan noted, we are thrilled to have opportunities
20 to extend need-based grant assistance to students.
21 I think all of us in financial aid offices
22 recognize the need for greater amounts of need-
23 based assistance at the federal level and at all
24 levels for students, and the opportunity to use

1 grants to be able to extend that is something that
2 we were very pleased for.

3 With that said, and recognizing, as your
4 opening remarks noted, that the interim
5 regulations and the opportunity to start this
6 program were done quickly, I would like to make
7 the general comment to many of the points that Dan
8 made that, through the negotiated rulemaking, you
9 consider making the SMART and the Academic
10 Competitiveness Grant follow along the existing
11 provisions for many of the already existing
12 Federal student aid programs, not the least of
13 which the fact that the recipients of these two
14 grant programs are recipients of the Federal Pell
15 Grant. We want to be able to be consistent with
16 respect to things like making ineligible non-
17 citizens being able to participate in this grant,
18 and, as well, following the academic year
19 definition.

20 I think one of the things that we are
21 always in tune to at the campus is trying to make
22 things as simple as possible for students, trying
23 to eliminate confusion. Having two academic year
24 definitions, one for the student loan programs,

1 which--student loan programs, by the way,
2 following the definition we would be using at the
3 university for academic level progression. Being
4 able to be consistent for students is something I
5 think we should all strive for.

6 With respect to the student loan
7 programs, I obviously would like to chime in, even
8 though it may not be something as part of the
9 negotiated rulemaking, to continue to think about
10 opportunities to increase those annual loan
11 amounts. While I would not want that to stand in
12 the way of existing grant program expansion, the
13 fact of the matter is more and more students,
14 particularly first and second year students, are
15 in need of additional loan assistance.

16 Unfortunately, when the Federal student aid
17 programs, Federal Stafford Loan, as an example, is
18 not enough to cover funds needed, the students are
19 going to be using higher priced loans through
20 private or one of those alternative student loans.

21 So I think the opportunity to expand the
22 Federal Stafford Loan program is not so much an
23 opportunity to put on more debt but rather to
24 provide opportunities for smarter borrowing. And

1 to that end, I would also like to offer this,
2 again, the suggestion that we consider expanding
3 for the Graduate PLUS loan, the opportunity for
4 loan counseling to be included as a part of that.
5 Though the greatest majority of our students are
6 going to be students who are going to be going
7 through loan counseling as part of their Federal
8 Stafford Loan borrowing, it is not a requirement.
9 There will be students who will not have borrowed
10 through the Federal Stafford Loan program. We
11 will give them opportunities to begin borrowing
12 large amounts of funds without going through that
13 loan counseling.

14 At the school, I am hesitant, in a way,
15 to offer new requirements, but at the same time I
16 think this is good practice for students to go and
17 be educated borrowers as they progress forward
18 through the remaining of their graduate and
19 professional career.

20 So thank you very much for the
21 opportunity to offer our thoughts here today and
22 for being here. Thank you.

23 **DAN MADZELAN:** Thank you.

24 **DAN MADZELAN:** Jacki Fairbairn.

1 **JACKI FAIRBAIRN:** Hello, my name is Jacki
2 Fairbairn. I am the Director of Policy and
3 Regulatory Compliance of Great Lakes Higher
4 Education Guarantee Corporation.

5 Great Lakes is a public, non-profit
6 corporation. It administers the Federal Family
7 Educational Programs. We are the designated
8 guarantor in the State of Wisconsin, Minnesota,
9 Michigan, and in Ohio.

10 To begin with, Great Lakes would like to
11 express our support for the testimony given by Mr.
12 Torres from the Texas Guarantee Student Loan
13 Corporation, which I will refer to as TG. In
14 particular, we support TG's call for the National
15 Association of Student Loan Administrators to be
16 represented in the negotiated rulemaking activity.

17 We too feel that NASLA has been an
18 effective voice for student guarantors whose
19 mission it is to ensure consistent and reliable
20 services to America's students, parents, and post-
21 secondary institutions. Importantly, NASLA is not
22 a Washington, D.C., based trade association. It
23 operates through the consensus of its members
24 without paid staff or outside consultants.

1 Accordingly, it brings to the table the direct and
2 unfiltered views of actual operational guarantee
3 agency participants.

4 We believe that, together with the
5 program beneficiaries, our students, and our
6 parents, it is the operational program
7 participants who should be at the negotiated
8 rulemaking table. We understand that it is
9 impossible for all to participate. In that
10 regard, the Secretary should recognize those
11 associations and consortiums that most directly
12 represent the operational participants.

13 Appointment of umbrella organizations, of
14 trade associations as direct negotiators would
15 appear appropriate only where the umbrella
16 organization represents constituencies too
17 numerous to be separately seated, or who have no
18 separate voice. In the case of guarantee
19 agencies, direct representative entities such as
20 NASLA and the Guarantor CEO Caucus would appear to
21 be the preferred choice.

22 This would appear appropriate in the case
23 of the Title IV loan issues negotiating track.
24 Therefore, we encourage the Department of

1 Education to consider, once again, extending an
2 invitation to the nation's guarantors.

3 Now, the Department has heard a variety
4 of very important issues throughout today's
5 testimony, which certainly underscores the
6 necessity of engaging in a negotiated rulemaking
7 process. We would like, as Great Lakes, to echo
8 the concerns brought forth by our colleagues at
9 the Texas Guarantee Agency, and we would like to
10 add a few more issues to the list for your
11 consideration.

12 We will be submitting several
13 recommendations but, for purposes of brevity, and
14 in the interest of avoiding redundancies, I will
15 highlight only three, the first being
16 capitalization policies, disability discharge,
17 and, again, as was mentioned other times, but also
18 fair repayment.

19 Regarding the capitalization policies, I
20 would like address the issue with the frequency
21 with which it occurs with the PLUS and
22 consolidation loan programs. Congress, industry
23 trade associations, borrowers, and others have
24 expressed concern about the increased overall

1 amount that borrowers must repay over the life of
2 their loans. The current capitalization policy
3 for PLUS and consolidation loans allows loan
4 holders to capitalize interest on a quarterly
5 basis.

6 Interest occurring on Stafford Loans may,
7 however, only be capitalized when the loan goes
8 from a non-repayment status, such as grace or
9 deferment, to a repayment status. We suggest the
10 Department consider aligning the capitalization
11 policies for PLUS and consolidation with what is
12 allowable under the Stafford Loan program. This
13 could save PLUS and consolidation borrowers a
14 considerable amount of money, especially when
15 viewed in the context of much higher outstanding
16 balances carried by students and parents on PLUS
17 and consolidation loans, coupled with the longer
18 repayment periods of consolidation loans.

19 The other issue we would like to bring
20 forward is that of the total and permanent
21 disability discharge process and requirements.
22 The conditions of a discharge provision have been
23 in place since 2002. We feel that sufficient time
24 has taken place for the Department to take a step

1 back and correctively look at the conditional
2 discharge process and evaluate whether or not it
3 is effectively accomplishing its purpose of
4 providing a balance between program integrity and
5 the additional burden placed on borrowers who have
6 been determined eligible for total and permanent
7 disability discharge but who are forced to wait
8 for this benefit.

9 While we understand the Department's
10 obligation is to protect the integrity of the
11 discharge program and not allow for abuse or
12 fraud, we are not convinced that the current
13 process is as streamlined or as efficient as it
14 could be. Experience in working within the
15 parameters of the conditional discharge process
16 over the past four years has shown that too many
17 borrowers are being caught in a web of
18 bureaucratic red tape and forced to jump through
19 the proverbial hoops. In too many cases, a
20 disqualification determination has been found to
21 be based upon the Department's procedural
22 inability to verify continued eligibility.

23 In addition, Great Lakes would like the
24 Department to reexamine its policy that allows it

1 to garnish the disability wages of defaulted
2 borrowers. We believe that this is a policy that
3 ought be rescinded. Borrowers whose disability
4 payments are garnished are frequently in the most
5 extreme financial circumstances, and resolution of
6 garnishment complaints are difficult if not
7 impossible to resolve with alternative repayment
8 options or to even justify as moral social policy.

9 Finally, we would like to endorse the
10 plan for fair loan payments as outlined by Robert
11 Shireman, Executive Director on the Project on
12 Student Loan Debt, during his testimony on
13 September 19, 2006, in Berkeley. Great Lakes
14 joins student groups, parent associations, and
15 college access providers in formal petition urging
16 the Department to make student payments more
17 manageable for low-income borrowers.

18 The plan focuses specifically to simplify
19 working on the hardship application process and
20 make required payments more manageable by basing
21 them on both Federal poverty guidelines and family
22 size. It also seeks to make the income contingent
23 repayment program more effective and accessible to
24 more student loan borrowers, not just those in the

1 Federal Direct Loan Program.

2 The proposal contained in that plan are
3 consistent with Great Lakes commitment to helping
4 borrowers avoid defaulting on their student loans
5 and, if adopted, would further advance our efforts
6 to provide viable repayment options to borrowers
7 who are willing to pay their student loans, but
8 are unable to manage their monthly payments.

9 In closing, I would like to also mention
10 that Great Lakes supports the comments endorsed by
11 NASLA, the Guarantee Agency CEO Caucus, and others
12 in response to the interim final regulations that
13 the Department published in the August 9th Federal
14 Register.

15 Thank you.

16 **DAN MADZELAN:** Thank you.

17 **DAN MADZELAN:** We will try for Edgar
18 Staren again before lunch. Edgar?

19 [Pause in proceedings.]

20 **DAN MADZELAN:** Okay. Thank you.

21 Does anyone want to be Edgar?

22 [Laughter.]

23 **DAN MADZELAN:** You have the opportunity
24 for 15 minutes or so.

1 Okay. We will, then, break for lunch.

2 [Discussion off the record.]

3 **DAN MADZELAN:** This is the, I guess, the
4 open mike part of this.

5 [Laughter.]

6 **PAUL LINGERFELTER:** I am on your schedule
7 right after lunch. My name is Paul Lingerfelter,
8 and I will just go ahead now, if that is okay.

9 I am the President of the State Higher
10 Education Executive Officers Association. I have
11 not--I am going to speak extemporaneously this
12 morning. We have a statement on our Web site. I
13 also would call your attention, and the attention
14 of the audience, to another commission report that
15 she has sponsored, the Commission on
16 Accountability in Higher Education, chaired by one
17 of Secretary Spellings' predecessors, Dick Riley,
18 and also Governor Frank Keating.

19 Now, these two commission reports have
20 very many similar recommendations, all addressing
21 the problems we are all here to talk about today.
22 I want to thank you for your attention, and also
23 the audience, for their participation and patience
24 through all of this testimony.

1 I want to begin by thanking the Secretary
2 for establishing the Commission on the Future of
3 Higher Education, and make just a couple of
4 comments of why I think this is a significant
5 report. The positive changes in the world economy
6 have changed the job description higher education.
7 When I grew up, the job of higher education was to
8 educate 20 or 30 percent of students to what we
9 then considered a high standard of learning. Now,
10 we have to educate 50-80 percent of students to
11 that standard. It is a totally different job.

12 I think the important contribution of the
13 Commission is to call for an end to complacency
14 about higher education in the United States. We
15 have become very accustomed to thinking we have
16 the best higher education system in the world, and
17 we did for the world that we had 25 years ago.
18 For the world that we have today, it is no longer
19 the best.

20 The bottom line is that more Americans
21 need to participate in higher education and need
22 to succeed, and we also have to have a better
23 system of lifelong education. It is pretty
24 obvious what we have to change. We have to

1 provide opportunities for people that are not
2 participating and succeeding now to participate
3 and succeed. They tend to be lower income. They
4 tend to be minority. They tend to be
5 disadvantaged in a variety of ways.

6 The most important issues that we need to
7 deal with are, first, preparation for college.
8 The Academic Competitiveness Grants are an
9 important means of addressing that issue. Other
10 things need to happen in the states to address the
11 same issue.

12 The second important issue is aspiration
13 for college. Nobody has said anything about Gear
14 Up today. I would like to. I think that the Gear
15 Up program, because it is systemic, it is
16 frequently used at the state level to encourage
17 participation in college, is an enormously
18 important resource as we address this national
19 challenge.

20 The third critical issue is
21 affordability. We need to have access and we need
22 to make sure that students that have done what
23 they need to do to be prepared can succeed.

24 I would like to emphasize just a few

1 short-term priorities. Our first is to simplify
2 the process of applying for aid. The Secretary
3 and the Commission are absolutely right. We need
4 to recognize that a lot of the regulations that we
5 use that make this complicated and cumbersome
6 create a sense of false precision that is bogus,
7 to use a short, common word.

8 Second, I think we need to find ways of
9 getting students much earlier knowledge that they
10 are eligible for student aid. There is a great
11 student aid program in the state of Oklahoma that
12 tells students as early as 7th, 8th, and 9th grade
13 whether they will be eligible for aid in college.
14 That is a standard which we should all aspire to.

15 Third, we need to find ways of connecting
16 the regulations for the Academic Competitiveness
17 Grant to existing state programs. There needs to
18 be some real conversation and effort to make sure
19 that the efforts of the states and the Federal
20 government are aligned.

21 We need to increase the Pell maximum as
22 quickly as possible, and we need to provide
23 incentives for growth in state student aid
24 programs. The Federal government cannot do

1 everything. It needs to be done--a few states
2 have strong student aid programs, but many more
3 need to.

4 I want to mention just a couple other
5 issues that are on the table, and then I will
6 stop, and we can all go to lunch. One issue that
7 is really important is data systems. The
8 Commission saw this as an issue. The fact is that
9 we will not be able to mobilize this country to do
10 what we need to do in higher education unless we
11 can give the people good information about
12 graduation rates, about student success in our
13 systems of higher education and focus public
14 attention on the goals we need to achieve.
15 Secondly, without data systems, we do not know
16 where we need to improve. So we need to have
17 better data systems to deal with those issues.

18 I want to make just a quick comment on
19 student learning. I think some of the comments
20 made today about the importance of avoiding, short
21 of, a rigid national system for assessing student
22 learning are right on. It would be a mistake to
23 use student learning as a fine-grained tool of
24 assessing institutional progress or institutional

1 capacity. At the same time we need to have
2 general measures of whether students are learning
3 what they need to learn in a higher education
4 system.

5 The Commission's recommendations for a
6 12th grade NAEP for increasing the frequency of a
7 national assessment of adult literacy, and also
8 for states to develop general assessments of
9 student learning, so states can know what their
10 issues are.

11 And finally, the Commission report called
12 for real increases in productivity of higher
13 education. I think we all recognize that is
14 essential. I think it is important, though, to
15 stress that we are going to need to spend more
16 money in higher education in order to meet these
17 national goals. We have got to find a way to get
18 a lot more productivity out of the money we do
19 spend. And that is the way we need to think about
20 this.

21 Thank you very much.

22 **DAN MADZELAN:** Thank you.

23 **DAN MADZELAN:** With that, we will break
24 for lunch and reconvene here at 1:00.

1 [Whereupon, at 11:51, the hearing
2 adjourned for lunch.]

3

4 A F T E R N O O N S E S S I O N

5 [1:11 p.m.]

6 **DAN MADZELAN:** Welcome back. Noticing
7 the presence of a quorum, we will continue with
8 Meegan Bassett.

9 **MEEGAN BASSETT:** Good afternoon. Thank
10 you so much for the opportunity to address you
11 today.

12 My name is Meegan Dugan Bassett. I am a
13 Senior Policy Associate with a group called Women
14 Employed.

15 As I was preparing my testimony today, I
16 was really astonished that the width and depth of
17 the Commission was able to reach a report, and I
18 hope that my comments will help you a little bit
19 in trimming some priorities for the Department of
20 Education.

21 Women Employed is a 34-year-old
22 organization located here in Chicago. We are
23 dedicated to the economic advancement of women and
24 removal of barriers to economic equity. We pursue

1 this mission by promoting fair workplaces,
2 increasing access to education and training for
3 low-income adults and developing model tools and
4 programs.

5 As our economy has changed, postsecondary
6 education has become the best way for low-income
7 adult workers to increase their wages. In 2003,
8 workers with associate degrees earned 34 percent
9 than those with only a high school diploma, and
10 numbers were double for bachelor degree holders.

11 In Illinois and elsewhere, jobs requiring
12 no formal training are really on the decline. So
13 it is more important than ever to increase
14 accessibility and affordability in our nation's
15 education system for low-income working adults
16 that wish to return to school, as well. The
17 Commission has recognized the need to address
18 challenges specific to the growing number of
19 adults who are enrolling as independent students.
20 However, programs often ignore this population.

21 I will just really quickly go through a
22 few priorities we believe the Department really
23 should take on if accessibility and affordability
24 are to improve for low-income adults in

1 particular. First of all, we cannot make progress
2 towards increased access without increasing
3 available need-based aid and ensuring that it gets
4 to the neediest students. This may not be
5 something that you have much control over, but I
6 would like to put it on your radar screen.
7 Although independent students tend be from lower-
8 income families than other students, Federal
9 Expected Family Contribution calculations penalize
10 them for working. Calculations of independent
11 student aid are often deeply unrealistic.

12 A single mom earning \$15,000 a year
13 simply cannot afford to spend 50 percent of her
14 income on college costs as the formula often
15 assumes. Too often, low-wage workers with
16 children must choose between getting the skills
17 they need to increase their income and keeping
18 their families fed, clothed, and sheltered, not to
19 mention daycare, if they are juggling school and
20 work.

21 Increasing the basic Pell Grant
22 substantially, as the Commission has recommended,
23 would greatly increase the number of low-income
24 workers who can afford to complete postsecondary

1 education. The current cutoff is considered
2 volatile by some, meaning the very small
3 differences in income lead to ineligibility very
4 quickly. A study by the Illinois Student
5 Assistance Commission shows that independent
6 students receiving earnings as low as \$18,000 a
7 year and possibly lower are not eligible for Pell
8 Grants in Illinois.

9 One thing that I would also like to
10 mention is that the Commission has mentioned
11 the need for connections between adult education
12 remedial courses and the college level, and that
13 is really important, because continuation rates
14 are really abysmal if you look at students who are
15 in remedial course or adult education who wish to
16 get into certificate or degree programs.

17 However, some of the grant programs that
18 are being considered by the Department right now
19 summarily exclude non-traditional students. There
20 are a number of certificate programs out there
21 that are demanded by businesses and that work very
22 well for low-income working students because they
23 are quicker and they are very connected to the
24 types of jobs that they would like to go into.

1 Those are often not covered by financial aid.

2 One issue that also remains unaddressed
3 by the Commission is the need for support
4 services. I believe that relates to some of the
5 programs that you all are looking at right now.
6 For low-income students, support services such as
7 subsidized childcare, tutoring, intensive
8 counseling, and early comprehensive career
9 counseling can make a tremendous difference in
10 whether or not they complete school.

11 One of the things--last year we put out a
12 report called, "Investing in Success: Educational
13 Supports for Low Income Students in Illinois," and
14 one of the things that I found as I was preparing
15 for that report was that I talked to a number of
16 students all over Illinois who were adult
17 students--I should say independent students--who
18 were in the TRIO program. Everyone that I talked
19 to said that they absolutely depended on the extra
20 support that they had received from TRIO because
21 they often--because they were juggling family
22 responsibilities and work responsibilities, they
23 often ran into emergencies and needed a lot of
24 help, because they were also first generation

1 students. They did not have that background
2 family knowledge about what they needed to do in
3 school and the types of careers to get into, et
4 cetera.

5 So I would really like to encourage the
6 Department to do as much as you can to continue to
7 fund programs that are working well and improving
8 those programs as opposed to cutting back on them
9 as much as it is in your power.

10 We commend Secretary Spellings'
11 Department of Education Commission on the Future
12 of Higher Education for taking a fresh look at
13 higher education and really attempting to address
14 the three "A's": accessibility, affordability,
15 and accountability. The Commission has made
16 some excellent recommendations that we believe
17 could make a significant difference for non-
18 traditional students. If we are to develop the
19 workforce that our new economy needs, we must
20 effectively address accessibility and
21 affordability for our current workforce, as well
22 as for younger students.

23 Low-income workers possess a wealth of
24 work experience, but must be able to access

1 postsecondary education to qualify for jobs in a
2 knowledge-based economy. Your work can make the
3 difference between a lagging workforce and a
4 world-class workforce.

5 Perhaps Commissioner [sic] Spellings
6 phrased it best in a Houston Chronicle editorial
7 on September 28th, "Our goal is nothing less than
8 full access to the American Dream by every
9 American who chooses to pursue it." Let's make
10 that dream a reality.

11 **DAN MADZELAN:** Thank you.

12 **DAN MADZELAN:** Thank you, Meegan, for
13 reminding to remind everyone that, when you step
14 up to the microphone this afternoon, if you state
15 your name and your affiliation so we make sure we
16 know who said what when we are looking at our
17 transcripts of this session today.

18 **DAN MADZELAN:** Next, Edgar Staren and
19 Brett Thurman.

20 **EDGAR STAREN:** Hello. My name is Edgar
21 Staren, and I am the student government president
22 at the University of Illinois at Chicago.

23 I remember when I was back in high
24 school. I thought it a necessity to attend the

1 prestigious private universities like my friends,
2 who did actually come from a lot of money. My
3 father does make a sturdy income, but my parents
4 also loved the idea of family. As such, they
5 decided to have six children.

6 I remember being so frustrated that I
7 would not be able to attend a school like my
8 friends because, at the time, this was the
9 privileged thing to do, but it was too expensive.
10 I did not qualify for financial aid, and my
11 parents could not afford the risk of not being
12 able to afford to send my brothers and sister to
13 school in the future.

14 I would not have even known how to take
15 out a loan, only being 17 years old and, to think,
16 loans for graduate school on top of that. I
17 remember thinking, "Poor me. I am that kid in the
18 middle class loophole." But in reality, I was too
19 young to understand the significance of all those
20 zeroes when I looked up tuitions of schools. Then
21 I grew up.

22 I attend a four-year public university,
23 which I am very proud to attend. I was around
24 people who were barely even able to afford

1 attending there, however. I remember my
2 freshman year of studying at 2:00 a.m. in the
3 lobby while my good friend worked at the desk,
4 who, incidentally, was taking the same test as me
5 the next day. He was one of the brightest kids I
6 knew, as well. He did not even end up graduating
7 from that university because he could not afford
8 the costs. So he ended up going into another
9 field which he did not dream of which required
10 less education.

11 I remember feeling so fortunate at that
12 time that my parents saved and worked hard to
13 allow me this opportunity, because I know how much
14 they struggled to do so. Eventually, I realized I
15 was one of the privileged now, in terms of today's
16 society. I realized that there are millions of
17 students that would have loved to have had the
18 opportunities that I have had in this regard.
19 This just cannot be.

20 My senior year, I was elected to Student
21 Body President. This is the largest student
22 population at any public university in Chicago,
23 which, as you know, is the third largest city in
24 the United States. In this capacity, I have the

1 honor of representing over 16,000 students.

2 Today, I am here to do that to the best of my
3 ability.

4 However, I am not just going to sit up
5 here and act like I understand the American
6 higher education system to a "T" and act like I
7 have all the solutions. Just thinking about
8 writing this speech in the last couple of days, I
9 saw the realization of truly how many factors
10 there are to consider. However, despite all these
11 direct requests and expectations of all the
12 students speaking today, I believe there is one
13 universal message, and that is what I would like
14 to close with.

15 There are problems. And, while state
16 support is a necessity, it is bigger than that.
17 Forty-three states are receiving an "F" for
18 college affordability, with the other 7 receiving
19 "D's" and "C's." This is on the national report
20 card in higher education. How can we expect our
21 students to work hard for the bettering of this
22 nation by receiving top grades when our system of
23 higher education is failing?

24 We have top ranks in the world for having

1 older adults with degrees, but are failing
2 in the educational attainment of our youth. This
3 discrepancy will only get larger unless these
4 issues are focused upon.

5 Ninety percent of the fastest growing
6 jobs require a post-graduate education, yet 90
7 percent cannot afford that education. In the last
8 ten years, tuition and fees of public schools rose
9 51 percent after inflation, 15 percent more than
10 private schools. The debt levels, when comparing
11 public schools to private schools, are having less
12 and less differentiation.

13 Perhaps the solution is money management
14 or different policies to be set forth. Yet, either
15 way, we need to improve our youth's preparation
16 prior to entering college. Perhaps this can be
17 done by furthering nationwide merit-based support.
18 Either way, we need to increase the amount of
19 grants and their worth. We need to strengthen the
20 importance of receiving a college education, and
21 we need to make this education a possibility as
22 well as a reality for all. Then we will continue
23 to uphold the standard of excellence that the
24 United States prides itself upon.

1 All of these students are asking for is
2 one thing, and one thing only. Please make
3 the future of tomorrow the priority of today.

4 Thank you.

5 **BRETT THURMAN:** Thank you for allowing us
6 to come here and speak.

7 My name is Brett Thurman. I am also from
8 the University of Illinois Chicago. I am the
9 Committee Chair of the Academic Affairs Committee
10 on the Undergraduate Student Government.

11 I served four years in the United States
12 Army before entering college and, as such, was
13 placed in a unique position to see my friends
14 leaving college at the time I was entering. So I
15 got to see a lot of their issues with student aid
16 and debt burden. And what I have seen from a lot
17 of my friends is this: the burden and cost of
18 attaining college education has become too heavy a
19 load to carry regardless of the paths students
20 take.

21 Although our nation's lower-income
22 students previously relied upon a rather large
23 network of community colleges to obtain their
24 degree, this alternative has also increased in

1 cost beyond most students' ability to pay, even
2 with financial aid.

3 In Dearborn, Michigan, Timothy Pollit is
4 currently in his sixth year of pursuing his
5 journalism degree, previously a student at Eastern
6 Michigan University, he now attends a community
7 college. After attempting to balance school with
8 working full-time to cover necessary living
9 expenses such as rent, car insurance, and food,
10 not to mention tuition fees and books, Tim has
11 finally submitted to moving back into his parents'
12 home. For his six years struggle to pay down
13 college debt and attend classes at the same time,
14 Tim has the following to show for his efforts: He
15 has moved back into his parents' home; he has 72
16 credits towards a 128 credit degree, and he has
17 accumulated approximately \$20,000 in student debt.

18 In Augusta, South Carolina, Lauren Duncan
19 is currently working as a nurse's aide at People's
20 Hospital. She wants to attend college and then
21 nursing school, but cannot afford to quit working.
22 When she decided that she could not afford to
23 attend a large four-year university, she looked
24 into nearby community colleges. What she found

1 was that the insufficient amount of financial aid
2 available to her when she was considering the
3 four-year university was not even offered if she
4 attended a community college part-time.

5 Between the meager financial aid
6 available and the cost of attending school, paying
7 for a vehicle to commute to school, and additional
8 living expenses, Lauren has found no option
9 but to continue working as a nurse's aide and
10 forego seeking a higher education. My friend
11 Lauren is 23 years old.

12 Ladies and gentlemen, these are my
13 friends, and I have many more like them across the
14 country in similar predicaments. I stand here
15 today in their place because I am fortunate enough
16 to have the time and education that they are still
17 struggling for. The names, universities,
18 locations, and majors are all different, but the
19 financial hardship remains dismally universal.

20 Our current financial aid system is
21 failing to assist in new areas that have developed
22 since its inception. New considerations must be
23 taken into account and an overwhelming amount of
24 financial aid is available only to full-time

1 students. At a time when students choose to work
2 and attend college part-time simply to attempt to
3 reduce the amount of debt they incur.

4 Most community colleges are, by their
5 very nature, commuter campuses, and we have no
6 measurements in place to ascertain the financial
7 burden owning, operating, and maintaining a
8 vehicle necessary to get to and from classes, or,
9 more appropriately, to get between class and work.

10 Although the advertised price of a
11 commuter college may be less than that of a larger
12 university, the student still faces the same large
13 expenses for text books and supplies. If a
14 student does manage to run the gauntlet and finish
15 with a degree, he or she is guaranteed to have
16 a hefty loan repayment bearing down on them six
17 months following graduation, or they may still
18 be searching for a job that pays enough to make
19 the necessary loan payments.

20 The solutions to these problems begins
21 with a more comprehensive FAFSA application and
22 determination process. If the additional expenses
23 incurred by students are not included in the
24 universities' expected cost analysis--if these

1 additional expenses are accounted for, a more
2 accurate description of need will follow.

3 Secondly, the growing number of students
4 that choose to work full-time to help cover the
5 costs of their part-time education need to be
6 addressed and given assistance. Whereas
7 the thinking in the past may have been that
8 working students need less financial aid due to
9 their income, the opposite is more commonly true
10 today.

11 More financial aid for part-time students
12 will help us to stop punishing those who choose to
13 work the hardest to achieve a post-secondary
14 education.

15 Thank you.

16 **DAN MADZELAN:** Thank you.

17 **DAN MADZELAN:** Trevor Montgomery.

18 **TREVOR MONTGOMERY:** Hello. My name is
19 Trevor Montgomery. I am also a student at the
20 University of Illinois Chicago. I am a senior. I
21 am a past Student Body President at the
22 University, and I am also the founder and
23 President of the Student Lobbying Association. I
24 would like to thank all of you for this

1 opportunity to speak here today.

2 The Commission on the Future of Higher
3 Education report states that tuition at public
4 four-year colleges and universities has increased
5 by 51 percent over the last ten years after
6 adjusting for inflation. Many people blame these
7 increases on the lack of state funding for public
8 colleges and universities. I am one of these
9 people.

10 There once was a time when an individual
11 could go to a local state-funded university, earn
12 a degree, and go on to work a noble career as a
13 teacher, social worker, or anything that they
14 dreamed of, without being held back by the burden
15 of student debt. This time is no more.

16 Currently, students that graduate from
17 local state-funded colleges face the same
18 debt burden as students graduating from private
19 schools. When comparing Northwestern University,
20 a private institution in Evanston, Illinois, and
21 the University of Illinois, Chicago, a state
22 funded university, I found that almost the same
23 percentage--actually 45 percent from UIC and 46
24 percent from Northwestern--graduate with student

1 debt. Of those students, the average student with
2 debt from Northwestern graduates with about
3 \$18,000, while the average UIC graduate with debt
4 walks away with about \$17,000 in debt.

5 I think it is hard to believe that
6 students from a state-funded school, with the
7 mission of accessibility and affordability can
8 walk away with the same average debt as students
9 from a prestigious private university. This
10 clearly demonstrates how the lack of state funding
11 is robbing students of the right to an affordable
12 public education.

13 I think it is obvious that, as tuition
14 rates increase significantly, students from both
15 public and private colleges and universities are
16 forced to rely more on Federal grants and loan
17 programs. Students need affordable loans now more
18 than ever, but sadly, another fact that we are all
19 familiar is that recently, February, the Federal
20 government cut more than \$12 billion to Federal
21 student loan programs. This was the largest
22 single cut to student financial aid in history,
23 and it came at one of the worst times for
24 students. The increasing cost of college, coupled

1 with the increasing lack of affordable student
2 loans, are being felt by many people, like my
3 friend, Sara.

4 My friend Sara attended a state-funded
5 university in Southern Illinois. She received a
6 bachelor's degree. She enrolled in another state-
7 funded school where she received her master's
8 degree in social work. After completing six years
9 of education, Sara was ready to fulfill her dream
10 of becoming a social worker in Chicago. But even
11 with the help of the Illinois Veterans Grant,
12 Sara's loan debt was over \$35,000. She knew that
13 she would not make a lot of money as a social
14 worker, but she did not want to let her loan debt
15 stand in the way of her dream.

16 After only a few months of working, Sara
17 was already starting to make a difference, but
18 after she began to pay on her student loans, Sara
19 was forced to quit her job because of her
20 unmanageable debt. She now works at a higher
21 paying job, which allows her to manage her student
22 loans, but she is not doing what she dreamed of.
23 And the saddest part is that the extremely needy
24 people that she loved and worked with will suffer

1 for this more than anyone, because they have lost
2 someone that truly cared.

3 After hearing a story like Sara's, I feel
4 that there are many things that should be done to
5 lighten the burden of student debt, such as
6 preserving fixed-rate loan consolidation, lowering
7 the interest rate cap, eliminating origination
8 fees, and expanding loan forgiveness on loans, all
9 of which could be changed and maintained within
10 the Higher Education Act.

11 Federal grants can also be paramount in
12 relieving the burden of student debt. The
13 Academic Competitiveness Grant and the SMART Grant
14 are great new programs, but there is also a need
15 for increased grant aid that is accessible by all
16 students. The Pell Grant has been the cornerstone
17 of low- and middle-income student financial aid
18 packets, and has helped many to attain what really
19 should be the right of postsecondary education.

20 However, the current maximum Pell Grant
21 of \$4,050 only covers about 44 percent of the
22 average in-state tuition at public four-year
23 colleges. And, as a recipient of the grant, I
24 know all too well that this fails to cover the

1 rising cost of tuition.

2 The Commission on the Future of Higher
3 Education made a recommendation to increase
4 Federal spending on need-based aid and increase
5 the average Pell Grant, so that it covers 70
6 percent of the average in-state tuition at a
7 public four-year college. This would be a major
8 step in reducing the burden of student debt and
9 making college more accessible to everyone.
10 Myself, and students from all over the Midwest
11 encourage the Commission to wholeheartedly pursue
12 making this recommendation a reality.

13 I also would like to ask each of you to
14 consider that, out of five recommendations that
15 myself and many other students may have referred
16 to today, the students in the Midwest and around
17 the country feel that the implementation of these
18 recommendations would help significantly reduce
19 the burden of student debt in the lives of many
20 Americans. We would ask that you would consider
21 each of them.

22 I ask that you consider one, limiting
23 student loan repayment to income-related
24 proportions on all loans.

1 Two, I ask that you consider taking
2 family size into account with student loan
3 repayment plans, recognizing that borrowers with
4 children have less income to budget for monthly
5 loan payments.

6 Three, I ask that you cancel student
7 loans after 20 years of good faith payment,
8 bringing relief to borrowers that have done
9 everything they could, including paying on time
10 and paying in full, but are still living under the
11 burden of student debt.

12 Four, I ask that you consider suspending
13 interest on the loans of individuals who are
14 enrolled in the economic hardship program.

15 And five, I ask that you consider
16 simplifying the process of applying for the
17 economic hardship program.

18 As a student with over \$15,000 in loan
19 debt myself, I ask that each of you take these
20 considerations and opinions, along with the
21 recommendations of my fellow students, into
22 account.

23 I would sincerely like to thank all of
24 you for this opportunity, and it has been my

1 honor. Thank you.

2 **DAN MADZELAN:** Robert Skorczewski.

3 **ROBERT SKORCZEWSKI:** My name is Robert
4 Skorczewski, and I am from the University of
5 Illinois at Springfield. I am the Sergeant-at-
6 Arms at the Student Government Association there.

7 First of all, thank you for having these
8 hearings and giving me the opportunity to speak.

9 With that, let me say that, at this time
10 in history, we seem to be at a point that will
11 define us for years to come. It could be said
12 that our great nation stands at a crossroad. As
13 with all crossroads, we must choose a path. The
14 path that I have chosen for myself is one of
15 public service.

16 I have spent my college career serving my
17 fellow students as a mentor, a tutor, and as a
18 member of the Student Government Association.
19 After I graduate, I plan on serving my country in
20 the United States Navy. One day, I hope to serve
21 my fellow citizens as an elected official.

22 Public service is one of the greatest
23 investments a person can make in himself and his
24 community. It pains me, therefore, to know that

1 students are being forced to forego service
2 opportunities after they graduate in favor of
3 higher paying jobs elsewhere. Many must do this
4 because of the need to repay their student loans.

5 Often, graduates simply cannot afford to
6 take lesser paying jobs, but jobs that are very
7 much needed and serve the public. Each year we
8 see state funding for our schools decrease. This
9 translates to tuition increases. Students must
10 take out more loans to cover these increases.

11 I am not here to ask you to make tuition
12 increases go away. Some increases are necessary
13 to maintain the quality of our schools. I am,
14 however, asking that you do what is in your power
15 to ensure that students are not forced to suffer
16 overwhelming burdens their entire lives in order
17 to get that quality education.

18 Many have mentioned the five-point plan
19 that will help alleviate the burden that student
20 loans can be for students. Please take our
21 testimonies to heart, and help students with
22 loans, where help is so desperately needed.

23 Today, I am here with you. My brother, a
24 member of the Army National Guard Reserves, will

1 be at Southern Illinois University in
2 Edwardsville, where he is attending school.
3 Obviously, public service is highly valued in my
4 family.

5 My father will be at Carlisle High
6 School. He worked 18 years in a coal mine. When
7 the mine shut down, he returned to school, at the
8 University of Illinois in Carbondale, to get a
9 teaching degree. Now, he is taking classes online
10 towards a master's in library sciences, so he can
11 keep working at the school.

12 My sister will be Minneapolis, following
13 her dream of being a writer. She hopes to attend
14 a creative arts school there next year, but must
15 move there, first, because following her dream
16 would be too expensive without residency. The
17 loans would simply be too much.

18 My mother will be working at Washington
19 County Hospital today and, most likely, this
20 weekend. She will be working extra shifts at a
21 hospital in a nearby city.

22 Student loans affect my family very much,
23 which is why I feel so passionately about this
24 cause. You could say that my brother and I are

1 lucky that our paths have led us to serve in the
2 military, which will help us pay for our
3 education. I will be graduating this spring with
4 almost \$20,000 in debt, but I have the security of
5 a generous loan repayment option with the Navy.
6 The rest of my family is just as hardworking,
7 though, and will have to continue to be
8 hardworking to deal with the debt for student
9 loans.

10 I am not telling you this to look for
11 pity. I am not asking you for a handout. I am
12 not here to ask for more scholarships or grant
13 money for my own education. I am asking that you
14 make loans less of a lifelong burden for students
15 all over the country. The rewards would be truly
16 worthwhile.

17 Imagine more teachers and social workers.
18 Imagine more graduates taking a year or two to
19 work for a non-profit organization. Imagine a
20 much stronger community.

21 So we stand here at a crossroad. Down
22 one path, I see a path of debt, a path of working
23 a job that is not rewarding, but must be taken to
24 repay student loans. It is a path of graduates

1 who may need to take a second job to make ends
2 meet. It is not a path that is desirable for
3 students.

4 Down the other path, I see a world of
5 fulfillment. This path allows us to explore our
6 desires to serve our fellow men and women, and not
7 have to worry about an unbearable loan repayment
8 schedule. I ask that you please make this second,
9 more fulfilling path available to students all
10 across America.

11 On Monday, I sat at a table asking
12 students to support our request for a change in
13 student loan repayments. In the short time I was
14 there I received almost 100 signatures. I was one
15 student who asked for support for a few hours one
16 day, and the response was overwhelming. This is
17 truly an issue that is of great importance to
18 students, faculty, staff, administrators, parents,
19 and alumni alike.

20 Thank you for this opportunity to speak
21 about an issue that is very important to so many
22 of us.

23 **DAN MADZELAN:** Thank you.

24 **DAN MADZELAN:** Bill Church.

1 **BILL CHURCH:** Good afternoon. My name is
2 Bill Church, and I will also be speaking
3 extemporaneously to you this afternoon.

4 Based on what I have heard this morning,
5 I have jotted down a few notes, so please bear
6 with me.

7 I am a Commissioner with the National
8 Accrediting Commission of Cosmetology Arts and
9 Sciences, and also a school owner, and, as such,
10 represent the proprietary sector of postsecondary
11 education--the people who are tax paying. Of
12 course, paying taxes theoretically depends on
13 whether or not you make a profit, and we certainly
14 hope we can do that.

15 We read with great interest the
16 Commission's report about access and affordability
17 and quality, and innovation, and accountability.
18 For the most part, we are in agreement with that
19 report. So much of what is contained in the
20 report are things that we have been doing for a
21 long time in the proprietary sector, especially in
22 the area of accountability--completion rates,
23 licensing rates, and placement rates--we have
24 severe thresholds that we need to adhere to.

1 We also need to even share with our
2 potential students as we enroll the information
3 regarding safety issues and salary issues. All of
4 that is disclosed up front. I must tell you that,
5 based on the schools that come across my desk as a
6 commissioner, I can assure you that school owners
7 and/or their admissions representatives are not,
8 in fact, enrolling students to make their
9 completion rates look good, not based on some of
10 the completion rates that I see. I just do not
11 think that is happening.

12 Of course, in our schools, we must
13 improve our outcomes, and we do that through a
14 number of different means, not the least of which
15 are student surveys and employer surveys and
16 advisory committees, all assessing constantly our
17 outcome. So it is something that we have been
18 doing for a long, long time. Some of that which
19 is contained in the commission report was very,
20 very refreshing to us.

21 Very quickly, some of the issues that we
22 would like to see, and I realize that this is
23 primarily about financial aid, and I must tell you
24 that the financial aid program, specifically with

1 regard to loans, does need to be revamped, if not
2 the least of which is this streamlining of the
3 FAFSA. We are subjected in our proprietary sector
4 to some rather strict composite scores that we
5 must meet at the end of every year based on annual
6 audits that we get, or that we receive.

7 I must tell you this, most healthy
8 corporations in this country will have a very,
9 very difficult time meeting those composite
10 scores, but somehow, year after year, we are able
11 to do that. Those schools that do not must get a
12 Letter of Credit. We would love to see that
13 eliminated, if possible.

14 The issue of default rates, which plagued
15 proprietary schools for years seems to be under
16 control, but, once again, the segment of the
17 population that we tend to serve are the ones that
18 are least likely to pay those loans back. We do
19 seem to have a better handle on that, but we would
20 love to see that eliminated as well.

21 The big thing with the public, private,
22 and proprietary sectors, as we see it, is equity.
23 We would love to see whatever rules and
24 regulations, whatever outcomes, whatever

1 thresholds that are thrown upon the industry be
2 divided in equitable amounts to all three of those
3 portions of education. In other words, measure us
4 all the same way. That is all we are asking.

5 Quite frankly, I would encourage you
6 strongly to invite to the table of negotiated
7 rulemaking as many proprietary schools as
8 possible. I really think we have something to
9 offer.

10 Thank you.

11 **DAN MADZELAN:** Thank you.

12 **DAN MADZELAN:** Cynthia Davenport.

13 **CYNTHIA DAVENPORT:** Good afternoon. My
14 name is Cynthia Davenport, and I am the Executive
15 Director of ASPA, the Association of Specialized
16 and Professional Accreditors.

17 ASPA is a membership organization
18 representing 51 different accrediting groups and
19 nearly that many professional fields and
20 disciplines. Together, the members of ASPA
21 accredit roughly 15,000 programs, schools, or
22 units, and take pride in the role they play in
23 helping to ensure the quality of education
24 provided to the many thousands of students in

1 those programs.

2 While many of the programs accredited by
3 members of ASPA are housed in institutions that
4 are accredited by our national or regional
5 colleagues, some members of ASPA are recognized by
6 the Secretary of Education as Title IV
7 gatekeepers, especially for single-purpose,
8 freestanding institutions. Many others are
9 recognized as program accreditors for other
10 federal purposes.

11 I appreciate the opportunity to appear at
12 this hearing today. The report of the Commission
13 on the Future of Higher Education was discussed at
14 length during a recent ASPA membership meeting,
15 which helps me to speak on behalf of the members
16 of ASPA. First, ASPA is in agreement sent in
17 early September by those members of the Committee
18 on Health, Education, Labor, and Pensions who
19 expressed concern regarding inclusion of
20 recommendations from the report of the Commission
21 in negotiated rulemaking, before any legislative
22 action has been taken. We have a strong
23 preference rather than two rounds of negotiation,
24 which would be best held, we believe, after

1 reauthorization of the Higher Education Act is
2 concluded.

3 Next, we think that it is possible to
4 agree with the concerns stated in the early pages
5 of the report without agreeing with many of the
6 proposals in the later sections. Accreditation
7 has a long history of serving the public interest.
8 In fact, specialized accreditation was developed
9 starting in the early 1900s because of a need to
10 be sure that the public was well-served by
11 competent practitioners in fields that ranged from
12 medicine to business to law, library science,
13 music, and subsequently to the many professional
14 fields and disciplines that continue to serve the
15 public today.

16 The focus on ensuring the development of
17 competent practitioners means that specialized
18 accrediting organizations have long been
19 interested in results and student learning
20 outcomes. However, they also recognize that
21 composite outcomes are a trailing indicator, and
22 not an indicator of individual student
23 achievement. Accreditors focus on institutions
24 and programs providing conditions that will enable

1 students to succeed, but they also recognize that
2 students must accept some responsibility for their
3 own learning as part of the partnership that
4 creates that success.

5 In part because of their strong roots in
6 public service, members of ASPA believe that it is
7 very important to acknowledge that there is no
8 single public interest. Because of this,
9 accreditation must address numerous, often
10 competing elements of the public interest.
11 Mandating any single public interest through
12 either legislation or regulation would
13 disenfranchise and ultimately be a disservice to
14 other important publics.

15 I have modified my remarks slightly,
16 because my colleague, David Preble, covered some
17 of the points very eloquently that I was prepared
18 to make, but they will be included in my written
19 testimony that I will submit, but I am kind of
20 skipping ahead, here.

21 ASPA member accreditors believe that
22 accreditation is meant to foster improvement and
23 not just provide evaluation. They are committed
24 to providing good, accurate, appropriate public

1 information that does not compromise the integrity
2 of the process. The business world understands
3 the need for private discussions prior to making
4 announcements to stockholders or the public.
5 Accrediting organizations and institutions also
6 need the time and space to make decisions. It is
7 important to make public all final accreditation
8 actions, but maintaining a level of
9 confidentiality enables the system to work to the
10 benefit of all. Because only a small number of
11 programs is under review at any given time, and
12 because institutions are dynamic with ongoing
13 changes, inappropriate comparisons are likely to
14 create a non-level playing field, putting
15 institutions at a competitive disadvantage, and
16 perhaps even mislead the public, something which
17 goes against the very nature of specialized
18 accreditation.

19 We believe that preserving autonomy and
20 freedom of action is important. It allows the
21 diverse mission of institutions to flourish.
22 Innovation and creativity will die without some
23 degree of freedom. Retaining principles that
24 respect freedom and time for institutions and

1 programs, and also for accrediting organizations
2 produces effective, productive, and cost-efficient
3 ways of operating.

4 Members of ASPA are concerned that much
5 of the higher education policy discussion seems to
6 have lost sight of the fact that the future of
7 American success depends on the extent to which
8 students master disciplinary and professional
9 content, not on how much data is collected, or the
10 specific kinds of accountability systems used.
11 Accreditors are receptive to, and appreciate,
12 thoughtful recommendations from many sources, but
13 want recommendations, especially those that call
14 for change, to be based on accurate information,
15 empirical data, and balanced analysis.

16 Many of the proposals under discussion,
17 unfortunately, do not meet these criteria. Having
18 said this, it may be important to add that
19 opposing some of the proposed changes is not the
20 same as being opposed to all change, or even to
21 change in general. Members of ASPA simply hope to
22 assure that change is not change just for the sake
23 of change, but has a real potential to make
24 positive improvements that would pass the cost

1 benefit analysis.

2 In conclusion, on behalf of ASPA and its
3 members, I want to thank Secretary Spellings for
4 indicating that she understands the need to meet
5 with the accreditation community to discuss some
6 of the proposals contained in the Commission's
7 report. We are hopeful that, as we meet, ways to
8 implement sound ideas will emerge, and the
9 potential harm of unintended consequences can be
10 avoided. We urge you to keep the points from
11 these remarks in mind as you develop the topics to
12 be addressed in negotiated rulemaking. ASPA
13 stands ready to assist in this important endeavor
14 whenever it occurs, although we hope that the
15 accreditation aspects will be addressed when
16 reauthorization is completed, and not this fall.

17 Thank you.

18 **DAN MADZELAN:** Thank you.

19 **DAN MADZELAN:** Chris Rasmussen.

20 **CHRIS RASMUSSEN:** Thank you for the
21 opportunity to be here today. My name is Chris
22 Rasmussen. I currently serve as the Director of
23 Policy Research at the Midwestern Higher Education
24 Compact, an interstate compact of 11 Midwestern

1 states. Based in Minneapolis, it serves higher
2 education institutions, systems, and government
3 stakeholders. I am here today speaking not so
4 much on behalf of the Midwestern Higher Education
5 Compact, but rather as an individual with nearly
6 20 years of experience working with college
7 students, and serving in studying higher education
8 in five U.S. states and the Commonwealth of
9 Australia.

10 I would like to add that I am the first
11 in my family to earn a college degree. I am a
12 former Pell Grant recipient, and I relied heavily
13 on Federal Stafford and Perkins Loans, self loans,
14 institutional loans, and private loans in the
15 pursuit of both my undergraduate and graduate
16 degrees.

17 Since the last major reform of the
18 federal financial aid system in the early 1980s,
19 attempts to reduce barriers to access have
20 amounted to little more than tinkering with what
21 many would argue is a dysfunctional model of
22 college pricing and discounting. Perhaps, instead
23 of continuing our efforts to repair a broken model
24 of college financing, we should abandon the model

1 altogether, and consider a radical restructuring
2 of our thinking about how to pay for college.

3 Anytime we look outside of our own
4 country for examples of how we might do a better
5 job of getting more of our talented youth to
6 attend college, while radically reducing the
7 complexity and the bureaucracy of our current
8 Federal financial aid system. One worthy example
9 of consideration is in Australia, where I have
10 spent considerable time studying what is known as
11 the Higher Education Contribution Scheme. This is
12 a Federal government program that allows students
13 to defer all tuition costs until after graduation,
14 at which point they repay the debt through salary
15 reduction. The program is essentially a form of
16 income contingent lending, with borrower repayment
17 set as a percentage of an individual's gross
18 earnings, currently between four and eight percent
19 of pay.

20 A minimum income threshold must be
21 reached before any repayment begins, currently set
22 at the equivalent of about US\$27,000. This helps
23 to ensure that individuals are not overly burdened
24 by loan obligations as they struggle to find work

1 or choose to enter fields that are traditionally
2 lower paid, including the service industries and
3 professions such as teaching, childcare, and
4 social work.

5 While repayment is based on income, no
6 student or family means testing is applied at the
7 point of college entry, meaning no Federal FAFSA
8 is completed, although a separate Federal
9 government program does provide cash assistance
10 and housing allowance to students who meet certain
11 income standards. While scholarships exist for
12 the most highly talented of college applicants,
13 all students entering the same academic program
14 are assessed at the same level of deferred
15 tuition.

16 The Australian system applies to both
17 full-time and part-time students, thus covering
18 high school graduates who go right to college, and
19 working adults returning to complete a degree or
20 obtain the education needed for a career change or
21 professional development. From an economic
22 perspective, the Australian model offers distinct
23 benefits to the prospective consumer. The entry
24 price of college is, essentially, zero, at least

1 in terms of tuition. The income-contingent aspect
2 of repayment and the minimum income threshold
3 serve as forms of insurance that reduce the risk
4 associated with the choice to go to college.

5 While the government loan is indexed
6 annually for inflation, it does not carry any
7 nominal interest rate, neither while the person is
8 in school or during repayment. Therefore, a delay
9 in repayment is not penalized through interest
10 compounding. This makes the net value of college
11 investment more favorable than borrowing at market
12 rates.

13 In my work with Australian students and
14 families from low-income backgrounds, the vast
15 majority indicated they would not have been able
16 to pursue education without the availability of
17 the deferred payment option. Features of the
18 system relieved their anxieties about paying for
19 college, including a minimum repayment threshold,
20 and a relatively small amount of their wages that
21 would be directed toward fulfilling their loan
22 obligations. As a result, they expressed
23 relatively little concern about their ability to
24 repay their loans or the burden represented by

1 their debt.

2 Individuals who chose not to attend
3 college decided to pass on the opportunity not
4 because of tuition costs or potential
5 indebtedness, per se, but mostly because they were
6 interested in careers that did not require a
7 college degree. In fact, many indicated to me
8 that they would likely have attended college if it
9 had been required to enter their desired
10 occupational field. The financial indebtedness
11 was something they were willing to assume if
12 necessary.

13 The cost-related concerns for these
14 students, or non-students, as it were, expressed
15 had more to do with relocation for college, the
16 need to support themselves while in school, and
17 various out-of-pocket expenses. Many researchers
18 and higher education advocates in both Australia
19 and the United States have argued that individuals
20 from low-income backgrounds are more debt averse
21 than their middle- and higher-income peers. This
22 plays a role in their decision whether to attend
23 college.

24 I believe that what some might consider

1 debt aversion in the college choice context is
2 often more accurately described in economic terms
3 as a "low taste for risk" and heightened
4 discomfort with the uncertainty of outcomes from
5 the college investment. Educational debt aversion
6 seems to exist more as conventional wisdom than it
7 does as an empirically-proven phenomenon. What
8 appears to be at work in many cases is a relative
9 lack of knowledge or understanding of principles
10 of finance and investment, and of the long-term
11 benefits of short-term borrowing. An effort to
12 achieve a higher level of economic literacy in
13 adolescents might help to reduce the anxieties
14 about the cost of college felt by many.

15 At the moment, many college students face
16 a double whammy upon graduation, high student loan
17 debt and the dramatically increased cost of
18 housing, which has gone up more than 100 percent
19 over the last six years in some parts of the
20 country. The average home cost in many cities in
21 the Midwest, which has historically enjoyed a
22 relatively low cost of living, is now over
23 \$250,000. The volume of student loan debt carried
24 by many students, together with the fact that a

1 home purchase is substantially out of reach for
2 many, could have serious implications for our
3 society, including delayed marriage, delayed or
4 reduced childbearing, extended residence with
5 parents, and the inability to invest or save for
6 emergencies and retirement.

7 Finally, I believe the importation and
8 application of pieces of the Australian model
9 would make for an interesting experiment in
10 expanding educational opportunity in this country
11 while reducing the relative burden imposed by
12 student loans. It certainly is better than
13 continuing to tinker with the model we presently
14 use.

15 Thank you very much for your time.

16 **DAN MADZELAN:** Thank you.

17 **DAN MADZELAN:** Matt Glaman.

18 **MATT GLAMAN:** During high school, I
19 wanted to go to college. Well, now I am there-

20 **DAN MADZELAN:** Name and affiliation,
21 please. Thank you.

22 **MATT GLAMAN:** I am Matt Glaman. I am
23 from Stevens Point. I am a freshman this year.

24 Throughout high school, I planned to go

1 to college, and I knew that it would be tough to
2 pay for it, but I kind of put that aside, because
3 I needed to graduate. I wanted to make sure that
4 I would actually be able to go to college.

5 This summer I applied for financial aid,
6 which was a lot of paperwork and a lot of time,
7 and it was quite confusing for me. I applied for
8 it, and I waited and waited. I found out that I
9 was only going to receive \$1,300. Tuition this
10 semester cost me around \$4,500. That leaves me
11 roughly \$3,000 for this semester. If this were to
12 continue for all eight semesters, I would be in
13 debt \$24,000. I searched around for loans to
14 figure out how to pay off this \$3,000, and all of
15 the loans were at an interest rate of about five
16 percent. So \$24,000 at five percent over four
17 years--that is a lot of debt that I am going to
18 have to pay off.

19 Also, I have friends that do not even go
20 to college now because of this cost. They saw
21 that ahead of time. They did not ignore it like I
22 did. My friend Tighe, he had received a 26 on the
23 ACT, could have gone to a great college, but he
24 was unable to pay for it. He is now working at a

1 gas station. He was going to apply to Milwaukee,
2 get a business major and open a community center
3 where kids could go and bands could play--try to
4 give something back to the community, but now he
5 is not doing that because he couldn't afford
6 college.

7 My friend Liberty, she was going to go to
8 school to be a photojournalist. Throughout high
9 school she had a job at Walgreens. She came very
10 secure. She had a good income. She was able to
11 support herself. She chose not to go to college
12 so that she would not lose this job. She would
13 not go to college. She would not get into debt,
14 and she would not have to find a new job and have
15 to start all over.

16 Then, going back to my situation, with
17 this \$24,000 in debt with five percent interest
18 over the four years, and then getting out of
19 college having to find housing, pay for food,
20 other things I will need, and commuting to a job--
21 I do not know how I am going to start off. I do
22 not know how to start life because I am so far
23 behind. So I am hoping that, with all these ideas
24 that have come up, you guys help find a way to

1 help make college more affordable so that people
2 who do decide to go to college and make this
3 country greater by using their intellect--and then
4 get more people to go to college. That is pretty
5 much the sum of it all.

6 Thank you for your time.

7 **DAN MADZELAN:** Thank you.

8 **DAN MADZELAN:** Katie Kloth.

9 **KATIE KLOTH:** Hello. My name is Katie
10 Kloth, and I attend the University of Stevens
11 Point, Wisconsin. You have seen many of us here
12 today.

13 I did not break it, I promise.

14 **DAN MADZELAN:** It belongs to Loyola, not
15 us, so--

16 [Laughter.]

17 **KATIE KLOTH:** Loyola, I did not break
18 your microphone.

19 In all seriousness, though, I am double
20 majoring at Stevens Point in communications and
21 political science and, after my college endeavors
22 have ceased, I plan to attain a job doing
23 environmental activism and/or journalism.
24 However, due to enormous of student loan debt that

1 I will have to pay off post-graduation, I will
2 most likely first have to get some kind of higher
3 paying job in a field that is not my first
4 interest or first choice, and rather than doing
5 what I want to do, which is non-profit activist
6 work that would benefit numerous other people,
7 rather than just myself.

8 In having aspirations to be a non-profit
9 worker, such as a program organizer, in a place
10 much like I come from, Stevens Point--we do many
11 grassroots things and social interest things and
12 it is amazing. Any way you choose to describe it,
13 it is amazing. Sadly, the salary you get is only
14 about \$23,000 a year, and that is not a lot of
15 money considering how much debt I am going to be
16 having.

17 With this job, getting new experience in
18 other countries helps broaden your spectrum of
19 understanding and attain a plethora of new
20 knowledge through experiential learning. However,
21 in addition to debt from tuition, if one wants to
22 study abroad it only creates a higher bill that
23 cannot merely be supplemented by governmental
24 financial aid, and causing me and other people to

1 take out other alternative loans, which I had to
2 take out this year--like, a \$13,000 loan. They do
3 not even have ceilings, so they can just
4 skyrocket. You can owe all this money, it is
5 redunculous [sic]. Anyway--I am serious, though.

6 Anyway, so, the unfortunate reality of
7 this is--in fact, everyone should have this great
8 opportunity to study abroad and go where they
9 please, as it is a life-changing opportunity that
10 can be missed. I, for one, am studying abroad in
11 Australia next semester and, like I said, I have
12 taken a \$13,000 alternative loan and, since I
13 already have a Stafford Loan, a Perkins Loan, and
14 work study, this is just going to be a ridiculous
15 amount of extra loan money and debt I will have to
16 pay off that I will not be able to.

17 In conclusion, I think that student debt
18 needs to have better regulations to help control
19 these interest rates that are spiraling out of
20 control. There needs to be more financial aid
21 available to all qualified students, in general,
22 so others like me do not have to work two jobs
23 during the school year, and end up juggling
24 extensive job demands with school, where the

1 majority of my time will be spent making money
2 versus studying, which I am actually going to
3 school for.

4 Thank you for your time.

5 **DAN MADZELAN:** Thank you.

6 **DAN MADZELAN:** Scott Formo.

7 **SCOTT FORMO:** Good afternoon. My name is
8 Scott Formo, and I am the President of the
9 Minnesota State College Student Association, and
10 also a student at Alexandria Technical College in
11 Alexandria, Minnesota.

12 I am very appreciative that these
13 hearings have been called to discuss some of the
14 positive changes that can be made to the Federal
15 financial aid process. Currently, the Minnesota
16 State Colleges and University System, or MNSCU, is
17 the largest single provider of higher education in
18 the state of Minnesota, which encompasses 46 two-
19 year community and technical college campuses, as
20 well as seven four-year state universities. MNSCU
21 serves approximately 240,000 students annually in
22 credit-based courses, and an additional 130,000
23 students a year in non-credit courses.

24 As President of the Minnesota State

1 College Student Association, or MSCSA, I am here
2 today to represent the more than 100,000 students
3 from Minnesota's two-year public colleges. MSCSA
4 empowers student governments and students by
5 organizing and promoting activities and encourage
6 unity within the student community, while also
7 providing opportunities for students to develop
8 leadership skills.

9 Over the past couple of months, we have
10 geared up for what makes to be an interesting
11 year, both academically and legislatively.
12 Rosalind Carter once said, "A leader takes people
13 where they want to go. A great leader doesn't
14 necessarily take people where they want to go, but
15 ought to be."

16 We have worked hard along the way with
17 other student associations to train many great
18 leaders to advocate for what "ought to be" by
19 mobilizing our leadership teams to raise awareness
20 of the issues at hand, including the rising
21 interest rates and student debt through regular
22 press events, training, workshops, and regular
23 association updates to all of our 46 campuses.
24 More recently, we have shifted into high gear in

1 our "Get Out the Vote" efforts by swarming
2 campuses with students, working to register new
3 voters. So far, this year, we have registered
4 over 1,200 new voters at our campuses.

5 In addition, through comprehensive
6 student-based, grassroots efforts, MSCSA advocates
7 local, state, and federal level for accessible,
8 affordable, and quality education. In fact, this
9 past week, MSCSA students were in Washington,
10 D.C., to advocate at the Federal level with
11 Senate, Congressional, and the National Governor's
12 Association delegates and staff, various
13 educational lobbyists, and other local, state, and
14 Federal student associations that were present for
15 the American Student Association of Community
16 Colleges at the ASACC fall citizenship conference.

17 While in Washington, D.C., I heard many
18 stories similar to the ones you have heard today,
19 and will hear at future hearings, of how student
20 debt is a growing concern that affects today's
21 students and tomorrow's economy. More
22 importantly, though, here today, I also represent
23 the growing number of adults and students like me
24 with families and children who are returning to

1 school to achieve vocational goals and acquire the
2 skills necessary to compete in the global economy.

3 Many of us have returned to school to
4 create a better life, not only for ourselves and
5 our families, but also for the community as a
6 whole. Like many other non-traditional students,
7 I returned to school because I felt that I needed
8 to update my skills in education in order to make
9 myself more marketable in today's workforce. As a
10 returning parent/student, not only am I facing the
11 challenges of returning to school and balancing
12 family time with school and work, but also
13 reacquainting myself with the necessary study
14 skills to succeed, while battling the rising cost
15 of tuition in Minnesota, as well as across the
16 nation.

17 I also returned to school to help create
18 a better community. Higher interest rates and
19 increasing student debt can seriously deter
20 students from going to school and filling
21 essential roles in society. College campuses that
22 have many benefits to offer the community, along
23 with the wide variety of choices in degree
24 options--however, like any other college campus in

1 the nation, these options do not come without a
2 high price tag, as students today are faced with
3 cuts to financial aid and higher interest rates on
4 student loans.

5 With our future earning capacity devoted
6 to paying off the extra debt created by the rising
7 interest rates, students today are faced with some
8 tough decisions. With such a high debt load, how
9 can I provide for my family, and actually move
10 ahead in my career, which is my sole reason to
11 return to school in the first place. More
12 importantly, how is it possible to save for my
13 retirement, and, even more importantly than that,
14 my ten-year-old son's college education, when I
15 can hardly pay for my own, as it is?

16 Parent-students from Minnesota and across
17 the nation are often forced to decide between
18 financing their own education and that of their
19 children. Even if they ambitiously attempt both,
20 after graduation they will have even less income
21 than traditional students to contribute towards
22 repayment. MSCSA urges the Department of
23 Education to formally recognize the unique
24 financial needs of parent graduates in the

1 repayment process.

2 Balancing the financial needs of both
3 education and family is made more difficult by the
4 amount of borrowing that has become necessary to
5 finish a degree, even at the public two-year
6 college system. At Alexandria Technical College,
7 my home campus, 78 percent of students are not
8 eligible for the Pell Grant, and 10 percent have a
9 family income of less than \$30,000.

10 As a thirty-something non-traditional
11 student, I am only slightly above the average age
12 of Minnesota's public two-year students, which is
13 26.3 years of age. When you consider that 95
14 percent of the students over age 25 receive no
15 parental support for their education, access to
16 supposedly open-access institutions seems
17 increasingly out of reach.

18 According to the United States Student
19 Association, nationwide there is \$31 billion in
20 financial need that is not being met by financial
21 aid. MSCSA applaud Secretary Spellings and the
22 Department of Education's recognition that
23 students face heavy debt loads upon graduation,
24 and we encourage the Department to take great

1 strides in controlling the affordability of loan
2 repayment in the financial aid process, generally.

3 Student borrowing rates are a huge
4 concern across the country. In Minnesota, 74
5 percent of undergraduates graduating from public
6 institutions in 2004 had borrowed money to
7 complete their degrees, borrowing an average of
8 \$17,200 each. Since that time, tuition has
9 continued to rise at rates that dwarf both
10 inflation and the cost of living. Tuition at
11 Minnesota's public two-year colleges has risen 67
12 percent since the year 2000.

13 A great deal of the Higher Education Act
14 was really to accessibility and affordability to a
15 quality education by all. Minnesota's population
16 is expected to increase by 14 percent over the
17 next 14 years. Currently, eight percent of the
18 adult population of Minnesota has less than a high
19 school diploma, making accessibility even more
20 important than in years past.

21 Affordability means having the ability to
22 go to college full-time without having to take on
23 one, two, or even three jobs, having to take out
24 student loans with interest rates higher than they

1 were only a few months ago, or even having to
2 choose between what you want to do versus what you
3 can afford to do. While this is what past
4 generations were able to call affordable,
5 currently it is the exact opposite. Average
6 student debt for students has increased by 107
7 percent in the past decade. Minnesota colleges
8 are more dependent on tuition than our neighbors.

9 Recently, the *Chronicle for Higher*
10 *Education* released its data, and Minnesota's two-
11 year public colleges now ranks number two in the
12 nation, number two as in the second highest cost
13 of college education in the United States, not
14 exactly what we want to brag about. MSCSA urges
15 the Department of Education to consider the point
16 at which lack of affordability becomes a roadblock
17 for accessible education.

18 The National Center for Public Policy in
19 Higher Education's *Measuring Up 2006*, the state
20 report card on higher education states that,
21 compared with the best performing states, families
22 in Minnesota devote a fairly large share of family
23 income, even after financial aid, to attend public
24 two-year colleges. *Measuring Up 2006* goes on to

1 state that Minnesota does not offer low-price
2 college opportunities. Even after financial aid
3 is disbursed to institutions and students, the
4 percent of Minnesota's income, the average of all
5 the income groups, needed to pay for college
6 expenses, minus financial aid, has risen from 19
7 percent to 22 percent for the public two-year
8 colleges, 7 percent higher than other top states
9 in the nation. It has risen from 19 percent to 26
10 percent at the four-year public colleges and
11 universities, 10 percent higher than other top
12 states in the nation.

13 In populations with the lowest income, 52
14 percent of the average family income is spent on
15 college education at the two-year public college
16 system, whereas 24 percent of the lower middle-
17 income, and 16 percent of the middle-income, and
18 so forth. The report also states that
19 undergraduate students are borrowing an average of
20 22 percent than in 1992. MSCSA is conscious of
21 the fact that the Department of Education cannot
22 directly control tuition, nor the amount of
23 financial aid our students are awarded. However,
24 by negotiating rules of repayment that alleviate

1 the financial burden of graduates, today's
2 students may be in a better financial position to
3 contribute to the economy in the essential ways we
4 all value, through careers in public service,
5 increased tax revenue, and an educated workforce.

6 There are many small ways that we could
7 provide great benefit to today's learner. I am
8 sure you will here many creative proposals
9 throughout the course of these hearings. However,
10 I am concerned with the ability of working adults,
11 particularly parents, to return to school in
12 today's high-tuition, high-debt climate. Allowing
13 loan forgiveness after many years of diligent
14 parents would definitely aid parents boggled by
15 how to help their children access higher education
16 while repaying their own student loans.

17 Additionally, families run into financial
18 hardship for a multitude of reasons, many
19 unforeseen and not preventable. Providing
20 graduates with a simplified process for applying
21 for hardship deferrals and halting the accrual of
22 interest during times of hardship would ensure
23 that every family can reach their educational
24 goals. This is not to say that there should not

1 be accountability that acquire loans to fund their
2 course work of education is an investment, and
3 sometimes borrowing is a necessary expense to
4 achieve a degree. As a student, a future
5 professional, and a parent I take this
6 responsibility very seriously, as do other
7 students across the country. If given the tools
8 to alleviate a portion of the repayment burden, we
9 can achieve more than we ever thought possible.

10 Our association represents students that
11 will train and transition into tomorrow's
12 workforce--the hardworking people who will enter
13 service occupations, such as nursing, law
14 enforcement, education, and public interest work.
15 To allow entry into these fields, particularly
16 among non-traditional students, something must be
17 done to alleviate unreasonable repayment on
18 student debt. Allowing for income-contingent
19 repayment plans for all borrowers, and forgiving
20 remaining debt after 20 years of dutiful repayment
21 would significantly assist in this area.

22 MSCSA urges the Department of Education
23 to make repayment more manageable for graduates in
24 all fields of study through these measures. We

1 encourage you to look creatively at other means of
2 growing America's potential workforce through
3 affordable education. With the passing of the
4 Higher Education of 1965, the Federal student loan
5 programs were created. President Johnson declared
6 that the result of this legislation was that "A
7 high school senior anywhere in this great land of
8 ours can apply to any colleges and university in
9 any of the 50 states and would not be turned away
10 because his family is poor."

11 Just over 40 years later, this vision
12 could not be further from reality. The good news
13 is that the vision has not been lost, and there
14 are things that the Department of Education can do
15 to set higher education on an even playing field
16 for all. Become a model for state governments,
17 and lead the Federal financial aid system to where
18 it ought to be.

19 Thank you, again, for your time and
20 consideration today.

21 **DAN MADZELAN:** Thank you.

22 **DAN MADZELAN:** You will have to tell us
23 who is next.

24 **KATIE CAMPION:** My name is Katie--is this

1 loud enough?

2 **DAN MADZELAN:** No.

3 **KATIE CAMPION:** Okay. My name is Kate
4 Campion. I am the Treasurer for the Minnesota
5 State College Student Association, and I am the
6 Student Senate President for Inver Hills Community
7 College in Minnesota. I am what you might call
8 just a little bit biased.

9 Thank you very much for the opportunity
10 to share my thoughts with you.

11 Like the Department of Education, I am
12 concerned with making changes to the financial aid
13 process and established rules that would provide
14 increased affordability to today's college
15 student. I bring a somewhat different perspective
16 to this discussion, as I have only recently
17 graduated high school and begun my college
18 experience with plans to earn a degree in urban
19 education.

20 With tuition at colleges and universities
21 at a rapid rate, many students are ruling out
22 higher education before they even step foot into
23 the door. I attend a two-year community college,
24 the open access point in Minnesota for affordable

1 higher education for high school graduates. Two-
2 year colleges have always prided themselves as
3 serving as an open access point to higher
4 education, however, nationwide, this is becoming
5 less and less the case. Tuition has more than
6 doubled in the last ten years, suppressing
7 increases in available aid, resulting in students
8 being priced out of a college degree.

9 Fifty-four percent of traditional-age
10 students under age 25 in Minnesota do not receive
11 parental contributions toward their educational
12 expenses, yet parental income is considered in the
13 financial aid process for most of these students,
14 excluding many of them from receiving need-based
15 grants and subsidized loans. Private loans or
16 public unsubsidized loans quickly become the only
17 method of financing higher education for these
18 students.

19 Although I took advantage of earning
20 college credits while still in high school, my
21 parents have been able to assist me thus far.
22 Soon enough, I too will be forced to borrow to
23 continue my educational pursuits, a burden that
24 neither myself, nor my family is prepared for.

1 This year, my family is faced with a difficult
2 decision. My parents' income, collectively,
3 disqualify me for student aid, but are not enough
4 to be able to actually afford my education without
5 putting a huge strain on their finances.

6 Without many options, and with
7 skyrocketing interest rates on student loans, my
8 dad decided to just bite the bullet and pay for my
9 education. I do not know how long he is going to
10 be able to keep that up, though. I will soon join
11 the majority of students financing their education
12 on student loans and accumulating debt. High
13 student loan interest rates compound the sticker
14 shock that high school graduates and their parents
15 face when looking at investing in higher
16 education. Many are wary of accepting the high
17 debt burden necessary to attend college.

18 For those that do go to college, what
19 happens if they fall on hard times after
20 completing their degree? College graduation is
21 meant to be a time of celebration and dreams of
22 what the future holds, but the growing concern of
23 college graduates is their substantial debt loads,
24 and it is terrifying. Graduates facing economic

1 roadblocks are required to make tough decisions
2 simply to make loan payments. Would you choose
3 between health insurance, food for your family, or
4 making a loan payment?

5 For students entering the service sector,
6 the question is not a matter of when economic
7 hardship will come, it is if a base salary can
8 even cover the cost of repaying debt. The
9 national average starting salary for a teacher in
10 school year 2003-2004 was \$31,704. According to
11 reports, a new teacher with that income would have
12 just under \$13,000 in discretionary income. In
13 the case of the average teacher, that results in a
14 maximum payment of \$4,586.50 a year, or \$216 a
15 month. That is about the cost of my car payment.
16 This leaves just over \$10,000 in discretionary
17 income, which, to me, is not that much to base a
18 future on.

19 I fear that, as an urban educator, I will
20 have to take time away from preparing my classes
21 to work a second job just to repay my loans. If
22 the Department of Education were to allow more
23 accessible hardship deferrals on loans to graduate
24 repayment, it would provide peace of mind to

1 countless students and ensure that fewer graduates
2 default on their loans, allowing them to maintain
3 the credit they so desperately need to begin their
4 adult lives.

5 The default rate on student loans in
6 Minnesota average 3.3 percent in 2003, below the
7 national average of 4.5 percent. However, in the
8 public two-year system, 18 of 29 colleges had a
9 student loan default rate above the national
10 average. On the high end, Fond du Lac Community
11 College, a college with a substantial American
12 Indian population, had a default rate of 21.8
13 percent. America cannot afford a future of
14 indebted graduates, or worse, a financially
15 inaccessible educational system, especially for
16 students of color.

17 The public two-year college system that I
18 represent educates more than 50 percent of
19 Minnesota's future, which I hope will soon include
20 me--78 percent of the state's nurses, and 92
21 percent of the law enforcement officers. These
22 occupations are critical to preserving the high
23 quality of life in our country, our states, and
24 our communities. Cracks in the current system are

1 already beginning to show. Over the next decade,
2 America will have to recruit 2 million new
3 teachers to fill our nation's classrooms. Two-
4 thirds of graduates today have student loans.

5 With significant debt, students will see
6 little incentive to move into these low-paying but
7 essential jobs. By providing for loan repayment
8 plans that are income dependent, and cancelling
9 loans after 20 years of on-time payments, the
10 Department of Education would stop students from
11 having to choose what they want to do with their
12 lives and what they need to do to repay their
13 debt.

14 As I mentioned earlier, my field of study
15 is urban education, and I am personally facing
16 this decision. In order to gain licensure, I must
17 have a bachelor's degree from a four-year
18 institution. By the time I am done with that,
19 despite my parents' assistance this year, I will
20 have between \$20- and \$30,000 worth of debt. With
21 a potential starting income as low as \$23,000 a
22 year in Minnesota, nearly \$8,000 below the
23 national average, how can I afford hundreds of
24 dollars a month in loan repayment?

1 If I remain on my current path and
2 nothing is done to prevent rising tuition and
3 interest rates, it will be nearly impossible for
4 me to pay off my school loans. College and
5 university students are drowning in a sea of pop
6 quizzes and debt. Although the quizzes are
7 arguably in our favor, there is much to be done
8 about unmanageable debt.

9 The ability of the financial aid system
10 to lessen the debt obstacles that students face in
11 planning their futures would allow more inclusive
12 access to higher education and increase likelihood
13 of student success. Congress seems to understand
14 the potential effect of loan debt on educators
15 because, in the fall of 2004, Congress passed the
16 Taxpayer Teacher Act of 2004, which allows for
17 loan forgiveness for math, science, and language
18 teachers with five years of tenure at low-income
19 schools. While this legislation is a positive
20 step, it fails to address the growing problem of
21 how to recruit 2 million college graduates into a
22 low paying career when many must begin making
23 student loan payments within a few months into
24 their first semester of teaching.

1 Students such as me, who are facing
2 significant challenges and choices between what we
3 want to do and what we can afford to do, will
4 ultimately feel more strongly the pull of loan
5 debt over career choice. Teachers, social
6 workers, non-profit community workers, and the
7 performing arts, which represent a whole sector of
8 low paying but socially valuable careers are
9 critical for a strong and flourishing nation.

10 MSCSA strongly encourages the Department
11 of Education to consider alternative loan
12 repayment, hardship, and forgiveness actions that
13 lessen the debt loads and benefit the national and
14 local economies, as well as society at large.

15 Thank you, again, for your consideration.

16 **DAN MADZELAN:** Thank you.

17 **DAN MADZELAN:** Nichelle Bottko.

18 **NICHELLE BOTTKO:** Hello, I am Nichelle
19 Bottko. I am the Director of Development for the
20 Minnesota State College Student Association, and I
21 am also a proud student of St. Paul Technical
22 College.

23 I would like to thank you for allowing me
24 to speak to you today to share with you a little

1 about my worries, my personal story, and how it
2 relates to students attempting to attend college
3 and further themselves in life.

4 As a young person whose life is
5 consistently filled with student worries, I
6 sometimes forget that the plight of the average
7 student today is not readily apparent to those who
8 are not currently enrolled. It was not that long
9 ago that a person could pay for college off of the
10 money that they earned while working a summer job.
11 They could leave with their education and very
12 little, if any, college loans to weigh them down.

13 It seems that the entire world has
14 changed in just a few short years. I am a
15 typical, traditional-aged college student. I take
16 classes, and I work a lot to try and pay for them.
17 Although I own a house with my brother, and my
18 parents are unable to contribute to my education,
19 their income still counts against me when my
20 financial aid is calculated. Because of this, I
21 am not eligible for any kind of aid other than
22 loans, and the loans that I do receive do not
23 cover the cost of a full-time college class load,
24 let alone books or other living expenses.

1 One of the greatest challenges that I
2 face as a student is debt. I worry about a future
3 that includes high monthly payments combined with
4 ever-increasing interest rates. The high cost of
5 student debt has already forced me to make tough
6 decisions that will have a lifelong impact. I
7 have already changed my career path. Like our
8 MSCSA treasurer, Katie, I initially wanted to
9 become a teacher. Although teaching is a very
10 rewarding career, it was way too much to think
11 about the kinds of loans that I would have
12 collected by the time I had graduated.

13 Figuring out how to pay them with a
14 teacher's salary was even more daunting. Because
15 of this, I decided to become an American Sign
16 Language interpreter. I chose this program
17 because I could earn a two-year degree and then
18 enter the workforce. This career, however, will
19 not satisfy all my future needs and, after I
20 complete my two-year degree, I will be working on
21 degrees in business marketing and also community
22 development.

23 Students today, like myself, are already
24 doing everything they can to reduce their levels

1 of debt. Gone are the days when a student could
2 earn a year, or even a semester's worth, of
3 tuition at a summer job. Today, students are
4 forced to make difficult and sometimes detrimental
5 financial decisions in order to stay afloat.
6 Students are taking few classes, which is
7 prolonging their education, in order to pay for
8 their living expenses and hold down their long-
9 term debt.

10 In the MNSCU system, 25 percent of
11 students report using credit cards to pay for
12 their tuition and fees, and 37 percent use credit
13 cards to pay for textbooks and supplies. Some
14 students are concluding that the high debt load is
15 too much to take on and are leaving school, or not
16 considering higher education at all. America
17 cannot afford to lose this crucial resource, and
18 educated workforce, which provides innumerable
19 socio-economic benefits.

20 In their 2005 report, "How Much Debt is
21 Too Much?" Sandy Baum and Saul Schwartz attempted
22 to explain the history of previous efforts to
23 analyze unmanageable debt as 8 percent pre-tax
24 income. They suggested that the 8 percent rule is

1 a lender benchmark that arose from mortgage
2 underwriting standards and is not appropriate for
3 measuring the burdensome undergraduate debt. They
4 go on to suggest that, in order to protect low-
5 income graduates, anyone earning less than half of
6 the median individual income in the U.S. should
7 not be expected to make any loan payments. They
8 suggest that those in the upper end of the wage
9 earning spectrum should pay more than 17-20
10 percent of their pre-tax income on their debt,
11 while those somewhere in between should not pay
12 more than 20 percent of their discretionary
13 income, which is defined as income exceeding half
14 of the median earnings.

15 Now, those numbers may be a little hard
16 to follow, but the result is that using this
17 benchmark to analyze starting salaries and
18 measuring unmanageable debt, we can see that
19 today's educators will be facing unmanageable debt
20 loans, along with many low-paying public service
21 careers, which are vital contributors to American
22 society and the overall economy.

23 Even after changing my degree aspirations
24 due to high tuition and low interest rates, I have

1 had to make more concessions as a student. I
2 tried to lessen my dependence on loans by working
3 four jobs, but working 40-50 hours a week also has
4 its costs. Work greatly limits a lot of time that
5 I can spend studying, and has even resulted in
6 taking smaller course loads, delaying my
7 graduation with a two-year degree.

8 I am not alone. Forty-nine percent of
9 working students in Minnesota say that their job
10 will lengthen the amount of time that it takes for
11 them to complete their education. Coordinating a
12 work schedule and a school schedule is also a
13 problem. Because of class time constraints that
14 certain classes put on my schedule, I have had to
15 work several part-time, lesser-paying jobs, just
16 so I can afford tuition and books for the classes
17 that I need.

18 I did not start out in debt. Part of the
19 problem is that, over the past several years, the
20 middle class has been priced out of a higher
21 education. A study released this year from the
22 Minnesota Office of Higher Education shows that
23 the number of students with a household income
24 between \$60,000 and \$90,000 who were to take out

1 educational loans rose 12 percent between 2000 and
2 2004. I know, however, that I am one of the lucky
3 ones, even though I have had to make some tough
4 decisions.

5 My brother, who is only a year younger
6 than me, is in the same predicament I am in. The
7 difference is that he was unable to stay
8 productive in school and to make ends meet with
9 the job that he had. Instead, he now works full-
10 time and, for the time being, has put off college
11 education altogether.

12 I know another two-year college student
13 who has, out of desperation, and lack of another
14 viable option, decided to pay for her classes
15 using credit cards.

16 Many of the non-traditional students who
17 are established economically are finding
18 themselves making tough decisions, also, of
19 whether to finance their own education, or to save
20 for their child's. I can tell you for a fact that
21 higher education and the prospect of never-ending
22 student debt have stopped students to choose to
23 enroll in classes.

24 Not only has my brother given up a higher

1 education, but my mother, who would love to
2 complete a two-year degree, has also given up.
3 After seeing my struggle, and my brother giving up
4 on his college education altogether, she and my
5 dad are trying their hardest just to be in a place
6 where they can help my two teenage sisters after
7 they graduate from high school.

8 Student debt is a very real problem and,
9 for students like me, it is unavoidable. It
10 affects the choices that I make everyday. MSCSA
11 strongly encourages the Department of Education to
12 take notice of the disastrous consequences that
13 unmanageable loan repayment and increasing
14 interest rates have damaged. If graduates were
15 provided with income demand repayment options and
16 cancelable debt after 20 years of regular
17 payments, and preventative measures to stop
18 interest rates from deepening the problems with
19 borrowers facing hardship situations, future
20 graduates of my generation would not be shackled
21 to debt, and they would see the light at the end
22 of the tunnel.

23 Thank you very much for this opportunity
24 to share my story with you today.

1 **DAN MADZELAN:** Thank you.

2 **DAN MADZELAN:** Okay. We are going to
3 take about a ten-minute break. We will back at
4 about 2:40.

5 [Brief recess.]

6 **DAN MADZELAN:** Well, let us reconvene
7 this afternoon.

8 **DAN MADZELAN:** Rebecca Myers.

9 **REBECCA MYERS:** Hello, my name is Rebecca
10 Myers, and I am actually a graduate student here
11 at Loyola University Chicago. I am in the
12 master's social work program, and I will graduate
13 in May, hopefully.

14 I am not from any student government or
15 any organization here on campus. I just found out
16 about it and did not want to miss the opportunity
17 to share my story with you guys. I apologize if
18 it is a little bit scatterbrained. I did not have
19 a lot of time to put things together.

20 I went to Ohio State for my
21 undergraduate. I got a bachelor of arts in
22 Spanish and a bachelor of science in social work
23 in four years. Before I even started classes, you
24 know, I filled out the infamous FAFSA, and did all

1 that by myself. My parents were not involved in
2 any of it. I had to pay for school all by myself.
3 I ended up going into the financial aid office and
4 signing all the papers, not really knowing what I
5 was getting into.

6 I had difficulties, also, because I had
7 to record all of my parents' salaries and
8 everything on the FAFSA, but it was not taken into
9 consideration that they did not help me with
10 anything during my schooling, so it was difficult
11 to get grants. I was not eligible for a lot of
12 things.

13 So I graduated with, actually, not as
14 much debt as most of my peers. I was very lucky.
15 I worked two jobs for the majority of my college
16 career, my undergraduate career. After that, I
17 was a counselor in Mexico. I lived there for a
18 year. I took a year off and went back home to
19 California, to my home state, and had difficulties
20 finding a job that would pay enough for me to make
21 a living wage, as well as pay off my student debt.

22 For instance, I was offered a job that I
23 was interested in taking. I was qualified to do
24 it. I had been trained to do the specific work,

1 working with severely emotionally disturbed
2 adolescent males in a group home for the night
3 shift, and they paid \$10 an hour. I just knew
4 that I have to go back to school. I have to get
5 my master's degree. This is not going to cut it.

6 So I moved out here to Chicago just a few
7 months ago to get my master's degree and get my
8 MSW. So, hopefully, I will be able to get a job
9 that pays a little bit better once I finish and
10 really enter the field. The problem now, however,
11 is that I'm accruing triple the amount of loans
12 that I had as an undergraduate. Like I said, it
13 is very difficult for a social worker to find work
14 once we graduate that is going to pay enough for
15 us to make a wage, as well as pay off all our
16 student loans.

17 I know that a lot of us in my program are
18 having difficulty applying for jobs that we do not
19 necessarily want, but we have to take because that
20 is what is going to pay us the money that we need
21 to pay off these loans. So a lot of these jobs
22 where we really need people who care and have a
23 heart to do these things, working with these types
24 of kids, mentally ill, or whatever the specific

1 field of social work that it may be. A lot of us
2 are having to pass what we really want to do and
3 are trained to because it just does not pay
4 enough, and we are having to go into other fields,
5 sometimes, to pay off these loans.

6 So I know that there is no easy answer
7 for what we need to do to fix the problems that I
8 know all of us are facing as students, but I thank
9 you for recognizing that it is an issue, and
10 recognizing that this country is really putting
11 out a huge number of young adults who are in
12 serious debt, and I just thank you for making it a
13 concern of yours and for listening to our
14 concerns. So I am just very grateful, and I thank
15 you for listening to my story and taking the time.

16 Thank you.

17 **DAN MADZELAN:** Thank you.

18 **DAN MADZELAN:** Steve Schulz.

19 **STEVE SCHULZ:** Good afternoon. My name
20 is Steve Schulz. I am a staff member with
21 Marquette University in Milwaukee, like our host
22 institution today, a Catholic Jesuit institution
23 and a member of the Association of Jesuit Colleges
24 and Universities.

1 We are a doctoral research university
2 with more than 11,500 students, and we are the
3 largest private institution in the state of
4 Wisconsin. We are also one of only two with a law
5 school in the state, as well.

6 I will make a few brief remarks. I will
7 preface them by saying that we appreciate the
8 opportunity that the Department of Education has
9 made to make some comments. However, we do note,
10 as others have, that this takes place during the
11 negotiated rulemaking process, taking place
12 concurrently with the reauthorization of the
13 Higher Education Act. And, to that end, as others
14 have, we would urge the Department of Education to
15 limit its negotiations going forward to issues
16 that are not governed by relevant statutory
17 authority.

18 That said let me take a micro-view,
19 first, in terms of ACG and SMART, and then a bit
20 of a macro one in student financial aid. We
21 concur substantially with what Dan Mann and Eric
22 Weems advocated this morning with this panel, in
23 that we are always grateful for Federal student
24 financial aid. That said we certainly have some

1 suggestion of how to improve administration for
2 ACG and SMART, in particular.

3 Our experiences have come typically in
4 administrative guidance from the Department of
5 Education, as well as some problematic issues. I
6 will just highlight a couple, that are at the top
7 of the mind for us. There has been substantial
8 confusion to the interpretation of grants related to
9 a student's academic year in education, as opposed
10 to their class standing in their field of study.
11 The initial guidance that we received indicated
12 that, in order for a student to qualify for a
13 first-year ACG, that individual had to graduate
14 from high school on or after January 1. To
15 qualify for a second year, the student had to have
16 graduated on or after January 1 of 2005.

17 We asked the Department of Education, if
18 a student set out a year, would they qualify for a
19 first-year grant if they were a freshman in the
20 current academic year, and the answer came back
21 that they would qualify, which was contradictory
22 to the original guidance that was proffered by the
23 Department.

24 We also asked on September 12, actually,

1 about a student that graduated from high school
2 this past June met all other ACG criteria, and had
3 enough advanced placement courses to be classified
4 as a sophomore. We had asked the Department, does
5 a student qualify for a first-year or a second-
6 year grant, and came back with a response in the
7 Department that they were still determining how to
8 handle AP credit. As of my last discussion with
9 our financial aid office, that student still had
10 not been awarded under ACG because that
11 determination had not been made.

12 I would also remark that the Department
13 e-mail to students advertising SMART and ACG
14 itself cause some confusion. Because these grants
15 are based parallel eligibility, Marquette has
16 fielded a lot of questions for students that are
17 absolutely certain they have met the criteria
18 outlined, only to find out that they do not
19 qualify. For example, they transferred in middle
20 of last year. They are classified as continuing
21 freshmen, so they are neither a new freshman nor a
22 sophomore, and therefore ineligible under the
23 grant. We would also note that the Department has
24 not advertised Pell Grants in the same way that

1 there was proactive effort made with ACG and
2 SMART.

3 In terms of administration, we would echo
4 what Dan and Eric both said this morning, in terms
5 of--we ask why only U.S. citizens are eligible for
6 this program, unlike every other Title IV program
7 that we are currently involved with.

8 **JEFF TAYLOR:** There is a very simple
9 answer for that, and that is because the statute
10 itself requires that students who qualify for ACG
11 or SMART Grants be citizens of the United States.
12 That was Congress's restriction that they placed
13 in that. That is a very clear restriction that we
14 cannot legally get around. So, for that to be
15 changed, Congress will have to do it.

16 Thank you.

17 **STEVE SCHULZ:** I understand. Thank you
18 for clarifying.

19 Also, with regard to program
20 administration, in terms of the rigorous nature of
21 curriculum, as worded we are taking the word of
22 parents or guardians of home-schooled students as
23 to the nature of a rigorous curriculum, and
24 permitting that interpretation for home-schooled

1 students, and yet demanding others prove the rigor
2 of their program at a traditional high school. It
3 is an inconsistent application. We would ask, and
4 are glad to hear the announcement, that there will
5 be negotiated rulemaking on that point, about what
6 qualifies as rigor.

7 In short, our experience has been that
8 students in particular are looking at staff at
9 several at our offices that, historically, have
10 not been involved in the administration of
11 financial aid because of how ACG and the SMART
12 Grant was set up. This was typically a student
13 financial aid effort for us. We have our
14 registrar's office involved, admissions--there are
15 many folks who are not experienced in this vein
16 that have had to come in, because of the way the
17 system is currently worded, currently being run.

18 The administrative burden that they are
19 being asked in that form is unprecedented, to the
20 extent that they have not had to have that
21 jurisdiction before. More broadly, students who
22 qualify for the Pell Grant are the most neediest
23 students, and among those who can least afford
24 post-secondary education, and yet SMART and ACG

1 benefit only some of those students by assisting,
2 again, U.S. citizens who have had the opportunity
3 to receive a rigorous education, subject to
4 definition, and decide early on a major and a
5 particular discipline. Many students remain at a
6 disadvantage. The lack of additional funding for
7 them risks sending the wrong message both to
8 current and prospective students.

9 The simple fact, as we have heard today,
10 is that there is not enough sufficient aid overall
11 for students in need, and our feeling is that
12 programs such as ACG and SMART, as currently
13 configured, do not support already scarce
14 resources at the institutional level in aiding the
15 most needy individuals. We are spending, in our
16 view, an extraordinary amount of time having to
17 set these up, plan, interpret, and implement for a
18 relatively small number of students, whereas more
19 broad-based programs, such as Pell, remain
20 stagnant in their funding and their application.

21 It is not, in our view, the most
22 equitable distribution of much needed aid. We
23 applaud the Department of Education, though, in
24 seeking input on ACG and SMART, and we will be

1 offering written comments, as well. We encourage
2 the Department to continue work with higher
3 education community legislators and others to
4 enhance financial aid in appropriate ways.

5 Thank you for your time.

6 **DAN MADZELAN:** Thank you.

7 **DAN MADZELAN:** Just, also, a quick note
8 on the academic year question. That has been a
9 tough nut for us, because the statute for ACG and
10 SMART does specifically say "academic year."
11 There is a specific academic year in the statute.

12 Now, there may be a disconnect there, in
13 that the definition of academic year in the
14 statute is more of a programmatic, not an
15 individual student, kind of thing. We have been
16 struggling to figure out how to reconcile those.

17 Steve, I think you are waiting on your
18 answer. I cannot share it with you right now,
19 because it is in its final stages of clearance
20 within the Department, but I believe that answer
21 is imminent, if not by the end of close of
22 business tomorrow, then the first part of next
23 week, which is not Monday, since that is a holiday
24 for us.

1 **DAN MADZELAN:** Rebecca Thompson.

2 **REBECCA THOMPSON:** Good afternoon. My
3 name is Rebecca Thompson. I am the Legislative
4 Director for the United States Student
5 Association.

6 USSA is the nation's oldest and largest
7 national student organization, and we are the
8 officially recognized voice of students in the
9 Department of Education, on Capitol Hill, and in
10 the White House.

11 Today, I urge the Department of Education
12 to prioritize higher education access and
13 affordability as it begins its negotiated
14 rulemaking process. The Spellings Commission
15 reported that net college costs at four-year
16 public universities were 73 percent of a low-
17 income family's income in 2005, as compared to 57
18 percent in 1992.

19 Access to higher education is a right,
20 not a privilege, and should be accessible to all
21 students, regardless of their income. Also, the
22 increase in the price of college has exceeded
23 price increases in all other sectors of the
24 economy.

1 In addition to being the legislative
2 director for USSA, I am also a recent college
3 graduate, with almost \$35,000 in student loans.
4 Like many of the students who have spoken today, I
5 am also struggling with unmanageable debt. Better
6 yet, I am drowning in debt.

7 While more can be done on both the campus
8 and the state levels to reduce the cost of
9 skyrocketing tuition, we urge the Department to
10 revise its regulations to benefit millions of
11 students who are struggling just like me. As the
12 Department begins to implement the Spellings
13 Commission recommendations, I ask you to increase
14 grant aid and make student loans more manageable.

15 USSA strongly supports the Commission's
16 recommendation to increase the Pell Grant to cover
17 70 percent of in-state tuition cost. Doing so
18 will allow countless more low- to middle-income
19 students an opportunity to take advantage of an
20 opportunity that has been traditionally available
21 to the wealthy, as 90 percent of the fastest
22 growing jobs in the new information and service
23 economy will require some post-secondary
24 education.

1 Today, more than ever, it is important
2 for the U.S. to have an educated workforce who can
3 truly compete in the global economy. When
4 negotiating its current student loan regulations,
5 there are a variety of ways in which the
6 Department of Education can make loans more
7 manageable.

8 The first is by limiting loan repayments
9 to a percentage of a student's income. With more
10 and more students taking on the burden of
11 unmanageable debt, having a college degree will
12 essentially be worthless if students are spending
13 the majority of their earnings on loan repayments.

14 Next, take into consideration that
15 students' parents have significantly less income
16 to contribute to loan repayments. Students should
17 not be penalized for attempting to provide a
18 better life for their families, and should not
19 have to choose between food and outrageous loan
20 payments.

21 Lastly, I urge the Department to lower
22 the interest rate cap. By lowering this cap,
23 students could potentially save thousands of
24 dollars each year.

1 In conclusion, on behalf of millions of
2 students across the country, I ask the Department
3 of Education to prioritize higher education, and
4 ask that you help open the doors of higher
5 education to all students.

6 Thank you.

7 **DAN MADZELAN:** Thank you.

8 **[insert Grace Serino testimony]**

9 **BILL PARSONS:** I am Bill Parsons with the
10 American Council on Education, and it is nice to
11 be with you all today. Two things I just wanted
12 to ask, by way of clarification. Did I
13 understand, this morning that you are saying that
14 the one area the Department of Education was
15 committed to addressing in this upcoming
16 negotiated rulemaking was rigorous high school
17 curriculum?

18 **DAN MADZELAN:** That is correct.

19 **BILL PARSONS:** And that is narrower than
20 ACG and SMART Grants, generally?

21 **DAN MADZELAN:** Yes. The basic high
22 school eligibility component, if you will, for AC
23 Grants--

24 **BILL PARSONS:** Is the one area you are

1 committed to addressing.

2 **DAN MADZELAN:** Yes.

3 **BILL PARSONS:** And then, second, did I
4 understand that the Department hopes to have an
5 announcement regarding a potential fix to this
6 academic year conundrum, shortly?

7 **DAN MADZELAN:** Yes.

8 **BILL PARSONS:** Great. Thank you.

9 **DAN MADZELAN:** As I mentioned, this has
10 been a real internal struggle for us, across our
11 offices, and owing, in a large part, frankly, to
12 the statute, but some of our other
13 interpretations--so we believe that we have worked
14 those disagreements out at the staff level--the
15 even higher staff levels. But again, the
16 Department of Education's ordinary clearance
17 process for these kinds of interpretative
18 documents--it is not done until Secretary
19 Spellings says it is done.

20 **BILL PARSONS:** I understand. That is a
21 hopeful prediction, though.

22 Thank you.

23 **DAN MADZELAN:** Yes.

24 [Discussion off the record.]

1 [Ms. Ateni Asihel was the last presenter. However
2 due to a recording error, Ms. Asihel's testimony
3 was not recorded.]

4 **DAN MADZELAN:** I think we will take this
5 opportunity to thank everyone for coming today.

6 Jeff, would you care to--

7 **JEFF TAYLOR:** Yes. I would just like to
8 say, a lot of the presenters have already left,
9 but this was my first, I guess, public open
10 meeting for the Department, and I had been very
11 impressed over the course of the day of the
12 thoughtfulness and thoroughness of the comments,
13 both from students, and lenders, and school
14 administrators, and other folks that are very
15 interested in higher education.

16 As my colleagues will confirm, we will,
17 of course, have a transcript of the proceedings
18 today, and we will take that back and review what
19 has been recommended, along with the other three
20 public meetings that we will have as we consider
21 what the negotiated rulemaking sessions will look
22 like.

23 **CARNEY MCCULLOUGH:** I just want to echo
24 what Dan and Jeff have said.

1 This has been my fourth or fifth
2 experience with negotiated rulemaking, and it was
3 really exciting to see such a large turnout of so
4 many people from all areas of higher education, as
5 we mentioned. This is sort of unprecedented in
6 the hearings that we have had in the past. So
7 that is really nice to see everybody very excited
8 about the issues and, as Jeff said, we are going
9 to take that back and look at the transcript and
10 the written materials that people have submitted.
11 There were written materials that were coming in.
12 We will carefully consider them as we move forward
13 with our negotiated rulemaking activities.

14 Thanks again.

15 **DAN MADZELAN:** And I have nothing more to
16 add to that other than to thank you again. If you
17 can make it down to Orlando, which is where we
18 will be next on our road show--what is that?
19 About a month. We will see you then, if not, some
20 of those will see you in Washington, D.C., at the
21 negotiated rulemaking, I am sure.

22 Thanks again for your participation.

23 [Whereupon, the hearing concluded at 3:30
24 p.m.]

U.S. DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION

PUBLIC REGIONAL HEARING FOR
NEGOTIATED RULEMAKING

Federal Student Aid Conference
Royal Pacific Resort - Conference Hotel
6300 Hollywood Way
Orlando, Florida 32819

Thursday, November 2, 2006

9:00 A.M. - 3:50 P.M.

U.S. Department of Education
Public Hearing
Orlando, Florida – November 2, 2006
Panelist

Representing the Office of Postsecondary Education:

James Manning
Acting Assistant Secretary
Office of Postsecondary Education

David Bergeron
Director, Policy and Budget Development Staff

Dan Madzellan
Director, Forecasting and Policy Analysis Staff

Representing the Office of General Counsel:

Elizabeth McFadden
Assistant General Counsel
Division of Regulatory Services

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P R O C E E D I N G S

DAVID BERGERON: Good morning. According to my watch it is 9:00. We have many folks signed up with us today for this regional hearing on negotiated rulemaking. Thank you all for coming. Thank you, those of you who are going to present. We really do value your testimony and your input.

As you know, this is the third in a series of regional hearings. We have one at UC Berkeley, one at Loyola Chicago, and one here. We did the one here because we had knowledge that there were going to be some financial aid officers and folks involved in the student loan programs here in Orlando. Funny how that is, we knew that they would be here, and so we decided that this would be a great opportunity for us to have a regional hearing here in Florida, and then we will have one next week in Washington, D.C.

If either you do not have the time or inclination to get up to the microphone and say something, and I can fully understand that, why people do not want to talk into microphones--we are receiving public comments by e-mail. We are doing that until November 9th. We are also receiving

1 nominations for negotiators until November 9th, so
2 that is what we will be doing.

3 Just to give you a context for all of
4 this, when Congress enacted the Academic
5 Competitiveness and National SMART Grants, the
6 Secretary recognized that there would be need for
7 further regulatory activity, even though we are
8 going to publish an interim final rule, and then a
9 final rule, before we begin, so that we could get
10 the programs up and running.

11 When we talked to her about that need for
12 negotiated rulemaking for the third year and beyond
13 for Academic Competitiveness and National SMART
14 grants, she said, "Well, what do you normally do?"
15 We said, "We normally held regional hearings. We
16 get public input as to what we should have on the
17 negotiating agenda, and then we develop an agenda
18 based on that public input." That is what the
19 College Education Act requires us to do, to get
20 public input. And she said, "Come and do that."
21 And so we were very happy that she said not only
22 just go and do it, she said, "Go and let people
23 come and talk with you--express their desires in
24 terms of what we regulate this year."

1 We had hoped that the Higher Education Act
2 would be reauthorized by now and we would have that
3 to factor into the process. It does not seem
4 likely that will happen, but we do have some things
5 that came out of the third extension of the Higher
6 Education Act related to allocable expenditure
7 trustees, and a few other little things like that
8 that we may fold into this process. We will see
9 how the public comment goes, and we will see what
10 we end up with in terms of ideas for what we really
11 need to negotiate.

12 I am fortunate to have here this morning
13 with me Jim Manning, who is our Acting Assistant
14 Secretary for Postsecondary Education. He has been
15 doing a number of jobs around the Department over
16 the years, and we have known him for a good long
17 while. So we are happy he is here. He may have a
18 few things to say.

19 But before I let him do that, I am going
20 to introduce the other person sitting at the table
21 who probably will not say too much during the
22 course of the day, but she is here to keep us all
23 honest. Elizabeth McFadden is--and I am sure I
24 will slaughter her title, but she is Deputy

1 Assistant General Counsel for Regulatory Services
2 at the Department. That means she is involved in
3 our regulatory process and manages that process
4 across the Department. If there is somebody who is
5 responsible for making sure that we get our
6 regulations out on time, it is Elizabeth. So we
7 are fortunate to have her here with us, and not
8 only to just make sure we do it on time, she makes
9 sure we do it well. So we are fortunate to have
10 her, as well.

11 With that, I will turn over to Jim
12 Manning, and then we will call our first witness to
13 the microphone.

14 **JIM MANNING:** Well, thank you, David. Let
15 me just offer my own welcome and thanks to you for
16 being here. We really are most interested in
17 hearing from you. We do, as David said, value your
18 input and look forward to hearing from you.

19 So, rather than take up any additional
20 time, why don't we go ahead and get started?

21 **DAVID BERGERON:** With that, I would ask
22 Belle Wheelan to come to the microphone. When you
23 come to the microphone, please state your name and
24 your organization so that can be transcribed in the

1 record of this hearing. That transcribed testimony
2 will be available on the Department's Web site
3 within a week or two of this hearing, we hope. The
4 ones from the two previous hearings are already
5 available.

6 **BELLE WHEELAN:** Thank you.

7 **DAVID BERGERON:** Thank you.

8 **BELLE WHEELAN:** My name is Belle Wheelan,
9 and I serve as President of the Commission of
10 Colleges of the Southern Association of Colleges
11 and Schools.

12 The Commission is a regional accrediting
13 body, with a membership of approximately 800 member
14 and candidate institutions located in 11 states in
15 the southeastern region of the United States.

16 I will share with you that I have given my
17 comments already so that you may have them.

18 I also appear today on behalf of the
19 Council of Regional Accrediting Commissions, known
20 as CRAC, that is comprised of the seven regional
21 higher education accrediting commissions in the
22 United States.

23 My comments are meant to complement those
24 of my colleagues, Dr. Barbara Beno, the current

1 chair of CRAC, and Dr. Steven Crow, past chair of
2 CRAC, who spoke at the hearings in Berkeley and
3 Chicago, respectively, and addressed the
4 Department's process of negotiated rulemaking and
5 accreditation's role in assessing student learning.

6 Thank you all for this opportunity to
7 briefly address a number of issues germane to
8 higher education, accreditation, and the Department
9 of Education. My comments, as theirs, reflect the
10 views of the Council of Regional Accrediting
11 Commissions.

12 I appear before you today having served as
13 a leader in many of the higher education sectors
14 identified and challenged to action in the report
15 of the Secretary's Commission on the Future of
16 Higher Education: as the President of two community
17 colleges, as the Secretary of Education in the
18 Commonwealth of Virginia, as a faculty member at
19 several institutions, and currently as president of
20 a regional accrediting association.

21 During my tenure as president of the
22 community colleges in Virginia, I was an active
23 participant in the work of the Commission on
24 Colleges, not only leading my academic community

1 during its reaffirmation of accreditation process,
2 but also as chair of visiting committees,
3 volunteers committed to the work of the Commission.
4 It is from these perspectives that I make my
5 comments today.

6 Regional accrediting commissions are
7 comprised of diverse members. Their missions and
8 governance vary. My commission's membership
9 includes private for-profit, private not-for-
10 profit, and public colleges and universities,
11 single-sex institutions, Historically Black
12 Colleges and Universities, military academies,
13 community and technical colleges, liberal arts
14 colleges, art institutes, chiropractic and medical
15 schools, comprehensive graduate institutions,
16 doctoral degree-granting and research institutions,
17 seminaries, and many other institutions of higher
18 education that cannot be categorized.

19 This wealth of diversity has been our
20 region's strength. It defines our organization and
21 demands that our self-regulatory process includes
22 capable administrators, faculty, staff, students,
23 and public members in conversations about the type
24 of standards and processes that make our

1 accreditation valuable and credible. It is this
2 input from those representing our diverse
3 population, their genuine respect for the
4 organizational complexity and the myriad
5 institutional missions in the region, and their
6 understanding of the design service of our colleges
7 and universities to their respective constituents
8 that provides a reliable structure for addressing
9 challenges confronting higher education
10 institutions throughout our region. It is a
11 unique, decentralized system of people driving
12 others toward intellectual, social, and cultural
13 improvement.

14 Having described and stressed the
15 importance of diversity in higher education, and
16 the need to understand colleges and universities in
17 terms of their missions and service, I would like
18 to comment on a few of the points in the
19 Secretary's Futures Commission report, which is
20 rich with ideas. This is not a critique of those
21 ideas, rather it is a perspective that challenges
22 others to consider accreditation's role in future
23 discussions involving the transformation of higher
24 education.

1 First, faculty are key players in any
2 change that takes place in higher education,
3 whether it pertains to defining and evaluating
4 student achievement, developing new pedagogues,
5 curricula, and technologies to improve learning, or
6 creating new learning paradigms. Federal mandates
7 in the areas above do not ensure faculty buy-in to
8 requirements for change, but institutional success
9 requires their commitment. The report of the
10 Futures Commission speaks to the support of various
11 processes needed to ensure change, but with the
12 exception of one recommendation, does not speak
13 directly to faculty, the people who will eventually
14 drive that change if it is to be meaningful.

15 Secondly, in the application of the
16 Secretary's criteria for recognition of accrediting
17 bodies, it appears that the Department views all
18 accrediting commissions as being the same, with
19 little regard for their diverse missions, the
20 constituents they serve, or the initiation of any
21 innovative processes that accrediting commissions
22 may want to use to challenge institutional
23 improvement. The federal record supports this
24 statement. If the Futures Commission truly

1 supports innovation in education, then, rather than
2 expecting all accrediting bodies to look and act
3 alike, the Department of Education, in its
4 application of the criteria for recognition, should
5 allow for more flexibility for those accrediting
6 commissions that present initiatives designed to
7 encourage institutions to focus on student
8 learning. How can accrediting commissions address
9 fundamental issues related to the transformation of
10 higher education when current federal regulations
11 accept only cookie cutter responses?

12 Thirdly, there are two fundamental
13 questions related to transparency: How will
14 information be used? And who will use it? It is
15 reasonable to expect a higher education institution
16 to publish consumer-friendly data about student
17 learning in the areas of value-added learning and
18 student achievement. This is fundamental
19 information for any student and parent choosing a
20 college or a university. However, it is
21 unreasonable to expect that this same information,
22 produced in accord with a particular institutional
23 mission, can be fed into a common database and
24 provide any substantive and credible information

1 after being stripped of its mission-specific goals.

2 What is its value? You can have useful,
3 reliable information if it is provided and
4 published by institutions and customized to the
5 effectiveness of their educational programs and
6 student learning goals. But once you force this
7 information into common formats, the information in
8 the aggregate will have little value. It would be
9 better to expect the federal government to enhance
10 and improve the collection of information on IPEDS
11 and other current tools and use this for the
12 publication of aggregate data, and then expect
13 institutions to provide and publish their own data
14 on student learning specific to their goals and
15 missions.

16 Fourth, regional accreditation supports
17 the statements of the Futures Commission's report
18 that challenges accrediting commissions to share
19 evaluative information with the public about an
20 institution's performance. However, the report
21 does not address three consequences when disclosure
22 precedes final action by the accrediting
23 commission.

24 First, an onsite evaluation report is a

1 snapshot of an institution taken at a particular
2 point in time, and measured against standards of
3 good practice in higher education. The institution
4 is expected to use the report to make changes in
5 areas of identified weaknesses. It is very
6 difficult to make those changes at the same time it
7 is answering questions from the public regarding
8 the Committee's findings. The report is only of
9 value to the consumer when it is weighed against
10 the changes made by the institution to address
11 findings.

12 Second, and this comes as no surprise to
13 you, particular sectors of the public will use
14 preliminary findings and committee evaluation
15 reports to further that sector's own agenda, rather
16 than provide a balanced view of an institution's
17 performance. This impedes the institution's
18 progress in addressing areas that need change, and
19 it could influence external support for the needed
20 change.

21 Finally, full disclosure evaluation
22 reports affect the candidness and rigor of team
23 members responsible for writing the report.
24 Accrediting commissions would better serve the

1 public and the institution if it released
2 information after final action on accreditation,
3 highlighting the strengths and weaknesses of the
4 institution, and providing areas of needed
5 improvement. There is no question that public
6 disclosure prior to final action by the Commission
7 will affect the rigor of the review.

8 And finally, Dr. Crowe's comments
9 regarding student learning bear repeating. He
10 said, "Most regionally accredited colleges and
11 universities will freely testify that, for the past
12 10 to 15 years, assessment of student learning has,
13 in many ways, shaped their relationship with their
14 regional accrediting commissions." Assessment of
15 student learning outcomes is core to the
16 accreditation enterprise. The evaluation of inputs
17 and processes addresses an institution's ongoing
18 capability to sustain its assessment efforts. To
19 be accountable to the public, accreditation must
20 continue to address student learning and
21 institutional capability.

22 It was my goal during this testimony to
23 provide you with a perspective from regional
24 accreditation that would challenge you to consider

1 accreditation's role in future discussions
2 involving the transformation of higher education.
3 My CRAC colleagues and I look forward to continuing
4 that dialogue, especially on the 29th.

5 Thank you.

6 **DAVID BERGERON:** Thank you, Dr. Wheelan.

7 Mark Rosenberg, please.

8 Again, could you state your name and your
9 affiliation for the record?

10 **MARK ROSENBERG:** Good morning. I am Mark
11 Rosenberg. I am the Chancellor of the State
12 University System of Florida. I have in my
13 responsibility 11 public universities in the state,
14 nearly 300,000 students, and about \$3.5 billion
15 worth of state expenditure. I also happen to be a
16 political scientist and a Latin Americanist, and
17 was a major beneficiary of federal initiatives
18 through the National Defense Education Act and
19 Title VI for language and area studies when I was
20 at the University of Pittsburgh as a graduate
21 student. And then, subsequently, at Florida
22 International University, we created a National
23 Resource Center on Latin America. That federal
24 funding was crucial to expanding our ability to

1 prepare students for the challenges that we are
2 continuing to have in this hemisphere.

3 So, in many ways, I bring a perspective
4 that not only folds into the larger
5 responsibilities, I have--but where I came from, as
6 well as a professional, so I appreciate the
7 opportunity to speak to you today.

8 Here in Florida, our geography is our
9 destiny. Today's events in Latin America and the
10 Caribbean will have an immediate impact upon us in
11 this state as increasingly we are seeing throughout
12 the southwestern United States, as well, something
13 as simple as an exchange rate fluctuation in
14 Western Europe or, indeed, the Far East, can have
15 an immediate impact upon our economy, in terms of
16 tourism and property values. So we are very much
17 at the cutting edge of the global economy.

18 Despite this privileged, if you will,
19 position, it is striking that our state
20 universities send out fewer than three percent of
21 our students to study abroad. So, therefore, what
22 I would like to address to you today, very briefly,
23 is just share with you some observations about the
24 Secretary's Futures Commission, and elements that,

1 in particular, are important as we move forward.

2 First of all, we do welcome the concerns
3 about global and language training. I want to note
4 that, while we, in this era, have to be
5 legitimately concerned about the hardware of
6 national defense, it is equally obvious today,
7 perhaps more than when Sputnik went up in the 50's,
8 which engendered the National Defense Education
9 Act, that we need to be incredibly mindful and
10 vigilant about the software of national defense.

11 You know it better than I, but let me just
12 repeat that we, this year, will spend a little over
13 \$100 million through Title VI on foreign language
14 training and, if you will, cultural immersion.
15 That \$100 million is what we are investing in one
16 new F-35. And so the concern that we have is to
17 find a way to balance out, if you will, national
18 defense hardware with national defense software.
19 And I think that the recommendation, in particular,
20 that focuses on language training and study abroad
21 is very important to us.

22 Second of all, we would like to see the
23 Lincoln Commission initiatives that have been so
24 much discussed funded through Title IV. We believe

1 that Title IV will offer the best opportunity to
2 have the widest impact on our students nationally
3 at all levels, who will be eligible for financial
4 aid. Clearly, the absence of financial aid
5 opportunities is a major impediment, at least in
6 Florida, for our students studying abroad.

7 Finally, I am going to be spending a lot
8 of time with our very large congressional
9 delegation on these matters, and will look forward
10 to working with you to ensure that we can find a
11 way to improve our national defense software.

12 Thank you very much.

13 **DAVID BERGERON:** Thank you.

14 **DAVID BERGERON:** Frank Harrison.

15 **FRANK HARRISON:** Good morning.

16 **DAVID BERGERON:** Good morning.

17 **FRANK HARRISON:** My name is Frank
18 Harrison, and I represent the University of South
19 Florida as their Student Body President. I am also
20 the Chair of the Florida Student Association, which
21 places me on the Board of Governors, which I
22 believe, technically, makes me Dr. Rosenberg's
23 boss.

24 [Laughter.]

1 **FRANK HARRISON:** So the 11 public
2 universities, the 300,000 students, and the \$3.5
3 billion, and the Chancellor are my responsibility.

4 [Laughter.]

5 **FRANK HARRISON:** Today--but I do want to
6 exacerbate his points regarding study abroad; I
7 think that is imperative. The student leaders of
8 the state of Florida recognize their role as
9 stakeholders in continuing to improve their higher
10 education system. Responsibility should be shared
11 among federal, state, and institutional levels to
12 this effect. In the next few minutes, I will
13 briefly expand our driving philosophy within the
14 Florida Student Association, also known as FSA, our
15 focus on the current times, and then touch on a few
16 concrete recommendations.

17 As students, we are strongly committed to
18 attaining a globally competitive, world-class
19 education. While quality, achievement, and
20 accountability are large component pieces of such
21 an education, I am here today to specifically
22 address access and affordability. These pieces are
23 less glamorous parts of the model, but they
24 represent the foundation that will ensure a strong,

1 educated economic workforce in our state and
2 nation. The university's role in what Richard
3 Florida has termed "the creative economy" is
4 critical to both the education of our citizenry,
5 and the implementation of new technologies and
6 talents therein.

7 I would also like to bring knowledge to
8 the fact that I make these comments regarding
9 affordability in the state that has the second
10 lowest sticker price tuition in the country, but I
11 think it is important to bring to this hearing's
12 attention that, even with that low price, we have
13 still received for the past two report cards, an
14 "F" from measuring up because there is not
15 significant need-based aid in the state of Florida;
16 we are working to address that, which I will get
17 into, but the federal part is a large help to that
18 effect.

19 Our current focus, these components are
20 particularly relevant to the state of Florida as
21 they pertain to under-represented populations. Our
22 Governor's recent Commission on Access and
23 Diversity underscored the contributions of
24 diversity to a globally competitive education.

1 Ensuring the inclusion of under-represented groups
2 ensures a better, more holistic education that
3 prepares all groups for the increasingly global,
4 diverse society.

5 Moreover, society's most rapidly growing
6 groups are those that are most disadvantaged
7 economically and educationally. In Florida, for
8 instance, 46 percent of our Pre-K through 12th
9 students in public schools are eligible for the
10 Free and Reduced Lunch Program, with the majority
11 of the students coming from traditionally under-
12 represented minority groups. We must ensure that
13 these groups become educated if we are to maintain
14 our place in the global marketplace.

15 Governor Bush, in conjunction with our
16 legislature, has supported a series of initiatives,
17 including a substantial increase in need-based
18 financial aid, such as our Florida Student
19 Assistance Grant, the establishment of our first
20 generation matching grant program to provide
21 assistance to those families who have not attained
22 a baccalaureate degree. Students in the state of
23 Florida are committed to a higher quality
24 education, but financial aid policy development,

1 and the role of federal assistance therein, are
2 critical to the economic development of both our
3 state and nation.

4 Recommendations consistent with the
5 Spellings' Commission, we support the substantial
6 increase in the amount of federal support for the
7 need-based Pell Grant, and the assistance to those
8 students who do not qualify for the Pell, but who
9 cannot afford the full cost of attendance. As you
10 all are well aware, there are more and more
11 students coming to college these days that are
12 considered non-traditional or part-time adult
13 learners.

14 We would also like to see the introduction
15 of more match-based programs that promote shared
16 responsibility between federal, state, and even
17 institutional levels, as well as the simplification
18 of the FAFSA--talking about affordability and
19 access, accountability of that affordability is
20 also important. The FAFSA, as you all know, is a
21 very complicated form, and those people who need to
22 be filling it out the most, the people who are
23 coming from these under-represented groups, have
24 the least experience in filling out those kinds of

1 forms.

2 In today's society, one of the unfortunate
3 disadvantages of the public sector that all private
4 sector businesses, with their focus on customer
5 service, everything from eBay, to AOL Instant
6 Messenger, to fast cash at ATMs--we're held to the
7 same standard of service in education and filling
8 out forms to go to education. The people who are
9 least--whose families who have never been to
10 college have the hardest time doing this, and we
11 really need to modernize that form to speak Greek.

12 Moving on, finally, I would like to thank
13 you for your time and consideration. The Florida
14 Student Association is devoted to ensuring a world-
15 class education for its students, and looks forward
16 to its continued partnership with state and federal
17 stakeholders to improve access and affordability to
18 our higher education system.

19 **DAVID BERGERON:** Thank you.

20 One of the things that we found throughout
21 this series of hearings is that we have a
22 tremendously articulate group of students who have
23 been coming to these hearings. We have appreciated
24 very much their comments throughout the process.

1 [Discussion off the record.]

2 **DAVID BERGERON:** And we are going to
3 continue with students for a second, if you will
4 indulge us.

5 **DAVID BERGERON:** Tej Okun. Did I get that
6 anywhere near right?

7 **TEJ OKUN:** You got it, thank you.

8 **DAVID BERGERON:** Thank you.

9 **TEJ OKUN:** Good morning.

10 **DAVID BERGERON:** Good morning.

11 **TEJ OKUN:** As you said, my name is Tej
12 Okun. I am a senior at the University of Central
13 Florida. As the Undergraduate Student
14 Representative of the Florida chapter of the
15 National Association of Social Workers, I have seen
16 my peers struggle with the decision of whether or
17 not to further their education by attending
18 graduate school. Although the average Bachelor of
19 Social Works earns less than \$30,000, many
20 graduating seniors are opting against graduate
21 school on the sole basis of the fact that they
22 simply cannot afford it.

23 In order for our school to be accredited
24 by the Council on Social Work Education, we must

1 complete a 420-hour field placement in our last
2 semester of undergraduate course work. This
3 averages to 28 hours a week of unpaid work on top
4 of the other classes we may be taking to finish our
5 degrees. This renders most students unable to
6 maintain employment, and many are forced to take
7 out student loans to not only pay tuition, but to
8 cover the living expenses previously covered by
9 part-time employment.

10 Although the average student debt at UCF
11 is almost \$13,000, I would venture to guess that
12 social work students are taking out loans in
13 greater quantities. Many graduating seniors decide
14 that the cost of graduate school, which is about
15 three times per credit hour the amount of
16 undergraduate course work--the costs just highly
17 outweigh the benefits.

18 Due to the substantially high loan debt
19 and low incomes, many social workers are forced to
20 leave the profession when the financial burden
21 becomes unbearable. This is not only a loss to the
22 social worker and his or her family, but to the
23 needy populations which he or she serves.

24 Loan forgiveness programs, such as the

1 five-point plan for manageable debt proposed by
2 PIRG, would address the economic hardships of
3 professionals, such as social workers, educators,
4 and clergy, and could potentially remedy this
5 unfortunate situation.

6 Thank you for your time.

7 **DAVID BERGERON:** Thank you.

8 **DAVID BERGERON:** Nicole Stevenson.

9 **DAVID BERGERON:** Erin McNeery.

10 **DAVID BERGERON:** Elise Scanlon.

11 **ELISE SCANLON:** Scanlon.

12 **DAVID BERGERON:** Sorry.

13 **ELISE SCANLON:** That is all right.

14 Good morning.

15 **DAVID BERGERON:** Good morning. Thank you.

16 **ELISE SCANLON:** My name is Elise Scanlon,
17 and I am the Executive Director of ACCSCT, which is
18 the Accrediting Commission of Career Schools and
19 Colleges of Technology.

20 Thank you for the opportunity to speak
21 before you today on the issue of accreditation.

22 As a national accrediting agency that has
23 been recognized by the Secretary since 1967, ACCSCT
24 accredits more than 800 primarily for-profit,

1 career-focused institutions. ACCSCT is also a
2 member of the Council of Recognized National
3 Accrediting Agencies, or the CRNAA, which includes
4 six accrediting bodies accrediting 3,100
5 institutions throughout the United States.

6 While today I am speaking on behalf of
7 ACCSCT, my comments here will echo many of the
8 sentiments included in a letter from the CRNAA sent
9 to Secretary Spellings in September. In that
10 letter, the CRNAA supported the Futures
11 Commission's recommendations.

12 ACCSCT believes that the Department of
13 Education currently has the authority to take some
14 action to improve access, accountability, and
15 transparency in higher education, and that this can
16 be accomplished while preserving the unique
17 relationship accrediting agencies have with the
18 institutions they accredit, and the peer review
19 process, which is a critical feature of
20 accreditation.

21 Today I will provide some thoughts on the
22 recommendations of the Commission, and how
23 accreditation can play a significant leadership
24 role in improving higher education, with a focus on

1 measuring student achievement, making the
2 accreditation process more transparent, and
3 encouraging and supporting the mobility of our
4 students. I hope the Department of Education will
5 consider these ideas as it contemplates regulations
6 to implement the Commission's regulations.

7 First, measuring outcomes and
8 accountability. ACCSCT strongly supports the
9 notion that the quality and success of all
10 institutions of higher education should be
11 determined in significant part on outcomes'
12 measurements. When Congress last reauthorized the
13 Higher Education Act in 1998, it signaled a clear
14 intention for the Department of Education to
15 require accrediting agencies to develop standards
16 in this area. At that time, Congress revised the
17 recognition criteria for accrediting agencies to
18 include assessment of student achievement outcomes
19 more specifically.

20 When the Department of Education amended
21 its regulations in 1999, it noted the increased
22 importance of reviewing outcomes in the preamble to
23 those regulations. The preamble stated that
24 accreditors should monitor in a systematic way the

1 institution's or program's performance, with
2 respect to student achievement, including, as
3 appropriate, completion rates, job placement rates,
4 or other measures of occupational competency. For
5 any accreditor reviewing institutions offering
6 vocational education, the Department of Education
7 stated quite specifically its intention that
8 accreditation standards should be quantitative for
9 completion, job placement, and pass rates on
10 licensor examinations.

11 As noted in the CRNAA letter, the national
12 accrediting agencies have focused on student
13 achievement outcomes for nearly a decade now.
14 ACCSCT has had standards in place since 1998 to
15 review comparative data on graduation and job
16 placement. Our schools are required to demonstrate
17 acceptable rates on an annual basis for all
18 programs. In addition, each of the national
19 agencies has in place standards requiring
20 institutions to focus on continual improvement in
21 these areas. In doing so, we require our
22 institutions to involve the employment community in
23 discussions on how to develop and maintain programs
24 that are relevant and current to meet workforce

1 skill requirements.

2 While we recognize the significant
3 diversity in the types of higher education in the
4 U.S. today, as was pointed out, I think, quite
5 eloquently by my colleague from SACS, we believe
6 that measuring outcomes is an area in which all
7 accrediting agencies, regardless of the types of
8 schools they accredit, can do a better job.
9 Certainly, at a minimum, all accrediting agencies
10 that accredit vocational education programs can and
11 should measure student achievement outcomes. We
12 believe the Department of Education has the
13 authority to create greater consistency among
14 accrediting agencies in the development and
15 implementation of quantitative standards for
16 measuring student achievement outcomes for
17 vocational programs especially. Creating some
18 baseline of consistency is essential if one of the
19 Department's goals is to encourage greater
20 disclosure of outcomes data on which the public
21 might increasingly rely.

22 Another area which we believe
23 distinguishes national accrediting agencies in the
24 context of accountability is in the level of

1 contact with our schools. The average grant of
2 accreditation for a national school is five years;
3 for ACCSCT, five years is the maximum grant. We
4 regularly reaccredit schools with conditions
5 requiring further visits and review. ACCSCT also
6 requires institutions to provide annual data on
7 outcomes, substantive changes, and changes in
8 financial position.

9 ACCSCT and other national agencies review
10 every new program created by each of our
11 institutions, and require preapproval for every new
12 location opened. We believe that this level of
13 contact is essential to ensuring quality in the
14 area of substantive change and additional
15 locations. Ensuring consistency in accreditation
16 processes is extremely important.

17 With regard to transparency, ACCSCT
18 supports the interests of the Commission and the
19 Department of Education in improving the public's
20 understanding of the accreditation process. In
21 addition, we support the provisions in the pending
22 house reauthorization bill, which would require
23 disclosure of increased information about
24 accreditation, including, for example, public

1 disclosure of agency actions.

2 Further exploration of ways in which both
3 accrediting agencies and institutions can disclose
4 information about student achievement and the
5 accreditation process itself is needed. We can
6 achieve a better balance between broader
7 disclosure, and successful peer review, and the
8 self-evaluation process.

9 Finally, I would like to address transfer
10 of credit. The Commission report recognized the
11 increasing enrollments of the non-traditional
12 student, older, often employed, part-time, and
13 mobile. While transfer students are not tracked in
14 current data, we know students are increasingly
15 attending more than one institution in order to
16 complete their education. We also know that there
17 is a lack of flexibility demonstrated by
18 institutions in accepting students' credits when
19 they transfer. We are pleased that the Commission
20 recognized the negative effects of these current
21 barriers. Denial of credits results in the denial
22 of access, as well as increased education costs
23 when students are forced to take and pay for the
24 same course more than once.

1 Included in the Commission's
2 recommendations is a suggestion that the Secretary
3 should develop a national strategy that would
4 result in better and more flexible learning
5 opportunities, including an emphasis on the ability
6 to transfer credits among institutions more easily.
7 We support such an effort.

8 Accrediting agencies can play an important
9 role in facilitating credit transfer. All
10 accrediting agencies, whether regional, national,
11 or specialized, are recognized by the Secretary
12 under identical criteria and processes. The
13 Council on Higher Education and Accreditation,
14 CHEA, and other organizations have jointly and
15 formally adopted a policy confirming that
16 institutions should evaluate credits for transfer
17 without relying solely on the sending institution's
18 accreditation. And yet, ACCSCT regularly learns--
19 almost daily, learns--of examples of regionally
20 accredited institutions denying credits from
21 students solely based on the national accreditation
22 of the sending institutions. We believe the focus
23 in these decisions should be instead on course
24 equivalency and student competency.

1 In 2005, a report prepared by the
2 Government Accountability Office on the transfer of
3 credit issue confirmed ACCSCT's own experience,
4 noting that 84 percent of postsecondary
5 institutions have policies to consider the
6 accreditation of the sending institution when
7 assessing transfer credits. We believe that this
8 is a national problem requiring a national
9 solution. We supported HEA legislation which would
10 have prohibited the denial of transfer credits
11 based solely on accreditation. In the absence of a
12 reauthorized statute, we believe that this is an
13 issue that requires the Department of Education's
14 leadership and, at a minimum, a facilitated
15 discussion on how accrediting agencies might better
16 ensure that their institution's admissions policies
17 do not result in the arbitrary denial of credit
18 transfers.

19 In conclusion, I would like to emphasize
20 that accreditation plays an important role in
21 ensuring institutional quality, and I hope that the
22 Department will continue to rely on accreditation
23 to create more consistency in measuring outcomes,
24 increased transparency, and student access.

1 We look forward to the opportunity to work
2 with the Department of Education as it moves
3 forward with the discussions on accreditation. I
4 have a written statement that I will leave behind
5 for your convenience.

6 Thank you very much.

7 **DAVID BERGERON:** Thank you very much.

8 **DAVID BERGERON:** Nicole Stevenson.

9 **NICOLE STEVENSON:** Good morning.

10 **DAVID BERGERON:** Good morning. How are
11 you, Nicole?

12 **NICOLE STEVENSON:** First of all, I would
13 like to thank you for providing the opportunity for
14 us to come and speak to you today about the
15 critical issue of loan forgiveness.

16 I stand before you as a representative of
17 graduate students across the nation who have
18 varying amounts of student loans. I personally
19 have accumulated approximately \$65,000 in debt in
20 order to complete my master's degree. I was unable
21 to find information on what the average amount of
22 student loan debt is for a social worker with a
23 master's degree in the state of Florida, so I
24 interviewed 95 master's students at Barry

1 University School of Social Work in Miami Florida,
2 where I attend. Out of these 95 students, 57
3 percent of us will owe more than \$40,000 at
4 graduation. The combined debt of these 95 students
5 is \$4.8 million.

6 I represent students who have made a
7 lifelong commitment to serving at-risk and
8 forgotten people by choosing to become social
9 workers. Social workers are known for working with
10 vulnerable people, such as the poor; everyone knows
11 that. We also advocate for policies to address
12 pressing social problems, conduct research on how
13 to most effectively deal with issues such as
14 substance abuse and domestic violence, and organize
15 communities to advocate on their own behalf. The
16 core of social work is our commitment to building a
17 more just and humane society. These are not
18 glamorous jobs, but they are essential, and we are
19 committed to providing a wide array of services to
20 those in need.

21 With the cost of living continuing to
22 increase, paying back student loans is going to
23 create a substantial problem for all of us. The
24 average starting salary for a professional social

1 worker with a graduate degree and six years of
2 postsecondary education in the state of Florida is
3 approximately \$30-35,000. This is less than half
4 of the accumulated debt that we owe the federal
5 government.

6 I strongly believe that failing to offer
7 lower interest rates and loan forgiveness programs
8 means fewer and fewer students will be willing to
9 pursue professional education in areas such as
10 social work. A significant decrease in a
11 qualified, professional workforce is to the
12 detriment of all of our communities and the most
13 vulnerable groups of our society. The extent to
14 which societies have qualified and educated
15 professionals addressing the most serious and
16 increasing issues in this post-9/11 era is directly
17 related to ability for younger adults to access
18 institutions of higher education.

19 Every social worker I have ever met has a
20 passion for their work that is oftentimes not
21 mirrored in other professional settings. Each
22 social worker wants to effectively help as many
23 people as they can better themselves. Why must we
24 be forced to serve those deserving people at a wage

1 that we cannot live on? No social worker expects
2 to become wealthy by filling social work positions,
3 but must they be forced to choose between helping
4 those in need and sufficiently providing for their
5 families?

6 Loan forgiveness is an integral part in
7 helping those of us who have made it our lifelong
8 mission to help others survive and thrive. It is a
9 well-known fact that happy workers are more
10 productive. Part of the happiness that we, as
11 social workers, deserve is the assurance that we
12 can afford to provide for our families and work
13 jobs we love without worrying about the enormous
14 debt hanging over our head because of our student
15 loans.

16 Thank you, again, for giving me an
17 opportunity to speak on this matter.

18 **DAVID BERGERON:** Thank you.

19 **DAVID BERGERON:** Erin McNamee.

20 **ERIN McNAMEE:** Good morning.

21 **DAVID BERGERON:** Good morning.

22 **ERIN McNAMEE:** That was close enough.

23 My name is Erin McNamee, and I am a first-
24 year graduate student studying social work at Barry

1 University in Miami, Florida. I have served my
2 country as a Peace Corps volunteer and, upon
3 completion of my master's degree I plan to serve my
4 community as an advocate for child welfare.

5 For many, earning a master's degree in
6 social work is the first step to attaining a
7 therapeutic license. Clinical social workers have
8 the unique opportunity to provide counseling as
9 well as advocacy and support to the most at-risk
10 members of our population. These well-trained
11 professionals are charged with enormous tasks,
12 often earning notoriously low pay.

13 If not for the social worker, who would
14 remove the barriers to education that plague so
15 many of our youth? Who would help the prisoner
16 reintegrate into society? Who would assist a son
17 in placing his mother into a nursing home, save a
18 child from an abusive home, navigate hospital
19 protocol for the family of a cancer patient,
20 advocate for a rape victim, hold the hand of the
21 dying?

22 Policies can be written, laws enacted, and
23 budgets passed, but these mean nothing without
24 someone who will carry out the tasks necessary for

1 their social establishment. After all, what good
2 is a law that protects elders from abuse if there
3 is no one to visit their home and evaluate their
4 care? What good is money for a drug treatment
5 program without someone to offer advice, support,
6 and counseling?

7 I am intelligent, well educated,
8 resourceful, and extremely passionate about serving
9 those in need. In short, I am exactly who you
10 would want to serve as a social worker in the above
11 capacities, but you will lose me. You will lose
12 me, and others like me to the private sector simply
13 because we cannot afford to do the work that we
14 long to do.

15 Upon graduation, I will have accumulated
16 close to \$60,000 in student loan debt. If I am
17 lucky, I will get a job that pays me \$35,000 a
18 year. That means that close to 30 percent of my
19 income will go toward repayment of my student
20 loans.

21 Ladies and gentlemen, I implore you to
22 make the necessary changes to the federal student
23 loan program so that professional social workers
24 can serve their communities without falling into

1 the poverty threshold themselves. Please untie our
2 hands and allow us to do the work that we have been
3 called to do.

4 Thank you.

5 **DAVID BERGERON:** Thank you.

6 **DAVID BERGERON:** Glen McGhee. Could you
7 state your name and organization into the
8 microphone?

9 **GLEN MCGHEE:** My congratulations to Jim in
10 his ascension. I hope it works out for you.

11 For the record, my name is Glen McGhee,
12 and I am the Director of the Florida Higher
13 Education Accountability Project, otherwise known
14 as FHEAP. FHEAP is a loosely connected national
15 watchdog group where we believe that accreditation
16 reform is the key to bridging the accountability
17 gap in higher education.

18 I am here to bring you some bad news about
19 minimum standards in higher education for the
20 Southern states, those standards mandated by
21 Congress in 1992 as part of the program integrity
22 requirements of the Higher Education Act. The sad
23 truth is there are no minimum accreditation
24 standards, because the quality control function of

1 the regional accrediting association in the South
2 has broken down.

3 What is sad about this is that the
4 students--you know, the last person was talking
5 about the students suffering--the students suffer,
6 too. I want to focus on the faculty--I am talking
7 about 34 CFR 602.26, which was moved over to
8 602.16(a), and those standards cited there relating
9 to student achievement measure of program length
10 and faculty qualifications.

11 Although 12 higher education standards
12 were first put in place through the HEA amendments
13 of 1992, these were quickly put on the backburner
14 by then-Secretary Richard Riley. If you look at
15 the final for April 29, 1994, apparently he was
16 badly burned during the onslaught to overturn the
17 SPRES.

18 Anybody here remember that, in 1990,
19 everything went upside down? Subpart 1 got pushed
20 off the table, but Subpart 2 has apparently gotten
21 forgotten. It is still there; those are the
22 program integrity requirements. Secretary Riley
23 adopted what he called, "A minimalist approach to
24 implementing Part H, Section 496." That is a

1 hands-off approach, and this is why we now have
2 what could be called "standardless standards."

3 The result, at least in the South, has
4 been devastating. Instructors without four-year
5 degrees, without any kind of graduate work--I am
6 talking about zero graduate credits--are teaching
7 in areas they have been assigned to, and allowed to
8 step into community college classrooms to teach
9 four-year transferable courses.

10 We believe that rulemaking modeled on the
11 highly qualified teaching provisions of No Child
12 Left Behind is needed. These provisions quite
13 rightly, in our view, were put in place to combat a
14 very grave threat to student learning.
15 Consequently, we would argue the threat, as well,
16 is a harm to taxpayers and the federal interest,
17 namely out-of-field teacher assignments. As you
18 probably know, this is a big problem in secondary
19 education, so much so that it has required a
20 federal initiative to deal with it and, even now,
21 no one is sure if it is going to work to fix the
22 problem.

23 So I am here today to tell you that out-
24 of-field teaching in higher education is higher

1 education's best-kept dirty little secret, and that
2 it will not go away until accreditors begin to
3 address it. The reason for this is simple. The
4 same micro-political factors that operate at the
5 secondary level, that cause out-of-field teacher
6 assignments, are also operating at the community
7 college level. They are also operating in
8 postsecondary education, and it is creating the
9 same problems.

10 These systemic problems reaching almost as
11 high--we did a study of Bay County's dual
12 enrollment program, and almost 50 percent of the
13 instructors did not have 18 graduate hours, the
14 Good Practice requirement, in what they were
15 teaching for college credits. This is supposed to
16 be addressed by accreditors as part of their
17 quality assurance provisions responsibilities, but
18 it turns that is what happened is SACS is working
19 instead to perpetuate the status quo through their
20 peer review process and in-house institutional
21 studies.

22 None of this, of course, is objective,
23 including the way the institutions vote on the
24 standards that they themselves will use for their

1 own accreditation. Others have long observed that
2 this is very incestuous and self-serving, just as
3 it was when it was first put in place 800 years ago
4 when the European university guilds first emerged.

5 So, clearly, steps must be taken by the
6 Secretary for the gradual elimination of the
7 standardless standard policy now in place.

8 Thank you.

9 **DAVID BERGERON:** Thank you.

10 **DAVID BERGERON:** Melissa Coral.

11 **MELISSA CORAL:** Good morning.

12 **DAVID BERGERON:** Good morning.

13 **MELISSA CORAL:** As you stated, my name is
14 Melissa Coral. I am a graduate student at the
15 University of Central Florida. I am also the
16 graduate representative of the Florida chapter of
17 the National Association of Social Workers. I am
18 here to support this hearing by encouraging changes
19 in the loan repayment process.

20 This past spring I faced a treacherous
21 professional crossroad. I was graduating with my
22 undergraduate degree in social work. I was eager
23 to earn my master's degree, yet I did not know if I
24 could afford it. I am a first generation college

1 student of immigrant parents. They cannot support
2 me financially, and entering the one year of
3 master's program required for me to quit my part-
4 time job and focus on my studies.

5 I began to worry about how I would pay for
6 my living expenses, my books, and my classes. I
7 also wondered if this decision would impact my
8 life. Would I be able to enjoy my first
9 professional salary, or would it go toward repaying
10 my loans?

11 When faced with the crucial decision of
12 continuing on to grad school, I faced times of
13 self-doubt and uncertainty. I knew that various
14 non-profit and social service agencies would not be
15 able to reward me for these educational
16 attainments. Also, I know that paying for college
17 would be primarily financed by college loans. In
18 the end, I followed my professional aspirations,
19 knowing that repaying my loans would be difficult
20 on a \$30,000 to 40,000-a-year salary.

21 Today I am asking you to help students and
22 reward them, instead, for choosing to attain
23 postsecondary education. I believe that if one's
24 income is taken into account, it will greatly

1 benefit college students in the social work and
2 other helping fields. In addition, taking into
3 account one's family size will assist you to
4 provide for their children or older family members.

5 I believe that these proposed changes will
6 help students better manage their loan repayment
7 and lighten their financial strain. These changes
8 will support those of us who choose helping
9 professions, such as teaching, social work, or
10 counseling. We are not highly rewarded monetarily,
11 yet we are greatly needed by society.

12 Therefore, I believe making these changes
13 in the loan repayment program would support
14 individuals like me, and assist us while we help
15 others. In the future, I would like for these
16 changes to encourage more youth to choose these
17 helping professions, without worrying about how
18 they will pay for their education. Money is a
19 deterrent for many college students. I believe you
20 have the power to make it a less threatening and
21 discouraging process by improving the loan
22 repayment terms.

23 I look forward to helping minorities and
24 immigrants attain mental health and social

1 services. I also look forward to serving clients
2 in various settings, ranging from schools,
3 hospitals, community centers, to private counseling
4 offices. I am eager and willing to practice
5 professional and ethical social work. I hope you
6 take these career goals, and those of many like me,
7 into consideration. I look forward to serving my
8 community, and hope this commitment will be valued.
9 In that spirit, I believe you will support students
10 and ease the loan repayment process for us.

11 Thank you for your time.

12 **DAVID BERGERON:** Thank you. This is the
13 last time. I know I am going to slaughter--Brad
14 Giedd.

15 **BRAD GIEDD:** Yes. Very good.

16 **DAVID BERGERON:** Good morning, Brad.

17 **BRAD GIEDD:** Good morning. Thank you for
18 the opportunity to be here.

19 My name is Dr. Brad Giedd. I practice
20 locally; I am an optometrist. I am a 1997 graduate
21 of NOVA Southeastern University, College of
22 Optometry in Fort Lauderdale. So I bring a ten-
23 year history of student loan debt perspective to
24 this discussion.

1 Although I did borrow as an undergraduate,
2 my testimony concentrates on the professional
3 students, that perspective, and the evolving crisis
4 that student debt and changing borrowing rules are
5 creating in my profession.

6 As you may or may not know, optometrists
7 are the primary eye-care providers in this country,
8 seeing a vast majority of primary eye-care
9 patients. Like primary healthcare providers or
10 general physicians, we are a non-surgical
11 profession, unlike our ophthalmology counterparts,
12 and thus we have significantly less revenue
13 generating potential. The average annual income
14 for optometrists is in the range of \$82,000 to
15 \$100,000, and that may seem like a very respectable
16 income. Unfortunately, however, the average
17 student loan debt for optometrists graduating at
18 most institutions has soared to more than \$120,000
19 debt. The problem that this creates is that, even
20 when these loans are consolidated over a 30-year
21 period, at usually an eight to nine percent
22 interest rate, or that is what it was when I got
23 out of school, repayment can require as much as 20
24 to 30 percent of one's annual income. Certainly,

1 this is well beyond what some economists have
2 defined as a manageable amount of student loan
3 debt.

4 Graduates with this type of debt are
5 handicapped in several ways as they enter their
6 practice lives. First, those wishing to pursue
7 private practice situations typically must endure
8 smaller salaries initially when starting, either on
9 their own or with an existing practice. For many,
10 this is not a reasonable option anymore, as loan
11 repayment tends to begin right after licensure can
12 be obtained. Thus, many of our graduates opt for
13 some of our alternative practice types, including
14 commercial practices, where better initial incomes
15 can often be found.

16 The tradeoffs in this scenario can range
17 from a loss of medical decision-making independence
18 to diminished professional satisfaction, and,
19 ultimately, to the loss of the long-term financial
20 benefit that has historically been the reward in
21 owning one's own practice.

22 You may ask why this should matter to you.
23 Well, the big picture dilemma that has been
24 developing during the last decade or so involves

1 the recruitment of candidates to the primary
2 healthcare professions. We have seen a significant
3 decline in the quantity and quality of our
4 applicant pools, as potential candidates are seeing
5 the writing on the wall in regard to the financial
6 implications of choosing these professions where
7 the expected debt burden is so high.

8 Personally, while I love the patient
9 contact and professional interactions of optometry,
10 I would not choose this profession if I had to do
11 it again. I know mortgage brokers, for example,
12 without any advanced education who have better
13 financial situations than many doctors I know, and
14 they have incurred little or no student loan debt.
15 This will become problematic to the healthcare
16 system of the United States as our population ages
17 and these professions become more vital to the
18 overall public health.

19 When the brightest students of today and
20 tomorrow choose careers in real estate, for
21 example, instead of healthcare because it is the
22 smarter financial decision, we will all be paying a
23 price for a system that defies its very name
24 "financial aid."

1 What can be done to help solve this
2 problem? Certainly, some of the responsibility
3 lies within the colleges and universities in
4 helping to create affordable education. Many of
5 these programs have become education for profit
6 machines that continue to raise tuition higher and
7 higher, often without any explanation or
8 justification.

9 In the case of student aid, my personal
10 story bears witness to the large effect interest
11 rates, for example, can have on the burden of
12 student debt. Upon commencement, I did as most
13 professional graduate students do, and I
14 consolidated my loans. The interest rates at the
15 time were in the eight to nine percent range, and
16 30 years was the typical period. I pursued a
17 clinical residency and deferred my loans for
18 another three years while the interest accrued on
19 all the unsubsidized portions of my loans. When I
20 began repayment immediately after my residency, my
21 initial payments were more than \$1,200 per month,
22 and that was the income-sensitive reduced rate.
23 These payments were to increase to more than \$1,500
24 a month after a couple years and stay at this level

1 for the remainder of 30 years. Initially, my
2 student loan payments were absorbing more than 30
3 percent of my income.

4 I was one of the lucky ones, however.
5 Through an unusual loophole in the law, I was able
6 to reconsolidate my initial variable rate
7 consolidation into a fixed rate loan around the
8 time all the interest rates were dropping in 2001.
9 My final consolidation dropped my interest rate to
10 around four percent, and my payments to around \$900
11 per month. So now I am at least a little under 20
12 percent of my income. Without this lucky break,
13 though, I can tell you there is absolutely no way I
14 would ever be in the position to become a partner
15 in the practice where I have been for the last six
16 years.

17 My wife, who is also an optometrist, has a
18 loan about half of the amount of mine, but because
19 she consolidated in a program that stuck her around
20 eight percent, her payments are only slightly less
21 than mine. So you can see what a big difference
22 just a change in interest rate in helping with the
23 problem. She opened her own practice with another
24 doctor three-and-a-half years ago, and they did not

1 even see the paycheck for the first two-and-a-half
2 years. The student loan bills, however, kept
3 coming regardless of her salary.

4 We have both worked multiple jobs and
5 averaged a six-day work week since graduation in
6 order to stay afloat, as we pay nearly \$2,000 per
7 month to our student loan repayment, and that has
8 certainly caused us to push away some bills that
9 could be paid off, and it has prevented us from
10 making significant contributions to our kids'
11 college savings and to our own retirement savings.

12 While my situation is what it is, there
13 are many that I know who have it much worse. I am
14 certainly not complaining. I am, however,
15 campaigning for future professional students who
16 often do not even understand the implications of
17 this massive student loan debt they are about to
18 assume. I strongly urge you to carefully consider
19 the proposed reforms offered by the student
20 advocacy group. Time is of the essence in helping
21 the next generation of college and professional
22 school graduates to not be overwhelmed by the
23 burden of student loan debt.

24 I appreciate your time.

1 **DAVID BERGERON:** Thank you.

2 **DAVID BERGERON:** Shelley Saunders.

3 As she is coming to the microphone, I will
4 remind her to state her name and organization, and
5 I want to say that sometimes in the other hearings
6 we have had time for questions. We have a lot of
7 folks signed up for testimony today, so we may not
8 have much time for interaction, but I want to thank
9 everybody who is testifying. Go ahead.

10 **SHELLEY SAUNDERS:** Good morning and thank
11 you.

12 My name is Shelley Saunders, and I am the
13 Vice President of Strategic Services with American
14 Student Assistance.

15 American Student Assistance is a private,
16 non-profit, federal guarantor, and it is the
17 designated guarantor for Massachusetts and
18 Washington, D.C. It is also one of the original
19 guarantors to obtain a voluntary flexible
20 agreement.

21 The foundation of our agreement with the
22 Department of Education is to ensure that students
23 and families receive the information and services
24 they need to manage their education debt. ASA

1 feels that there are several overarching principles
2 on which the Department should concentrate during
3 the negotiated rulemaking process. Specifically,
4 ASA suggests that the Department focus on changes
5 to the regulations that enhance borrower benefits,
6 simplify student loan borrowing, and promote
7 successful loan repayment.

8 In keeping with these principles, ASA
9 proposes the following list of issues for
10 negotiation for both the Pell and Direct Loan
11 programs. With respect to access to economic
12 hardship deferment, the overly complicated process
13 of applying for an economic hardship deferment
14 results in the under-utilization of the deferment
15 entitlement, and makes it simpler for a lender to
16 offer the borrower a less beneficial, especially in
17 the long run, discretionary forbearance.

18 Current regulations also base eligibility
19 exclusively on the level of student loan debt
20 versus income, regardless of other circumstances
21 and financial responsibilities the borrower may
22 have.

23 We recommend that Congress reevaluate the
24 HEA provisions for the purpose of simplifying the

1 eligibility criteria. In the meantime, we suggest
2 the Secretary exercise her authority to simplify
3 existing regulations. In particular, we would like
4 the Secretary to examine the eligibility criterion
5 that allows the borrower to qualify for deferment
6 if the borrower is receiving or has received
7 payments under a federal or state public assistance
8 program.

9 The Department should consider developing
10 a comprehensive list of federal and state
11 qualifying public assistance programs and placing
12 that list on a Web site. This would enable loan
13 holders to consider the eligibility of all
14 applicants for the deferment in a consistent
15 manner.

16 Next, I would like to endorse the plan for
17 fair loan payments outlined in the Project on
18 Student Debt, which was presented at the September
19 19th hearing in Berkeley, California. The plan
20 focuses specifically to simplify the economic
21 hardship deferment application process, and make
22 required payments more manageable by basing them on
23 federal poverty guidelines and family size. It
24 also seeks to make the income contingent repayment

1 program more effective and accessible to more
2 student loan borrowers, not just those in the
3 Federal Direct Loan Program.

4 The proposals contained in the plan are
5 consistent with ASA's commitment to helping
6 borrowers avoid defaulting on their student loans.
7 If adopted, they would further advance our efforts
8 to provide viable repayment options to borrowers
9 who are willing to pay their student loans, but are
10 unable to manage their monthly payments.

11 Also, a borrower's need for the Income-
12 Contingent Repayment Program should not require
13 them to put their credit in jeopardy in order to
14 receive the help they need. We urge the Department
15 to reevaluate the requirements for Pell borrowers
16 to be a minimum of 60 days delinquent during the
17 entire application process for Direct Loan's
18 Income-Contingent Program.

19 With respect to financial literacy, the
20 Treasury Department and Congress have indicated
21 that a lack of financial literacy is a significant
22 issue in the U.S., and have gone so far as to
23 establish financial literacy month annually in
24 April. ASA strongly advocates developing a

1 financial literacy program that is available as an
2 elective course to all students attending secondary
3 or postsecondary institutions. Such programs would
4 assist students in achieving a level of financial
5 literacy necessary to succeed.

6 Additionally, guarantors are starting to
7 see borrowers defaulting who are located in areas
8 affected by Hurricanes Katrina and Rita simply
9 because they do not have a resource for contacting
10 these borrowers at their new location to offer
11 counseling on repayment options. As a component to
12 business continuity planning, we recommend that the
13 Department pursue a data match with FEMA to secure
14 addresses and telephone numbers of affected
15 borrowers in the event of a national or regional
16 disaster.

17 Finally, ASA is a charter member of the
18 National Association of Student Loan
19 Administrators, or NASLA, and would like to express
20 our support of the testimony given by Mr. Torres
21 from the Texas Guaranteed Student Loan Corporation,
22 and Ms. Fairbairn, from Great Lakes Higher
23 Education Corporation, in the prior hearings. In
24 particular, we support their call for NASLA to be

1 represented in the negotiated rulemaking activity.
2 We, too, feel that NASLA has been an effective
3 voice for student loan guarantors whose mission is
4 to ensure consistent and reliable student loan
5 services to America's students, parents, and
6 postsecondary institutions.

7 It is important to note that NASLA is not
8 a Washington, D.C.-based trade association; rather,
9 it operates through a consensus of its members
10 without paid staff or outside consultants.
11 Accordingly, it brings to the table the direct and
12 unfiltered views of actual operational agency
13 participants. Since it is impossible for all to
14 participate, the Secretary should recognize those
15 associations and consortiums that most directly
16 represent operational participants.

17 In the case of guarantors, direct
18 representative entities such as NASLA and the
19 Guarantor CEO Caucus would appear to be the
20 preferred choices. This would appear particularly
21 appropriate in the case of the Title IV issues
22 negotiating track. Therefore, we encourage the
23 Department to consider once again extending an
24 invitation to the nation's guarantors.

1 Thank you for your time and consideration.

2 **DAVID BERGERON:** Thank you.

3 **DAVID BERGERON:** Edmund Gross.

4 **EDMUND GROSS:** Thank you for the
5 opportunity to participate in today's hearing.

6 My name is Ed Gross, and I am the
7 President of the International Academy of Design
8 and Technology in Tampa, Florida. Prior to that, I
9 have been president of several other colleges, and
10 retired from the public sector as Vice President of
11 Academic Affairs and Provost of Valencia Community
12 College. I mention that only to reinforce the fact
13 that I have participated in both regional
14 accreditation, as well as national accreditation
15 activities.

16 Our college is one of the 80 represented
17 by Career Education Corporation, and we have been
18 in Tampa for about 22 years. It is a nationally
19 accredited institution-offering associates of
20 science, bachelor of arts, bachelor of fine arts,
21 master of applied arts.

22 Our purpose is to help prepare people for
23 the profession they have chosen. To do so, we work
24 very closely with leading employers to create

1 bridges from the classroom setting to the workplace
2 environment. Each program at the college has an
3 advisory committee made up of industry
4 professionals and employers who ensure that the
5 curriculum meets or exceeds industry standards. In
6 fact, I, as president, send every employer who
7 hires one of our graduates a letter stating that if
8 they find a training deficiency within the first 90
9 days, that we will retrain that graduate free of
10 charge.

11 Our curriculum is developed with a focus
12 on employment needs within the global marketplace
13 in an effort to provide immediate placement
14 opportunities for our students. There is no better
15 example of how this type of educational foundation
16 can translate into real world success than our
17 graduates.

18 One of our recent graduates of the fashion
19 design program, for example, currently is employed
20 with Michael Kors in New York City as a design
21 assistant. IDT students benefit from having
22 faculty members who are accomplished in their own
23 right. I like to say that they have not just
24 studied fashion design; they are, in fact, fashion

1 designers themselves. For instance, one of our
2 fashion design instructors is currently designing
3 costumes that are moving now into production.

4 IDT students are consistently engaged in
5 the community around them. For example, each
6 quarter our interior design students volunteer
7 their time to redesign a house or facility for a
8 non-profit organization in order to raise money for
9 worthy causes.

10 Students select IDT with the confidence
11 that they will receive an educational experience
12 that will fully prepare them to launch their career
13 in their chosen field. We commend the Commission
14 and Secretary Spellings for suggesting concrete and
15 bold solutions to the problems facing students of
16 postsecondary institutions today.

17 Many of IDT students are the first in
18 their family to attend college. Our school is
19 often the first step to new lives for countless
20 students. Like other colleges and universities
21 across the country, IDT must address deficiencies
22 of an educational system that graduates students
23 from high school without the basic competencies
24 required for postsecondary education. To meet this

1 need, we at IDT offer tuition-free math and English
2 refresher workshops, as well as free tutoring for
3 any student who wants it.

4 Another obstacle for our students is one
5 that the Commission identified is a problem for
6 students nationwide, barriers to the transfer of
7 credit between institutions. The burden on
8 students and institutions alike as a result of
9 these barriers is unacceptable at a time when many
10 students are highly mobile and may be completing
11 their degrees in multiple states. Our students
12 still confront two main obstacles for transferring
13 their hard earned and, as you heard this morning,
14 highly paid credits.

15 First, they experience a bias toward our
16 operation as a proprietary institution, which,
17 having retired from the public sector, I find
18 ironic. And second, they encounter administrators
19 and faculty members who object to our national
20 accreditation, and reject transfer credits without
21 an objective evaluation.

22 To highlight the reason for our concern
23 about transferring credit policies, I would like to
24 share with you some stories about some problems

1 students have encountered in the past 18 months,
2 without identifying the student.

3 Jennifer graduated with her bachelor of
4 fine arts degree from the International Academy of
5 Design and Technology in Detroit. She wanted to
6 continue her studies in the graduate program. Only
7 one of the state universities would recognize her
8 degree.

9 Megan successfully completed course work
10 toward her associate of applied science degree in
11 fashion design and merchandising at IDT. She moved
12 out of the state to be closer to family, and, when
13 she applied to a local public university, the
14 school advised her that she would have to start all
15 over.

16 Students should not be required to
17 navigate each institution's particular transfer-of-
18 credits policies. It should not be required
19 without cause to repeat course work in which they
20 have demonstrated proficiency. We are encouraged
21 by the Commission's serious look at the
22 shortcomings of the existing accreditation process.
23 We support the development of a regulatory
24 framework neutral to whether an institution is

1 accredited by a national or regional body.
2 Increasing access for all students is crucial, and
3 this type of innovation in the system can only
4 provide more opportunities for students.

5 The reality today is that many students
6 tend to attend multiple schools and complete their
7 studies in a non-linear way. There is a critical
8 need to capture performance outcomes so that
9 parents, shareholders, including the federal
10 government, and students have reliable and accurate
11 data to consider when making college decisions. We
12 support the Commission's efforts to address this
13 problem, including its recommendation to develop
14 from the study a privacy-protected higher education
15 information system that collects, analyzes, and
16 uses student-level data. We also urge the
17 Commission not to implement this higher education
18 system as an unfunded mandate on institutions.

19 We look forward to working with Secretary
20 Spellings and others at the Department, not only on
21 designing this proposed system, but also in
22 implementing other solutions to the problems facing
23 students in postsecondary education in general.

24 Thank you very much for allowing me this

1 opportunity.

2 **DAVID BERGERON:** Thank you.

3 **DAVID BERGERON:** Phil Van Horn, please.

4 **PHIL VAN HORN:** Good morning and thank
5 you.

6 **DAVID BERGERON:** Good morning.

7 **PHIL VAN HORN:** My name is Phil Van Horn.
8 I am President and Chief Executive Officer of the
9 Wyoming Student Loan Corporation. I am also the
10 Chairman of the Board of Directors of the National
11 Council of Higher Education Loan Programs, known
12 affectionately as NCHELP.

13 NCHELP is a non-profit association of
14 education providers, such as guarantee agencies,
15 secondary markets, lenders, loan servicers,
16 collection agencies, schools, and other
17 organizations involved in the administration of the
18 Federal Family Loan Education Program. I represent
19 NCHELP in my remarks today.

20 In its August 18th Federal Register notice,
21 the Department of Education requested suggestions
22 for issues that should be considered for action by
23 negotiated rulemaking committees. I am pleased to
24 offer some of these recommendations this morning.

1 First, unresolved items raised in comments
2 on the interim final regulations. NCHELP suggests
3 that the negotiating committees take up any items
4 that were addressed in our comments on the August
5 9, 2006, interim final regulations for the student
6 loan programs and have not been resolved as those
7 comments recommended. Our comments on the interim
8 final regulations were provided on September 8,
9 2006, jointly with the Consumer Banker's
10 Association, the Education Finance Council, Student
11 Loan Servicing Alliance, the Guarantee Agencies CEO
12 Caucus, and the National Association of Student
13 Loan Administrators. As this testimony is being
14 prepared, the Department has not yet published
15 revised regulations, although this did come out
16 yesterday, to take into account the comments
17 received.

18 Three issues in particular in the interim
19 final regulations warrant inclusion in a negotiated
20 rulemaking process. First of all, identity theft.
21 In our comments, we took strong exception to the
22 approach taken in the interim final regulations and
23 the definition of identity theft, and the
24 requirements for obtaining discharge of liability

1 on the basis of identity theft. In its place, we
2 urge the Department to adopt the definition of
3 "identity theft" used by financial institution
4 regulators under the Fair Accurate Transaction Act
5 of 2003.

6 And secondly, to provide for the discharge
7 of the borrowers loan liability, and the
8 reimbursement of the loan holder on the basis of an
9 identity theft report, as defined in that act. The
10 adjudicated crime approach adopted in the interim
11 final regulations is unduly restrictive, unwise,
12 and unnecessary. It does not give effect to the
13 remedial purpose of the identity theft provisions
14 of the Higher Education Reconciliation Act of 2005,
15 and that is to help borrowers and provide
16 reimbursement to the innocent holders. The
17 rationale for our recommended approach is set out
18 more fully in our comments on the interim final
19 regulations.

20 Rehabilitation of defaulted loans is more
21 effective than consolidation in preventing
22 redefault. A borrower's ability to rehabilitate a
23 defaulted loan should be facilitated. The interim
24 final regulations fail to ensure that all

1 qualifying borrowers are able to rehabilitate their
2 loans by making nine payments within 20 days of the
3 due date during consecutive months, as provided by
4 the Higher Education Reconciliation Act of 2005.
5 We believe this important means of addressing
6 defaults must be fully implemented.

7 The issue of retroactivity--in at least
8 two areas, the interim final regulations raise
9 concerns that settled standards are being
10 retroactively revised. First, regulations relating
11 to the exception of a former insurance rate, on
12 their face, provide for reimbursement to a lender
13 or a lender-servicer designated for exceptional
14 performance of 99 percent of the unpaid principle
15 and interest through default claims. The Higher
16 Education Act of 1965 guarantees lenders 100
17 percent of reimbursement for all default claims,
18 whenever made, on loans for which the first
19 disbursement is made prior to October 1, 1993. A
20 literal application of the regulations would
21 violate the act. We believe that the regulations
22 must preserve the 100 percent lender insurance rate
23 for exceptional performer lenders, as well as
24 others, for claims on pre-October 1993 loans.

1 Second, as indicated in comments submitted
2 by NCHERP and the Education Finance Council,
3 regulations related to special allowance payments
4 on loans raise interpretive issues and questions
5 that could be read as retroactively changing
6 settled interpretations of the Higher Education Act
7 and existing regulations. As stated in our
8 comments, we believe the regulations must clearly
9 provide that new standards do not apply to
10 outstanding bonds or loans, and urge the Department
11 to consider the language submitted in those
12 comments.

13 In addition, we believe the negotiated
14 rulemaking committee should ensure that any
15 regulations that impose new restrictions and/or
16 burdens on schools and other participants in the
17 student loan programs have only a prospective
18 effect.

19 In addition to unresolved items raised in
20 our comments on the interim final regulations, we
21 recommend that the negotiated rulemaking committees
22 address the implementation of one new source of
23 authority and two broad themes, those being, first,
24 Grad PLUS Loans. The Higher Education

1 Reconciliation Act of 2005 authorizes PLUS Loans to
2 graduate professional students, but the interim
3 final regulations fail to harmonize this new
4 authority with other authority for loans to the
5 same students. For example, disclosure
6 requirements designed for PLUS Loans to parents
7 should not be applied to PLUS Loans for students;
8 these repayment periods do not begin immediately.
9 And, to the extent permitted by the statute, the
10 repayment period for a Grad PLUS Loan should begin
11 when the repayment period for the student's other
12 loans begins.

13 We believe the negotiated rulemaking
14 committees can serve as effective forums for
15 exploring the operational implications of the
16 regulations, and for finding ways to prevent
17 confusion on the part of Grad PLUS Loan borrowers
18 in these other areas.

19 Secondly, safe harbors. Implementation of
20 the Higher Education Reconciliation Act of 2005 is
21 being accomplished in a highly compressed timeframe
22 without the benefit of the usual rulemaking
23 procedures. In many cases, our members have been
24 obliged to make decisions on the basis of a good

1 faith reading of the statute and less than complete
2 guidance from the Department. We believe the
3 negotiated rulemaking committee should address the
4 need to immunize regulated parties against
5 enforcement of standards that were not in effect
6 when decisions consistent with statutory language
7 were made.

8 Finally, amelioration of debt burden. The
9 need to address mounting student loan debt is
10 manifest. We have heard testimony here today.
11 There is more that could be done to help borrowers
12 who are having difficulty in managing their student
13 loan payments. We urge that the negotiated
14 rulemaking committees address indebtedness in the
15 context of current law among the actions that the
16 committees could consider are: first, making the
17 economic hardship deferment more accessible;
18 secondly, maximizing the flexibility of the income-
19 sensitive repayment plan in the Pell Program. Few
20 borrowers benefit from either of these provisions.

21 The collaborative nature of the negotiated
22 rulemaking process offers the promise of finding
23 other means of addressing this issue.

24 Thank you for the opportunity for these

1 comments, and I have copies here that I will leave
2 on the table.

3 **DAVID BERGERON:** Thank you.

4 **DAVID BERGERON:** Keon Williams.

5 **KEON WILLIAMS:** Good morning and thank
6 you.

7 **DAVID BERGERON:** Good morning.

8 **KEON WILLIAMS:** My name is Keon Williams.
9 I am a 21-year-old from Bethune-Cookman College. I
10 am a junior majoring in political science. I am a
11 "B" average student, 3.26 GPA. I am in several
12 student government associations: Model United
13 Nations, the representative for the ICUF, which is
14 the Independent Colleges and Universities of the
15 State of Florida; and the campaign based on the
16 FRAG Grant.

17 Our college tuition is \$18,818, a very
18 large amount of money to ask a college student to
19 attempt, but it is worth it when you look at the
20 cost of education. I currently receive the Pell
21 Grant, the FRAG Grant, and the FSEOG, and those are
22 pretty much grants that help pay for my schooling.
23 And even though with that, it is still not enough.
24 I have to take on an extra job, and I am a

1 residential assistant with the college to help make
2 up those funds.

3 Before coming back to school, I had
4 decided to transfer because the amount had become
5 so great and that I did not have enough funds to
6 pay for it, and I knew transferring to another
7 institution with the lower costs would be wise, but
8 at the same time, I would lose credits that would
9 not transfer, which means I would have to pay for
10 an extra year in school.

11 The struggles I have been through--I am
12 the first person in my family to attend college,
13 and it has been quite an experience so far. And
14 just going through everything that I have been
15 through, I know that education is at least that one
16 hope that you can grab hold of to come out of the
17 struggles that you have been through, and hopefully
18 you can, therefore, with your kids, teach them the
19 importance of education to therefore put themselves
20 up through society.

21 I was talking to Krista today and we were
22 talking about--when we look at statistics, we
23 typically look at them as hardcore facts, but at
24 the same time it removes us from that sensitivity

1 to actually look at it for what it is, face value.
2 One of the examples I was thinking about as we were
3 talking was about the movie I, Robot. In the
4 beginning of the movie, Will Smith jumps into the
5 water to save the little girl that had apparently
6 jumped off in a car and went into the water. As he
7 went to save her, a robot jumped in the water to
8 rescue her, and the robot read the vital signs;
9 Will Smith's was 58 percent, the little girl was
10 only 36 percent. Which one did the robot save?
11 Well, of course, Will Smith, but a human being
12 would have saved the little girl.

13 And so, when I look at the government, I
14 know the government is a machine, but at the same
15 time it has individuals within that machine that
16 have hearts that are compassionate. I realize
17 that, sometimes, even though statistics may say
18 this, we have to look at it for what it is on the
19 ground level, face value. And even then, with
20 tuition being so high, I still want to go to grad
21 school. I study in political science, and
22 hopefully I can go to school and get my master's
23 degree in public administration, because one day I
24 would make a change in society to implement policy;

1 that is what I want to do.

2 And, knowing this, I know that going to
3 grad school is going to cost even more money. And
4 so I may have to take out another loan because my
5 family does not have those funds. And so, with
6 that being said, many college students go to
7 college, and they say, "How am I going to pay for
8 this? To go to school and get in debt when I could
9 just enter the workforce, but I know entering the
10 workforce is not going to provide me with the
11 standard income of living."

12 We have been viewing statistics lately,
13 and it is telling you if a person goes to college,
14 they are likely to make 46 percent more than the
15 person with just a high school degree. Those are
16 current statistics.

17 And so, when you look at that, you are
18 weighing the issue. Should I go to school and get
19 in debt, or should I just continue to struggle and
20 don't have to default on loans, or anything? And
21 that is another thing, default on loans. Right
22 now, my mom pays, I think, \$182 a month off of
23 loans that I have already taken out from the
24 Department of Education. And so, on top of that,

1 bills and everything--it can be quite overbearing
2 sometimes. And so I have taken the time out of
3 class this morning, comparative politics, to come
4 here and give my testimony on why you guys should
5 make these changes, because you are in a position
6 to do that.

7 You know, when I first got the phone call
8 that said, "Hey, you can meet someone that can
9 actually make those changes," I was like, "Well, I
10 have to meet them." And I am here today because I
11 think that you guys really need to hear my
12 testimony, and I really need to be here because you
13 guys are the people that actually have the power to
14 do so, and I hear that these changes are small
15 changes. I know you guys get questions on a lot of
16 things. Because you don't know the actual numbers,
17 and stuff like that, you don't know what the future
18 is going to take. But I can bet you this much,
19 with education, that is the biggest investment.
20 And if I have been doing my research right on other
21 countries, other countries are starting to invest
22 more in education now because they see that is the
23 way it is going. If you educate your society,
24 then, therefore, they will aspire to create ideas

1 and to therefore continue to produce. But if
2 education is being cut, more students are taking
3 out more loans; now you have citizens depending on
4 the government even more.

5 I mean, I am studying this, so that is why
6 I am--so, with this being said, will you guys
7 consider these recommendations? And not just to
8 limit the student loan payments to a reasonable
9 amount, something income-based. You know, when you
10 get out of college and get a job, your loans may be
11 \$200 a month, maybe \$400, but you are only getting
12 paid minimum wage, in a sense, because a lot of us
13 get the first jobs that we have in order to work
14 our way up through society.

15 Recognize that the borrowers sometimes
16 have children with less income. Also, do you think
17 there should be that added interest that is on top
18 of it? You should prevent them, also, because that
19 is on top of the loan. And, in a sense, if that
20 could be eliminated, then we could become people
21 that pay back our loans on time. And those of you
22 don't pay your loan one time, if you default one
23 time, that immediately goes to your credit report,
24 and that will stop you from getting something else,

1 now, a house, a car. The cancellation of debts
2 from borrowers on income based on 20 years from
3 now. And also, we just want you guys to simplify
4 the loan process; just simplify it, sometimes,
5 because it is pretty much a tedious process, right
6 now.

7 And so, as a college student, I am in my
8 junior year--one more year hopefully, April 2008, I
9 walk across that stage with my degree and to pursue
10 my master's in public administration because I
11 really do think that it is individuals that make
12 the change to society. And I am glad to meet three
13 of those individuals today.

14 Thank you very much.

15 **DAVID BERGERON:** Thank you.

16 As I have said throughout the process of
17 the hearings we have, I continue to be impressed by
18 our students and the way that they are able to
19 present the facts to us in a wonderful way. We
20 appreciate hearing them.

21 One more and then we are going to take a
22 really brief break. I know we have all been
23 sitting a while, and we will be sitting some more,
24 so we are going to take a quick break after Tim.

1 Thank you, Tim.

2 **TIMOTHY ANDERSON:** How are you doing?

3 My name is Timothy Anderson. I attend the
4 great Bethune-Cookman College in Daytona Beach,
5 Florida, and I am actually with the student
6 government organization, also. I am a senior
7 majoring in international studies.

8 I am glad for this opportunity to actually
9 present myself and represent our college, and
10 basically, I have a Sallie Mae loan, a Parent PLUS
11 Loan, and other private loans that I have incurred
12 while attending Bethune-Cookman College, and I
13 believe it is imperative for you individuals to
14 make an increase in state grants for that.

15 I am the first person in my family to
16 attend college. I am from Orlando, Florida, this
17 area, actually, and I have a proud family. I want
18 to attend law school or grad school after I am
19 finished with Bethune-Cookman College, but I feel
20 that the loans have presented a problem with that.
21 I might have to enter the workforce because of
22 that, because I don't have enough money to attend
23 these places where I would like to go. I actually
24 have two jobs, which I work right now. One is the

1 mailroom, which is at my local college, and I also
2 am a residential assistant. And, in saying that, I
3 also worked at Circuit City and other jobs to
4 actually stay at Bethune-Cookman College.

5 There are actually times that I just
6 wanted to quit to actually go straight to work to
7 help my family out, but my family has pushed me to
8 stay in college. This is why I am actually here,
9 to actually see my little brothers and sisters go
10 on to college and not have to worry about that.

11 Saying that, I currently have a student
12 loan of \$10,000 plus, and I really would like to
13 stress to you how much grants would help me to
14 continue my education and other fellow students
15 that attend our college. I support the Commission
16 and hope that you will be able to increase the
17 grants system that we have here.

18 I thank you for this time for allowing me
19 to speak here, and I find this is a great
20 opportunity for me to speak in front of you and I
21 appreciate all that you are doing. Thank you.

22 **DAVID BERGERON:** Thank you. With that, we
23 will take a 10-minute break.

24 **[Brief recess.]**

1 **DAVID BERGERON:** We are going to reconvene
2 the hearing.

3 **DAVID BERGERON:** I will call Mark--I am
4 sorry, I am having trouble reading today. Maria,
5 how are you?

6 **MARIA CALAMIA:** Hello. I am Maria
7 Calamia. I am from Community College of Vermont.
8 I also have some comments from the Vermont
9 Association of Student Financial Aid
10 Administrators. We are in the process of preparing
11 some written comments, so I have some comments from
12 them. And I think I have some comments as a
13 parent, as well.

14 **DAVID BERGERON:** Jim likes those comments,
15 because he is a parent of a college-age student. I
16 have a ninth grader, so don't even talk to me about
17 college yet.

18 **MARIA CALAMIA:** I want to thank you for
19 this opportunity, and I just tried to get together
20 something really quickly, here, because I did not
21 realize that the hearing was going to take place
22 here until I actually arrived here and had time to
23 look at my materials.

24 Two main issues that come up in my daily

1 work as financial aid administrator is looking at
2 the college loan debt of my students. Our school
3 is the Community College in Vermont. We have about
4 9,000 students per year. About 5,000 are financial
5 aid applicants. Somewhere between 2,000 and 3,000
6 students receive Pell Grants out of that
7 allocation.

8 I should also say that I believe that we
9 are the most expensive public community college in
10 the nation, and it might be the next most
11 expensive, but I was looking through the materials
12 that we received in NSLDS, and our students have
13 accumulated quite a lot of loan debt. Most of our
14 students--the average age of our students is
15 somewhere in the lower 30s, 32 years old,
16 approximately. Most of them spend at least six
17 years getting their associate degree from us, and
18 that is if there are no blips in their educational
19 program. If they are taking six credits per time,
20 it is going to take them six years, as long as they
21 don't have to withdraw from the class and take
22 other classes that are required for their program.

23 So you can see where they are taking out
24 the annual limit, being independent students, how

1 that loan debt could accumulate quite quickly. So
2 oftentimes we are dealing with students with more
3 than \$20,000 in loan debt who are not graduates.
4 Being a community college, we also have students
5 coming in and out of programs. Some of them, you
6 will see their name and go, "Hey, that student is
7 coming back from a 10-year break in their
8 educational program."

9 So it does take them a long time, and we,
10 as an institution, have seen this, and the
11 financial aid staff has been working on increased
12 counseling, dealing with debt management and
13 financial literacy issues, and pushing them on--our
14 college recognizes this, but we are also trying to
15 push that as a required course in our programs.
16 The other initiatives that our school is taking on
17 is trying to provide remedial education in a non-
18 course setting so that students can receive loans
19 while they are taking remedial course work, because
20 oftentimes we do see students who might have 10
21 college-level credits and \$10,000 worth of debt
22 because of the remedial course work that they had
23 to take prior to those college-level courses.

24 So what I am asking on the loan debt issue

1 is trying to be flexible with the schools and
2 provide something like allowing schools to prorate
3 loans per enrollment status of their students
4 before the schools actually get into position where
5 they might need a default or reduction. Also, a
6 big issue that I see daily is dealing with how the
7 FAFSA collects incoming resource information and
8 relying so heavily on taxes. The tax laws are not
9 really made for financial aid, so we try to collect
10 more information. And a good start on getting to
11 that was that exemption for the 1040 requirement by
12 allowing parents and students who receive a means-
13 tested financial assistance through other programs
14 to say that they could have completed something
15 other than the 1040 in their tax form, but all too
16 often I do see from tax returns that it clearly
17 looks like we are giving Pell Grants to people who
18 have very high incomes and just are able to hide
19 those incomes through their tax forms. So, if
20 there is any way to get away from that--I know that
21 would not simplify FAFSA at all, but I believe that
22 it is really needed to get those funds to the
23 really needy students.

24 Also, in two-parent households, oftentimes

1 that income is not collected correctly just because
2 there is no marriage involved, so it gets very
3 confusing for the parents and students to fill out
4 those forms just because they are not married,
5 although they are living in a household where there
6 are two parents and children.

7 Now, as for the Vermont Association
8 Student Financial Aid Administrators comments,
9 final written comments will be coming shortly from
10 Yvonne Whittaker on this, but currently they sent
11 to me this morning a few issues, and they are
12 limiting their comments on this to the ACG and
13 SMART Grants; I am sure you would like to hear
14 that. They want to make sure that they maintain
15 need-based component of the ACG and SMART Grants.
16 They feel it is imperative that the eligibility of
17 these two programs remain linked with the Pell
18 Grant eligibility to assist the neediest students.
19 They want to expand the eligibility to Pell-
20 eligible non-citizens. It was not really made
21 clear to them why that population was excluded from
22 the original legislation.

23 The definition of "the academic year,"
24 they feel that should come in line with the

1 definition of "academic" for other Title IV
2 programs, just to remove the confusion and
3 limitation for their eligible students. And then,
4 also, the other item is on the evaluation of GPA
5 for SMART Grants. We want to make the requirement
6 for the GPA evaluation for SMART consistent with
7 ACG, in other words, just taking the ACG once a
8 year. And, as I said, Yvonne Whittaker will
9 provide the final comments and write in within the
10 next few days.

11 As a parent, I do have two daughters, one
12 of which just turned 24. She is an independent
13 student, if she decides to become a student, but
14 seeing her parents go to graduate school and not
15 really get that much in loan debt because we had
16 scholarships--and we went to school 25 years ago,
17 30 years ago, but seeing that our incomes are not
18 that great, that we both make \$35,000 a year
19 because we are in helping professions--she does not
20 think it is worth it to get into debt to go to
21 school. So she feels like she will go to school
22 eventually, and she might move out of the country
23 to do that.

24 I have another daughter who is 19 years

1 old who just started school at a public four-year
2 institution, out-of-state, so she is paying out-of-
3 state tuition. It is approximately \$14,000 a year.
4 I can only afford to send her for one year. At
5 that point, once she is there, she is going to have
6 to decide, is she going to go to another school--
7 she would prefer to stay at this school--or she is
8 going to take off a year and become a resident in
9 the state that she is in right now. So, either she
10 is going to go to a school and go into a program
11 that she would rather not, or she is going to have
12 to have a disconnect in her education. As we know,
13 if she takes off a year, who knows if she will go
14 back? So, as a parent, I just have those two
15 comments related to loan debt.

16 So, again, thank you for this opportunity.

17 **DAVID BERGERON:** Thank you, Maria.

18 **DAVID BERGERON:** Lucy Scalici.

19 **LUCY SCALICI:** Good morning.

20 **DAVID BERGERON:** Good morning.

21 **LUCY SCALICI:** My name is Lucy Scalici,
22 and I am the Assistant Director of Fiscal
23 Management of Title IV funds for the City
24 University of New York.

1 We are the largest urban university in the
2 U.S. We have close to 500,000 students across 21
3 campuses in New York City, where 110,000 are Pell
4 recipients. We are happy about the enactment of
5 the ACG and SMART Grant programs.

6 But I am also a double-dipper, because I
7 am also a graduate student at John Jay College of
8 criminal justice and Public Administration,
9 entering my final semester next spring. So I am in
10 the classroom as a student everyday, listening to
11 student gripes about financial aid, and thinking I
12 can do something about it, but it tears me up as an
13 administrator, as well, when I can't do anything
14 about it. I see both sides of the coin.

15 I testify to you today as a student. I
16 would like to thank the federal government for
17 recognizing that higher education needs additional
18 need-based financial aid, but my concern is, "When
19 did Title IV become segregated?"

20 FFEL loans, FSEOG, Perkins, and even TAP
21 in New York State are not segregated. We have been
22 treating U.S. citizens and eligible residents the
23 same, 99 percent of the time in everyday life,
24 except for voting and U.S. military service. I

1 truly believe it is unfair to segregate eligible
2 residents for receiving the ACG and SMART Grant in
3 the ACG and SMART Grant Program.

4 The ACG and SMART Grant Program was
5 created for the exceptionally bright and for
6 students that are majoring in lacking areas.
7 Please revisit this regulation and recognize that
8 this country was built on U.S. citizens as well as
9 eligible residents. Please include the residents
10 to receive ACG and SMART Grants in fiscal year
11 2008. My public administration feelings are
12 surfacing because I believe the government is being
13 unjust to college students. Let's be fair.

14 Thank you for the opportunity for letting
15 me testify today.

16 **DAVID BERGERON:** Thank you. I would say
17 that the U.S. citizen requirement is a statutory
18 requirement. One of the things I should have said
19 at the beginning of the hearing is one thing that
20 we cannot do through our regulatory process is
21 change the underlying statute as it exists, and
22 that is one of those statutory requirements that we
23 cannot change through regulation.

24 **DAVID BERGERON:** John Boyles.

1 **JOHN BOYLES:** Good morning. My name is
2 John Boyles, and I am privileged to represent
3 around 50,000 students of the University of Florida
4 in Gainesville, and also to serve as the Vice Chair
5 at the Florida's Students' Association, as you
6 heard from our chairman earlier this morning.

7 We, as student leaders in the state of
8 Florida, and our students that we represent,
9 recognize our role as stakeholders in continuing to
10 improve the higher education system. Having said
11 that, I will choose to spend most of my time
12 discussing the affordability aspect of education
13 and the higher education system, because all the
14 other aspects of the report are wonderful, and we
15 appreciate the work that has been done by the
16 Commission and the recommendations that are made.
17 But without the affordability, those aspects of the
18 report do not matter, because our students will not
19 be able to afford to receive the education that we
20 are talking about improving.

21 The responsibility for affordability
22 should be shared among our federal, state, and
23 institutions to the effect of establishing an
24 education that our students can enjoy. In the next

1 few minutes, I would like to briefly explain our
2 focus as student leaders and students on increasing
3 the purchasing power of the Pell Grants. I will
4 also draw some attention to some potential
5 oversight for Florida students in the SMART Grant
6 program, and I would also like to make some brief
7 general comments on the financial aspects of public
8 higher education in the state of Florida.

9 The Commission on the Future of Higher
10 Education recommended increasing the purchasing
11 power of the Pell Grant to a level of 70 percent, a
12 substantial increase from the previous 48 percent
13 of the average in-state tuition at public four-year
14 institutions in 2004 and 2005. We, as students,
15 support this recommendation, and we encourage the
16 Federal government to provide assistance to those
17 who do not qualify for the Pell Grant. The Pell
18 Grant Program has been a wonderful program that has
19 provided education for many students over the years
20 who cannot afford their own education. At the same
21 time, however, tuition increases have gone up,
22 tuition costs have gone up, and cost of living has
23 gone up to great extent, especially in the state of
24 Florida.

1 The way that we can see the ability of our
2 students to receive increasing aid can be done
3 through increasing the size and number of the Pell
4 Grants, increasing the support for the Supplemental
5 Educational Opportunity Grant, the Federal Work
6 Study Program, the Family Federal Education Loan
7 Program, the Direct Loan Student Loan Program, and
8 the Perkins Loan Program.

9 As student leaders, we do make this
10 request in full acknowledgment of Florida's, within
11 the national arena, low tuition and fees. As Frank
12 stated earlier, we are second in the lowest and
13 cheapest amount of tuition and fees. However, with
14 that affordable tuition and fee process and price,
15 we in the state of Florida face a great challenge
16 with a huge lack in need-based financial aid. In
17 addition, our cost to attend an institution is not
18 the lowest in the nation, or even close to the
19 second lowest in the nation. According, as Frank
20 said earlier, to the measuring of report cards of
21 2004 and 2006, the state of Florida received a
22 grade of "F" in affordability both times.

23 With current financial aid options, those
24 who have the least ability to afford to attend

1 college encounter significant financial barriers.
2 For the lowest two quintiles, the poorest 40
3 percent, the cost to attend college, even with the
4 lowest price in tuition, second lowest in the
5 nation, it still equals about 40 percent of their
6 family income, and this is after the adjustment for
7 financial aid receipts based on the average amount
8 distributed statewide.

9 My running mate in the spring elections
10 for our student government had to work three jobs
11 before we even ran for office, which was, again, an
12 additional cost, simply to make ends meet, and she
13 was on scholarships for the University of Florida.
14 She still had to work three jobs just to make ends
15 meet to be able to afford to buy her textbooks.

16 Moreover, the fastest-growing populations
17 in Florida and nationally are those with the lowest
18 SES background. Developing and maintaining a
19 globally competitive workforce that will attract
20 industries within the innovation economy requires a
21 well-educated population.

22 I would like to stop for a minute and come
23 back to my initial point about our shared
24 responsibility. In no way am I suggesting that

1 this burden to ensure affordability fall entirely
2 on the federal government. Our state is in need of
3 greater need-based financial aid options, and we
4 are working to improve the existing ones. Governor
5 Bush has championed the First Generation Matching
6 Grant Program, and fought to increase the Florida
7 Student Assistance Grant. In addition, we at the
8 University of Florida have a groundbreaking program
9 called the Florida Opportunity Scholars Program for
10 first generation families who fall below the
11 \$40,000-per-year income line. It has been a very
12 successful program, and we are grateful for the
13 state government's assistance in making that
14 happen.

15 Additionally, students must learn to be
16 frugal and wise with their expenditures once they
17 are awarded aid. We have been investigating this
18 problem, as members of the Florida Student
19 Association and student leaders in the state, and
20 we are making recommendations to our fellows around
21 the state, and to each other, and to our Florida
22 Board of Governors to attempt to rectify some of
23 those situations.

24 These shares of responsibility

1 notwithstanding, the primary means of financial aid
2 does often come from the federal government,
3 however. In the State University System of
4 Florida, approximately 75,000 students receive some
5 form of federal grant, and over 160,000 receive
6 some form of federal loan. Even with our state and
7 students assuming greater responsibility for this,
8 the need for a stronger Pell Grant must be met if
9 we are to maintain our share in the global
10 marketplace.

11 I would like to take a few minutes to talk
12 about the SMART Grant Program, in which I want to
13 congratulate the government on this program,
14 because I think that it is a wonderful, innovative
15 program that will help to increase our math and
16 science students, and the ability that we will have
17 in the future of the global marketplace. The
18 National Science and Mathematics Access to Retain
19 Talent Grants, or SMART Grant Program, authorized
20 under Section 401(a) of the Higher Education Act of
21 1965, as amended, is provided to students who
22 pursue a major in physical, life, or computer
23 sciences, mathematics technology or engineering, or
24 a critical foreign language. However, Section

1 691.17(a) of the Academic Competitiveness Grant and
2 National SMART Grant interim final regulations
3 published on July 3, 2006, specify that the
4 Secretary of Education will identify the eligible
5 majors for each award year. Eligible majors for
6 the 2006-2007 award year were identified by
7 Classification of Instructional Program, or CIP
8 Code, but excluded students enrolled at the New
9 College at Florida, and our honors college at
10 Florida Atlantic University, who had concentrations
11 in these specified areas, but were classified under
12 a different CIP Code. The implications from this
13 include that the current amendments would
14 negatively affect these institutions in our state
15 university system, and some of our most promising
16 students there within.

17 To make some general comments, I would
18 like to inform each of you that I have traveled
19 along with other leaders in the University of
20 Florida student government for the last two summers
21 to the city of Washington, D.C. to meet our state's
22 delegation, as well as other senators and
23 congressmen and women throughout the federal
24 government to talk about these issues. I am

1 heartened to see that a report that has come
2 forward and addresses some these issues of
3 affordability, as we have traveled every summer to
4 make those issues known to the legislators up in
5 Washington, D.C.

6 I would like it also to be known that in
7 the Commission Report it does state that tuition
8 levels from 1995 to 2005 have risen at an average
9 of 36 percent over inflation; that is 51 percent
10 without inflation.

11 In addition, in our state we have become
12 less of a priority, and I know this is a national
13 trend. About 20 years ago, the average rate of
14 shared responsibility between student tuition and
15 state funding was 25 percent tuition and 75 state,
16 now it is 31 percent tuition and 69 percent state.
17 In addition, as I stated before, we currently are
18 the second lowest in state tuition. There is not a
19 day that goes by in my life as the student body
20 president at the University of Florida that I do
21 not work with our President, Provost, and our
22 senior administration, and hear from them that the
23 only way for us to stay competitive as a university
24 is for our tuition to at least double. That is

1 what I hear on a daily basis.

2 Currently, our administration is pursuing
3 a policy to increase our tuition by great amounts
4 for our students who will be starting in the Fall
5 of 2007. Their proposal will probably be something
6 to the extent of adding on \$1,000 per student per
7 year as an additional charge.

8 My question to this Commission, to our
9 state, and to our administration as I continue to
10 work with all of you is, "What is the role of
11 public education in Florida?" What is the role of
12 having a public school? Is it that the state will
13 then provide additional access and additional
14 affordability, additional resources to us as
15 students? Is that the role of our public
16 education? Is it to ensure that our public has the
17 education that we need to continue to be a global
18 leader? Is it our role to ensure that we will be
19 able to care for our citizens and for our students
20 as we come up through an education system in this
21 nation?

22 Thank you for your time and your
23 consideration. We at the Florida Students'
24 Association, and as students in the state of

1 Florida public education system, are devoted to
2 ensuring a world-class education for our students,
3 and we look forward to our continued partnership
4 with the state, and the local governments, and
5 other stakeholders in ensuring access and
6 affordability to our higher education as a nation.

7 **DAVID BERGERON:** Thank you.

8 **DAVID BERGERON:** Brent Tener.

9 **BRENT TENER:** Good morning.

10 **DAVID BERGERON:** Good morning.

11 **BRENT TENER:** My name is Brent Tener, and
12 I am the Associate Director of Financial Aid at
13 Vanderbilt University. I am here today, though,
14 representing the Southern Association of Student
15 Financial Aid Administrators, for whom I serve as
16 President.

17 SASFAA is made up of financial aid
18 professionals in nine states. Our mission is to
19 educate students about financial aid availability
20 for college and postsecondary education, and to
21 deliver those funds in a fiduciary and efficient
22 manner to those students. In addition, our
23 association champions the viability of federal and
24 state financial aid programs to provide access to

1 needy college students.

2 As demonstrated through past regulatory
3 changes, students are best served when the
4 regulations have broad support from a variety of
5 constituents. Our commitment to you and Secretary
6 Spellings is to provide, when possible, a digest of
7 issues on which the SASFAA membership has general
8 consensus. There are seven specific areas I would
9 like to address today as it relates to those items.

10 The first relates to certificate programs.
11 We would ask that further consideration be given to
12 the issue of certificate programs and students
13 enrolled in these programs at eligible two-year
14 public schools who currently remain ineligible for
15 the Academic Competitiveness Grant. There remains
16 wide consensus that these students should be
17 eligible based upon the law. It is helpful to note
18 that many of these students are enrolled in
19 programs designed to train first responders in the
20 event of an emergency. We encourage the Department
21 of Education to make this discussion part of the
22 negotiated rulemaking process and/or to seek
23 legislative relief to make ACG funds available to
24 these students.

1 Next, from a macro perspective, the ACG
2 and SMART Grant programs do not achieve the purpose
3 for which they were designed if schools cannot
4 award these funds in a timely manner. As you are
5 aware, many schools have chosen to delay the
6 awarding of these funds while they try to make and
7 to satisfy programmatic requirements that the
8 Department of Education has outlined. Based upon
9 recently published regulations, there has been no
10 relief given to schools as it relates to
11 determining eligibility, and this is particularly
12 true in the ACG Program. This process needs to be
13 simplified to deliver the funds to the many first
14 generation college students that they serve.

15 I would encourage the Department to
16 continue exploring ways to simplify the process for
17 schools so that we can deliver these funds in a
18 prudent, responsible, and timely manner. If relief
19 and simplification is not forthcoming, I believe
20 that many schools will continue to delay the
21 awarding of these funds until well after school has
22 started. This delay is caused through, largely, in
23 fact, having to review high school work based upon
24 the eight-semester transcript. With that

1 administrative burden, it is very difficult for
2 those schools to get all the necessary materials
3 together to make those awards in a timely manner
4 and to deliver those awards in a timely manner.

5 Next, loan limits. We would ask that the
6 Department explore ways, through legislation if
7 necessary, to raise the aggregate borrowing limits
8 for undergraduate students. We are fearful that
9 students may reach their limits of borrowing before
10 completing a baccalaureate degree, and other
11 speakers have spoken to those constraints, that
12 students will run out of borrowing eligibility
13 before they get to the end of their chosen program
14 of study.

15 The next issue relates to the reporting to
16 the COD system, or, as we like to refer to it, as
17 COD. We believe that the Secretary has placed
18 undue burdens on the schools as it relates to
19 reporting ACG reporting through COD. Specific
20 areas that are problematic include the payment
21 eligibility reason, and the high school reason
22 code. These reporting elements are not prescribed
23 in the law, and I would ask that this issue be
24 addressed in negotiated rulemaking. It is an undue

1 burden to the schools to have to go back in and
2 report all of those additional requirements through
3 COD.

4 Next, transfer and dual-enrolled students.
5 Please continue to review all of the issues in the
6 ACG and SMART Grant programs as it relates to dual
7 enrollment and transfer students. The issues are
8 too numerous to mention, but the major areas center
9 around the number of hours completed, and how
10 transfer credits are counted, and the timeliness of
11 evaluating eligibility. I talked to a colleague
12 this morning, and one of the real issues they have
13 is that a student could be a 30-year student at a
14 school, transfer to their school, and be considered
15 a second-year student, and would then not be
16 eligible for the ACG Grant, assuming that the
17 student had not already borrowed the second year.
18 So students are not being served well by the way
19 the programs are being put together. We would like
20 more flexibility in assisting students as they
21 transfer from school to school.

22 Graduate PLUS Loan issues. We have
23 concerns regarding the implementation of the PLUS
24 Loans for graduate students. My colleague from

1 Wyoming did an excellent job of summarizing some of
2 those issues. There are many challenges with this
3 retooling of the PLUS program, but, specifically,
4 what we would like is to see that flexibility for
5 lenders and servicers to automatically grant
6 forbearances for students when they graduate.
7 Currently, with no change to the regulations,
8 students will need to request a forbearance to
9 postpone their loan payments. There is really no
10 aligning with the Stafford Loan at this point in
11 time. Students will have to be proactive to go out
12 and request a forbearance.

13 In my school, using law school students as
14 an example, they would have to immediately go into
15 repayment or forcibly go out there and request that
16 forbearance. If it were automatic and those
17 payments were aligned with the Stafford Loans, it
18 would really aid our students tremendously.

19 Cleanup of any existing issues as it
20 relates to repayment schedules in the PLUS Loan
21 Program would be very helpful. If the student is
22 going to be continuously enrolled, please allow the
23 lenders and servicers the flexibility to send
24 repayment schedules when the student has graduated,

1 and not be required to send those repayment
2 schedules while the student is yet enrolled.

3 And finally, as it relates to the PLUS
4 Loan issue, schools should be required to offer the
5 subsidized and unsubsidized Stafford Loan before
6 awarding the PLUS Loan. This remains an area of
7 confusion. There is potential that schools,
8 unscrupulous schools, may go and award the PLUS
9 Loan only as a way to help their default rate. We
10 want to make sure that students are awarded the
11 best loans for them. We understand that students,
12 if they choose, can take out the PLUS Loan Program,
13 including the amount of the Stafford Loan, but we
14 want that to be a student decision. We do not want
15 schools to be forcing a PLUS Loan-only option upon
16 students.

17 And finally, one area of concern with the
18 Spellings Commission recommendation that we have is
19 the statement of dismantling the current array of
20 federal student financial aid programs and
21 replacing it with something that has yet to be
22 defined. While we certainly concur with the
23 Commission that the Pell Grant Program needs to be
24 substantially increased, these funds should not

1 come from a dismantling of the current programs.
2 Each program serves a vital and proven purpose, and
3 eliminating these will only serve to diminish
4 support for low-income students. Indeed, the
5 Commission's recommendations would have a net
6 negative impact on student aid for the neediest
7 students.

8 In summary, my points that I have
9 outlined: Number one, address the issue of
10 certificate programs; number two, simplify the
11 eligibility requirements for the ACG and SMART
12 Grants as it relates to schools certifying that
13 eligibility; three, review the undergraduate loan
14 limits; four, simplify reporting requirements to
15 COD; five, simplify the process for transfer and
16 dual-enrolled students; six, make the new Grad PLUS
17 Loan work better for students; and finally, do not
18 dismantle the current Title IV programs, as each
19 serve a vital purpose.

20 Thank you for the opportunity to come and
21 speak with you today.

22 **DAVID BERGERON:** Thank you.

23 **DAVID BERGERON:** Tom Auxter.

24 **TOM AUXTER:** I am Tom Auxter, and I am the

1 statewide President of the United Faculty of
2 Florida, and I am also, since 1973, a philosophy
3 professor at the University of Florida.

4 I am speaking today representing 18,000
5 faculty members in Florida who have concerns that
6 the Spellings Commission shares with us, and we
7 have some ideas about how it is we would like to
8 see those conclusions interpreted.

9 First, the issue of student loans. This
10 is a major concern for faculty, and we see the
11 students suffering; we see the disruptions that
12 occur in their education. What we would like to do
13 is see something like the proposal from the Project
14 on Student Debt, which consists of many
15 organizations that represent higher education, that
16 represent faculty, that represent students, that
17 represent the student loan industry, and they have
18 a five-point plan for dealing with fair loan
19 payments.

20 I want to say that I agree with several
21 speakers here that said that we need to make this a
22 more rational and sensible approach on repayments.
23 It makes a lot of sense to us to talk about need-
24 based student aid. What we are hearing now is the

1 need for need-based repayment of loans, recognizing
2 that people have different incomes, different
3 ability to afford repayments, different numbers of
4 children that they are responsible for, different
5 amounts of disposable income, and I think we need
6 to be more sensible to how we craft our policies.

7 I also want to mention that I think it is
8 justifiable and important--we are affiliated with
9 the American Federation of Teachers and the
10 National Teachers Association. We share the
11 concerns that they have been constantly raising
12 with us about support for major expansion of Pell
13 Grants. Pell Grants, as you know, have been flat
14 for two decades, and the maximum amount that has
15 been given--inflation has been incredible during
16 this time period. Since 1992, we have had
17 something like 46 percent increase in public
18 university tuition fees and costs. I would very
19 much like to urge that we see a major expansion in
20 Pell Grants to deal with the affordability issue.

21 Now, the arguments that I would make as a
22 philosophy professor, I would make an argument
23 about future generations. It always was a lesson
24 from the past that people seemed to endure as an

1 important value that we give our children a head
2 start in life, and that we give them at least the
3 kind of head start that we got in life. We have
4 generations who have gone through public
5 universities without much debt coming out of that
6 experience. Many of them are now proposing that we
7 put a much greater burden on our very own children.
8 I would like to say that I think there is something
9 wrong with that approach and that attitude, and
10 that the gift of good soil and agriculture, that
11 you enrich the soil and you hand the next
12 generation soil that is even better than the soil
13 that you are given, I think that principle needs to
14 apply to education, too. We give our children
15 something to work with, not a mountain of debt that
16 they have to dig themselves out of. So I think
17 there are important moral arguments here for these
18 issues of student loans.

19 The other issue that concerns faculty
20 quite a bit are all the discussions concerning
21 standardized testing as an accountability measure.
22 I do not especially like the word,
23 "accountability." I think it masks a more
24 important word, which is "responsibility." You

1 cannot always be an accountant the way that you
2 figure out responsibilities, sometimes you need to
3 budget afterwards, after you accept responsibility.
4 But, with that said, I want to say that one-size-
5 fits-all kind of testing has been a huge failure in
6 Florida, and I don't see anywhere in the country
7 where it has actually succeeded. Parents are as
8 angry as they can be, and students are as angry as
9 they can be, about the FCAT experience, the Florida
10 Comprehensive Assessment Testing, and how it has
11 corrupted the very education the students are
12 getting, and how there is a kind of dumbing down--
13 the smarter students have to be drilled in
14 preparation for these tests--how a variety of
15 courses that students should be taking that
16 stimulate them are ruled out now because we have to
17 teach to the test.

18 Any idea that we should introduce this
19 into colleges and universities is certainly going
20 to be a disaster. And let me say that we have
21 politicians in Florida that have tried to do that.
22 It disturbs me that there is now a discussion of
23 doing this at the federal level, as well. The
24 problem is that colleges and universities don't all

1 have the same mission, and if what you try to do is
2 to compare "College A" with "College B" by how many
3 people do well on a standardized test, what you do
4 is ignore the different missions that colleges and
5 universities have and make them more standardized
6 in their missions. You also ignore the differences
7 of students, the huge diversity of students. And I
8 can say something interesting: In Florida, the
9 idea was to have a pre-test/post-test of the SAT,
10 and have something like the SAT given in the junior
11 year, and see how much better they did as a value-
12 added measure. Right away, all kinds of absurd
13 consequences come from measures like this. For
14 example, we have a lot of students who don't ever
15 take a math course in the university because they
16 have done very well in math and passed all the
17 courses they needed to take in advanced,
18 accelerated high school classes, and then, all of a
19 sudden, they are supposed to be taking this
20 measure, as well. There are multiple absurd
21 consequences from a one-size-fits-all testing
22 procedure.

23 So I would urge you not to go down that
24 path, and to recognize that we have diverse

1 missions, we have diverse students, we have very
2 different kinds of students in urban environments
3 that have different kinds of challenges, and their
4 institutions should not be punished for the
5 challenges that do not come from those
6 institutions. The institutions are trying to deal
7 with those challenges. And so I would ask us to
8 take a look at our responsibility there.

9 I also want to add that this kind of
10 value-added method, and insisting that we do these
11 accountability measures, also limits academic
12 freedom in higher education, because, if you have
13 to teach to the test, what that means is that there
14 is a lot of teaching that you do not do. What that
15 means is, when students are interested in
16 something, and they want to follow the argument
17 where it leads, you don't go there, because it is
18 not teaching to the test. And what it means also
19 is that you do not introduce topics that are not
20 going to be tested. So it is very important to
21 understand that there are consequences for these
22 kinds of ideas. While these simple solutions that
23 come from people who are not living in the
24 environment and know what the consequences are may

1 seem to fix some problem that they can identify and
2 feel frustrated about, multiple additional problems
3 are created by these, and we need to be very
4 careful before we tread into these areas. For
5 example, trying to put pressure on accreditation
6 agencies, just have some kind of standardized
7 testing as a way to compare colleges and
8 universities and make that public to parents as a
9 way to pressure institutions to all teach to the
10 test. These are very, very ill-advised kinds of
11 ideas.

12 The one thing that is frustrating to
13 faculty in Florida, and I am sure to other states
14 as well, is what the Spellings Commission did not
15 address, and that is the academic staffing crisis.
16 It is true in Florida, and it is true in other
17 states, as well. The national trend is that, now,
18 less than 30 percent, only 29.2 percent, of the
19 faculty are full-time, tenure-track or tenure-
20 accruing faculty. In other words, the stable core
21 of the colleges and universities, those that create
22 programs, those that students touch base with again
23 and again over the years and come back for
24 recommendations, come back for advising and

1 suggestion, and so forth, are gone from our base.
2 No other profession would tolerate this. You would
3 not take a group of surgeons and say, "It is okay
4 if 71 percent of the surgeons do something else as
5 a different job half the time." You would not take
6 an attorney and have your rights defended by
7 somebody who is working at some other job and,
8 part-time, works as an attorney. It is also very
9 exploitative to part-time faculty, because what
10 this does is--the institutions are paying very low
11 salaries to these faculty members, and they are
12 doing it so people, even putting those together,
13 have a hard time having a full salary, teaching
14 sometimes five, six, seven different courses. They
15 are going around to different places. Students
16 can't meet with faculty who have these kinds of
17 migrating patterns. Often, they don't have
18 offices; often, they meet in their cars with
19 students, in order to just to be able to talk to
20 students.

21 So the crisis is with us, and the American
22 Federation of Teachers has model legislation that I
23 think is worth considering, and that is to pay all
24 part-time faculty on a pro-rated basis, the same

1 kind of rate of pay that you would pay a full-time
2 faculty member that you have at an institution, and
3 not do a cut-rate kind of job of paying them, so
4 the people have an honest career that they can
5 pursue, and they can engage in higher education,
6 and be engaged with students in higher education,
7 and not be hustling for work everywhere in the
8 world in order to try to hold things together--as
9 well, to have a ration of 75-25 of how many full-
10 time faculty you have to part-time faculty so that
11 the part-timers are paid fairly and adequately, and
12 have a real income without being over-stressed and
13 dysfunctional in what they do, and the full-time
14 faculty are there for students to consult with and
15 meet and have ongoing advice from them,
16 recommendations later on in life, and so forth. So
17 I think the academic staffing crisis is something
18 that needs to be addressed that was not addressed.

19 Finally, one accountability measure that
20 bothers me, and this has surfaced in the Federal
21 Higher Education Reauthorization Act, is that the
22 so-called "Academic Bill of Rights" was inserted in
23 there. This was a political insertion. It had
24 nothing to do with, "This needs to be how we

1 reauthorize higher education." It has been a
2 political attack on academic freedom to have
3 restrictions on how professors teach in the
4 classroom, what topics they are allowed to discuss,
5 the manner in which they discuss them, and the
6 requirement that they have to give equal time for a
7 variety of any conceivable point of view. Even the
8 wackiest points of view have to be discussed as if
9 they are real. This is corrupting of the entire
10 process. It limits what faculty can do, and when
11 we had testimony--I testified before the Florida
12 legislature on this. I thought the most impressive
13 testimony there came, actually, from the students.
14 The students said, "We don't want to go to a
15 university, and we are not going to FSU just
16 because we want to feel comfortable and get through
17 without being challenged. We came here to be
18 challenged. We want to be challenged in the
19 classroom. We love controversy. We want to think
20 about ideas, and we don't want to have some
21 arbitrary requirements that shape and restrict what
22 professors can do in the classroom because somebody
23 has a political agenda of how they would like
24 education to be conducted."

1 So I would ask, also, for a recognition
2 that, as we go through this process, and the
3 Department of Education is part of it, of seeking
4 reauthorization, that we make clear the
5 consequences, and the bad consequences, of
6 introducing these kinds of requirements as they
7 have been introduced in that act.

8 Thank you very much for your time.

9 **DAVID BERGERON:** Thank you.

10 **DAVID BERGERON:** Reginald Floyd and Denise
11 Bennett.

12 **REGINALD FLOYD:** Good morning.

13 **DAVID BERGERON:** Good morning.

14 **REGINALD FLOYD:** Thank you for allowing us
15 to bring this testimony. My name is Reginald
16 Floyd, and I would like to introduce my colleague,
17 Mrs. Denise Bennett. We are here representing the
18 Indian River Community College District Board of
19 Trustees, and Dr. Edwin Massey, president of our
20 college.

21 Ms. Bennett and I are Directors of the St.
22 Lucie Academy, located in Fort Pierce, and Vero
23 Beach Kellogg Academic Program for Success, Upward
24 Bound Program at Indian River Community College.

1 We offer testimony regarding the
2 Department of Education's attempt to circumvent
3 congressional authority with regard to the federal
4 TRIO Upward Bound Programs.

5 Upward Bound is one of five federally
6 funded Title IV TRIO programs, and serves more than
7 65,000 low-income and first generation students in
8 more than 900 programs nationwide. Upward Bound
9 helps high school students prepare for getting
10 admission to, and finding financial aid for,
11 college. More than 91 percent of Upward Bound
12 students who graduate from high school immediately
13 enter postsecondary education versus 41 percent of
14 students from similar economic circumstances who
15 did not participate in Upward Bound.

16 Currently, Congress requires institutions
17 to limit Upward Bound services to students who are
18 low-income and the first generation in their family
19 to attend college. It also requires that the
20 college or university that sponsors the program to
21 ensure that the students have a need for academic
22 support for successful completion--to ensure that
23 the students have a need for academic support to
24 successfully complete a program of postsecondary

1 education. It gives the institution the discretion
2 to define that need.

3 By law, Upward Bound programs can admit
4 students that have completed the eighth grade, but
5 have not yet graduated from high school. Under the
6 new guidelines, the Department of Education is
7 proposing to require all entering Upward Bound
8 students to be in the ninth grade, but not yet
9 completed the tenth grade. According to the most
10 recent profile from the Department, 34 percent of
11 participants enter the program during the ninth
12 grade, 33 percent enter in the tenth grade, and
13 almost 10 percent enter in the eleventh grade. By
14 only allowing ninth and tenth graders to enter the
15 Upward Bound program, you are penalizing 28,600
16 participants simply because of their grade level.

17 This is particularly harmful to low-income
18 students who have a much higher chance of moving
19 during the school year than middle- or high-income
20 students. The plan also requires that 30 percent
21 of newly admitted students be at high academic risk
22 for failure, which is defined by a student who has
23 not achieved at the proficient level on state
24 assessment tests in math and reading, or has a

1 grade point average of 2.5 or less on a 4.0 scale.

2 Some students would be faulted for doing
3 well in school. Just because a student is not in
4 the 30 percent high risk program, it does not mean
5 that they do not need Upward Bound services. This
6 is especially true in rural areas. These proposals
7 would remove the individual programs flexibility,
8 creating a one-size-fits-all approach that would
9 damage Upward Bound's mission of helping needy
10 students get into college.

11 Also, according to the Department of
12 Education, the single highest reason reported for
13 needing Upward Bound services is that the students
14 have a lack of opportunity, support, and/or
15 guidance to take challenging college prep courses,
16 which represents 20 percent of those students,
17 followed by coming from a predominantly low-income
18 community. The Council for Opportunity and
19 Education, or COE, believes that students should
20 not be penalized for succeeding in school. By
21 placing a priority on high risk students, those
22 low-income students who are succeeding in school
23 are jeopardized. The Council, along with other
24 higher education associations, is concerned these

1 proposed regulations establish a precedent for
2 imposing additional requirements for any Title IV
3 program, circumventing Congressional authority.

4 The priority asserted is such a marked
5 departure from the existing program design that it
6 effectively substitutes a new program for the one
7 that Congress authorized and provided the funds to
8 operate. The proposed priority discards the
9 current flexibility to vary the program in
10 accordance with local needs, substituting in its
11 place a monolithic federal vision about whom to
12 serve.

13 By establishing a priority for a cohort of
14 ninth grade students, the proposal would
15 disenfranchise all of the eleventh graders that
16 Congress intended to be served by the Upward Bound
17 services. The requirement that 30 percent of
18 newly-admitted students be at high academic risk
19 for failure would deprive certain ninth grade
20 students, those who would do well in school, from
21 receiving the Upward Bound services they may
22 require.

23 And finally, the proposal creates a
24 troubling gray area between Congressional intent,

1 as expressed in statutory language, sometimes
2 amplified by report language, and the Department's
3 constitutional obligation to carry out that intent
4 in a straightforward manner. Mrs. Bennett.

5 **DENISE BENNETT:** Good morning. Again,
6 just a few more pointers. It is vital to retain
7 local control of educational decisions. The
8 educators who run the programs know which students
9 are the best candidates for Upward Bound services,
10 the students who both need the academic help and
11 support, and are motivated to learn.

12 For people in Washington, D.C., to
13 substitute their judgment at a distance is a
14 disservice to students. There is no cookie-cutter
15 approach to identifying students who would most
16 benefit from TRIO services. This decision is based
17 on local needs and determined by skilled TRIO
18 professionals.

19 Point number two, even students who are
20 considered high-performing are not necessarily
21 prepared for college, or even high school.

22 Point three, Upward Bound has been
23 operating effectively for many years under existing
24 rules, and is a highly successful program that

1 should not be altered in this way. On an average,
2 approximately 90 percent of high school seniors
3 that graduate from Upward Bound programs enrolled
4 in an institution of postsecondary education.

5 Point four, a final comment about the
6 proposed national evaluation of Upward Bound that
7 would force staff to recruit double the number of
8 students they can serve, then disappointing half of
9 them in the name of evaluation--these are
10 vulnerable teens who should not be manipulated in
11 this way, because their lives and careers will be
12 affected by these choices.

13 In conclusion, we are opposed to the
14 proposed priority for the Upward Bound programs
15 published in the July 3, 2006, Federal Register.

16 We would like to say thank you for this
17 opportunity for allowing us to share our points and
18 concerns. Thank you.

19 **DAVID BERGERON:** Thank you.

20 **DAVID BERGERON:** Kathleen McGivern.

21 **KATHLEEN MCGIVERN:** Good morning.

22 **DAVID BERGERON:** Good morning.

23 \ **KATHLEEN MCGIVERN:** My name is Kathleen
24 McGivern, and I am the Executive Director of the

1 Commission of Accreditation of Allied Health
2 Education Programs. CAAHEP accredits 2,000
3 programs in 18 different allied health disciplines.
4 We are recognized by the Council for Higher
5 Education Accreditation, CHEA, and we are members
6 of the Association of Specialized and Professional
7 Accreditors, ASPA.

8 Because the vast majority of our programs
9 are in institutions with regional or national
10 accreditation, CAAHEP decided in 1998 that we would
11 not seek renewal of our recognition by the
12 Department of Education. But even though we are
13 not a gatekeeper for Title IV purposes, we
14 understand the decisions made by the Department
15 will have a broad impact on accreditation as a
16 whole, and ultimately will affect even those
17 accrediting bodies that are not covered by federal
18 regulations. So I appreciate the opportunity to
19 comment today, even though I am an interloper, in
20 terms of the Secretary's program.

21 We share many of the concerns that have
22 been expressed by other accrediting bodies at your
23 hearings, particularly those in Cynthia Davenport's
24 testimony for ASPA. We have watched and listened--

1 my Board of Directors, in particular--with interest
2 to the deliberations of the Commission on the
3 Future of Higher Education.

4 And while we agree with many of the
5 concerns expressed and proposals put forward, we
6 are troubled by what seem to be some of the
7 underlying assumptions. The rhetoric, for
8 instance, that we are hearing about learning
9 outcomes, makes it seem as if accrediting bodies
10 are forever stuck in the bad old days when all they
11 wanted to do was count the books in the library.
12 We have all heard that accusation many times. But,
13 while I agree with Elise Scanlon that we all could
14 do a better job when it comes to learning outcomes,
15 in fact, most accrediting bodies have spent a lot
16 of time and effort in recent years shifting the
17 focus of our efforts to an assessment of outcomes.
18 Specialized accreditors, in particular, like
19 CAAHEP, have always had as their primary goal the
20 assurance of educational programs that produce
21 competent professionals; that is what we are all
22 about.

23 Over the last six years at CAAHEP, we have
24 revised all 18 sets of standards to reflect a

1 renewed emphasis on outcomes assessment, but we all
2 know that it is not just about outcomes. The
3 phrase that we hear at ASPA meetings is that
4 outcomes are trailing indicators, and, in fact,
5 they are. Often, by the time you discover there is
6 a problem, if all you are assessing are outcomes,
7 you have already sacrificed one or two classes of
8 students in a program that has gone downhill or
9 lost its quality.

10 We know that there are certain things,
11 like qualifications of faculty and sufficiency of
12 clinical slots, that are inputs, if you will, but
13 they are necessary if a program hopes to achieve
14 the quality outcomes that we are looking for. So,
15 for us, it is a delicate balance of assuring
16 certain elements that are in place and that desired
17 outcomes are being achieved.

18 We are also concerned about the notion of
19 using accreditation to compare one program to
20 another. We assess each program individually in
21 the context of its institutional mission, its
22 community's needs, and its own goals and
23 objectives. Only a fraction, for instance, in
24 CAAHEP, of our 2,000 programs is undergoing review

1 at any one point in time. So comparisons that
2 might be based on accreditation decisions that may
3 be three, or four, or six years old, and some that
4 may be current, would never be equivalent or fair,
5 and could be misused.

6 Another concern with the Commission's
7 report relates to cost. Every accrediting body
8 struggles with trying to moderate the cost of the
9 process. Some of the recommendations on the
10 Commission Report could create increased burdens on
11 the institutions that we serve. For instance, the
12 notion that every site visit might have to include
13 a public member would increase the cost to our
14 programs of those activities by as much as a third.
15 For many of our disciplines, which are small, we
16 send out a site visit team of only two people. And
17 so, to have added a public member, then, is going
18 to be a far greater burden on the institutions.

19 The Commission Report concludes with this
20 paragraph, "Working together we can build on the
21 past successes of the U.S. higher education to
22 create an improved and revitalized postsecondary
23 system that is better tailored to the demands, as
24 well as the opportunities, of a new century."

1 We are certainly committed to that same
2 goal, and we hope that the unintended consequences
3 of some of the Commission's recommendations don't
4 end up making it harder to achieve that goal.

5 I really do appreciate the opportunity to
6 testify, and I want to join with you in commending
7 all of these fantastically articulate students we
8 have heard all morning. I have far more hope for
9 the future than I had before I got here today.
10 Thank you.

11 **DAVID BERGERON:** Thank you.

12 **DAVID BERGERON:** Hui-Min Wen.

13 **HUI-MIN WEN:** Good morning. Can you hear
14 me? My name is Hui-Min Wen. I am the Director of
15 Institutional Research here at New College of
16 Florida.

17 Today I am representing the New College
18 Florida Provost Office to present our issue with
19 the SMART Grant. As the University of Florida
20 student body president has just mentioned earlier,
21 that New College Florida students are not eligible
22 for the SMART Grant, and that is the problem we
23 have with implementing this grant.

24 New College Florida is a public liberal

1 honor college within the state university system.
2 Its mission is to provide a high quality,
3 challenging educational experience to students of
4 high ability. The academic program at New College
5 is very unique. It allows the students to work
6 with the faculty very closely to design an
7 educational program that suits their needs and
8 their interests. New College succeeds in achieving
9 these goals by using a highly selective admission
10 process, and we are also promoting a student
11 faculty collaboration, and also a highly rigorous
12 academic contract system.

13 By the time that students leave, they have
14 to go through this very intensive Capstone Thesis
15 project with their baccalaureate exam. So we
16 operate like a graduate program, but we award the
17 undergraduate degree. And the quality and
18 uniqueness of this academic program has place New
19 College in several national ranking lists lately.
20 In just past August 2006, we were ranked as the
21 number one public liberal arts college in the U.S.
22 News & World Report. And also, earlier this year,
23 we were also named as the nation's number one best
24 value college by the Princeton Review.

1 New College currently has 746 students and
2 has more than 70 full-time instructional faculty
3 members. Its academic program awards--like I said,
4 it is a baccalaureate of arts degree, but in 33
5 areas of concentration. And many of our areas of
6 concentration--when I say area of concentration, it
7 is equivalent to the major in other institutions,
8 and many of our areas of concentration include--
9 they are SMART Grant eligible--including biology,
10 mathematics, physics, chemistry, biochemistry,
11 natural science, even Russian language and
12 literature. The number of faculty for each program
13 usually ranges from one to five full-time
14 instructional faculty. We estimate that 20 percent
15 of our student body are majoring in those SMART-
16 eligible programs.

17 However, due to our CIP--CIP is
18 Classification of Instructional Program--
19 reporting, none of our students are eligible for
20 the SMART Grant. Historically, New College has
21 been using one single CIP Code for reporting,
22 240199, which stands for liberal arts and sciences.
23 The practice of reporting only one CIP Code dates
24 back to when New College, at a time, was part of a

1 big university system. From 1975 to 2001, New
2 College was part of the University of South
3 Florida, and then, in 2001, New College became
4 independent and became an institution within the
5 Florida State University system. And then, after
6 we became independent, we continued using one CIP
7 Code for reporting. This allowed the state
8 university system to easily identify a New College
9 student as an honor college student, and also
10 differentiate the New College degree from other
11 degrees awarded by other programs within the
12 system. However, this has just incurred adverse
13 consequences that--because of this reporting, New
14 College students are excluded from the grant.

15 The CIP Code for a liberal arts and
16 science, 240119, it is completely excluded from the
17 two letters for the SMART Grants. And, as one of
18 the University of Florida student body presidents
19 mentioned before, we are not the only institution
20 facing this problem. Florida Atlantic University
21 Honor College also has this similar problem. They
22 also use the same CIP Code for their honor college
23 program and their students majoring in the biology,
24 pre-med, mathematics, are equally, similarly,

1 unfairly excluded from SMART Grants.

2 So, for an institution like New College
3 facing this problem, we would like to propose three
4 recommendations. Any of these alternative options
5 really will meet New College needs.

6 Number one, we are hoping the interim rule
7 for 2006-07, if possible, and 2007-08 can be
8 amended to lobby eligibility of the students
9 attending public honor colleges majoring in the
10 concentrations specified in the colleague letters.
11 And this allows the institutions to continue its
12 current operation with a minimum change, and the
13 institution can report this concentration directly
14 to the Department of Education for monitoring
15 purposes. And, in terms of implementation costs,
16 we think this will be the most cost effective.

17 The second proposal is that the interim
18 rule for 2006-07, 2007-08, can delegate the
19 determination of eligibility to the board of
20 governors of the state university system for each
21 state. If the U.S. Department of Education feels
22 that it is necessary to ensure that the process of
23 determination of eligibility is objective and in
24 compliance with the rule, then the college proposes

1 to amend the interim rule to delegate their
2 determination of eligibility to the state
3 university system. The state university system
4 work very closely with the institution within the
5 system, and has more understanding of the academic
6 program. So, compared to other external parties,
7 we believe that the state university system will be
8 highly qualified to determine the eligibility for
9 the SMART Program.

10 The third proposal we have is that New
11 College could change to report a CIP from one CIP
12 to the range of CIPs that reflect our students'
13 area of concentration. In terms of cost benefit,
14 this would involve a major change on our campus.
15 Another major concern raised by the college, and
16 also by the state university system, is the
17 auditing issue. We have been advised that it is
18 possible--we need to have a strong justification to
19 change the CIP Code, not just for the eligibility
20 for SMART. So to avoid any audit criticism--if the
21 Department of Education feels that all the
22 institutions should go this route to report the
23 wide range of CIP for its students, then we request
24 the Department of Education to provide the auditing

1 rule as a guidance for us to change the CIP Code,
2 and we will be in compliance with their rule for
3 reporting.

4 We strongly urge the Department of
5 Education to amend its interim rule as soon as
6 possible to allow the flexibility for our students
7 to be eligible for the SMART Grant. The financial
8 burden, as we have heard from so many students, is
9 so great for students. Any grant dollars are very
10 precious, very important to our students. So it
11 would help alleviate any of the financial burdens
12 of our students.

13 So we feel strongly that SMART is a great
14 opportunity for our students, and we believe that
15 New College honor students should be eligible for
16 the SMART Grant. So we urge the Department to work
17 with us to solve this issue and ensure the SMART
18 Grant is eligible for our students.

19 I really appreciate this opportunity to
20 come in here to address the issue with you. I also
21 look forward in the near future that we can work
22 with you to solve this issue.

23 **DAVID BERGERON:** We look forward to
24 working with you to resolve the issue. I would

1 note that we published final regulations on
2 November 1st, reflecting the public comment we had
3 received during the comment period related to the
4 National SMART and Academic Competitiveness Grants.
5 We did not make changes around the reporting--the
6 CIP Code reporting scheme that were in the earlier
7 rules, in the interim final rules. We think, for
8 reasons of compliance that we need to have some
9 data coming back to the Department that indicates
10 that the students are enrolled in the majors that
11 Congress indicated that the funds should be used
12 for. We are happy to work with you to find other
13 ways to work through the issues you have.

14 **HUI-MIN WEN:** That would be great. Thank
15 you.

16 **DAVID BERGERON:** Thank you.

17 **DAVID BERGERON:** Elvi Reyes.

18 **ELVI REYES:** Hello. My name is Elvi
19 Reyes, and I am with the Longy School of Music in
20 Cambridge, Massachusetts.

21 I have been in financial aid for a long
22 time, and I remember in the 1970s how grants went
23 to really poor people, and then I remember in the
24 1980s I went back to working in financial aid, and

1 it was still was going to poor people, and then,
2 somewhere in the 1990s, I felt that there was a
3 disconnect between the FAFSA and the tax return. I
4 was working at a big northeastern university, and
5 during awarding season, I would have to go home
6 with an aspirin. I would be so angry, I would get
7 a headache. And the problem is that people with a
8 negative AGI paying no taxes who are self-employed
9 are getting Pell, and it is because they have these
10 tax accountants.

11 Now, I am going to say that in my opinion,
12 that one of the ways to combat all these players
13 who are really fixing up the upper-middle-income
14 people who are not paying taxes because they can
15 report a zero AGI, or a negative AGI, is just to,
16 somewhere in the formula, say, "If you have a
17 negative AGI, you are not eligible, because it
18 means you have written off 100 million of your
19 everyday activities of life." And then, when you
20 ask them how they live, because you are working in
21 a private northeastern university, then they give
22 you these huge amounts of money that they are
23 paying on mortgage and all kinds of different
24 things, and so you have to give them Pell. So now

1 we have ACG on top of this.

2 I am a first generation American born in
3 New York City, and I went to a public school, and I
4 know that there are still neighborhoods in some of
5 these urban areas that don't even offer some of the
6 courses that you are asking for in the ACG. So I
7 am sitting there--and, you know, a lot of the Pell
8 kids that I have dealt with, they need help when
9 they come to school. So my feeling is, here we
10 have this upper crust of people getting Pell
11 because they have got these tax accountants, their
12 taxes are always a quarter inch or thicker, and I
13 hate when I see them--they are going to get the ACG
14 money; their kids are going to get the SMART money.

15 In my opinion, if you want to really have
16 this program be successful, you cannot just
17 continue to throw money at kids. If you really
18 want a poor kid who gets Pell to also get SMART,
19 and keep the ACG in the second year, you need to
20 partner them with the TRIO program on campuses that
21 have TRIO. And on the campuses that don't have
22 TRIO, you need to add the support services that
23 student development offers--you know, the tutoring,
24 and the mental health, and the adjustment

1 counseling, because most Pell-eligible kids are not
2 going to have a 3.0 at the end of the year. So it
3 is kind of like, you are going to throw money at
4 them for a year, and then they are just--when they
5 don't make it, they are going to go home.

6 I just want to speak as a parent. I have
7 one son who is at a private university with a Gates
8 Millennium Scholarship, and I am a single parent,
9 and thank God for that. I have another son here in
10 Florida who dropped out of school. He sees himself
11 making more money than kids who have graduated from
12 some of the local schools here and who have a
13 mountain of debt. Now, he is an independent
14 student and he does not want to go back because he
15 does not want to have the mountain of debt.

16 We used to say that in the global world,
17 the United States was number one in education.
18 Now, Canada is ahead of us, and there are, like,
19 ten other countries in the world ahead of us.
20 Globally, we are slowly becoming a Third World
21 country, and if we don't open up our eyes and
22 understand that all eligible non-citizens will be
23 citizens--we need to give everybody the same
24 opportunity. We need to also do what some of these

1 other countries are doing. When they give their
2 students loans, they have kind of a sliding scale
3 on the repayment for the rest of that person's life
4 up to a certain number of years, and then, after
5 that, the loan is forgiven.

6 I own a music conservatory. I had an
7 opera student who was in a master's program tell me
8 at an exit interview last year, "Elvi, I know that
9 my consolidated loan debt is \$489 a month, and I
10 know that I am going to be 71 years old when it
11 comes time for me to finish paying it." Is that
12 ridiculous? That totally defeats the purpose. We
13 need to make it so that our children can have a
14 life.

15 So I know that there are a lot of things
16 that you cannot undo, but I do know that there are
17 a lot of things that, together, we have to do,
18 because we do not want to have another 1960s--I
19 would be afraid, and I am Hispanic. I would be
20 afraid if we go back to civil unrest in this
21 country over education and over jobs.

22 Thank you.

23 **DAVID BERGERON:** Thank you.

24 **DAVID BERGERON:** Larry Abele.

1 **LARRY ABELE:** Good morning.

2 **DAVID BERGERON:** Good morning.

3 **LARRY ABELE:** My name is Larry Abele, and
4 I am speaking as a private citizen. My comments
5 are based on 32 years in higher education, serving
6 in every capacity from faculty to, currently,
7 provost and executive vice president. I also serve
8 as Director of the Institute for Academic
9 Leadership, a statewide program designed to run
10 workshops and training for new academic
11 administrators.

12 I am pleased to see the Spellings
13 Commission. I am pleased to see some of the anger
14 coming out of that last draft. We are not enemies.
15 We are not opposed to a lot of things, and I felt
16 that the first couple of drafts were almost acidic
17 in their tone, especially since I might be one of
18 the few people that agree with many of the
19 recommendations.

20 As we are talking about access and
21 affordability today, nobody has really said, and I
22 did not really see it in the Commission Report,
23 that the key in the 1940s and 1950s for the
24 increase in educational attainment was getting

1 students whose parents were not college graduates
2 into college and graduating, because, as you know,
3 if your parents graduated from college, you have
4 about a 65 percent chance of graduating. It is a
5 terribly low number, but that is the fact. If they
6 didn't, it is about a 15 percent chance. So, as
7 that shift occurred, and fewer students entered, it
8 has resulted in the OED and other data that shows
9 relative educational attainment. So it is critical
10 that we look at those opportunities.

11 I think it is ironic that faculty members
12 oppose standardized testing. In fact, they require
13 standardized testing. I have heard faculty members
14 at virtually every school in Florida talk about
15 their SAT scores and how they have gone up, you see
16 press releases all the time; that is a standardized
17 test. They practically worship it when their
18 scores go up for incoming students. A standardized
19 exam, I think, does three things: First, it forces
20 the faculty to define the knowledge content that
21 they need; second, they build the curriculum around
22 that; and third, by giving the test, they build
23 that feedback loop for continuous improvement; I
24 think that is very important.

1 The state of Florida was a huge leader in
2 this, beginning in the late 1970's. Faculty
3 members pushed hard for an exam on core
4 competencies. It was passed eventually, and given
5 between 1984, and about 1994 is when it was watered
6 down to nothing. Why was it watered down to
7 nothing? Well, more than half of the students in
8 the state at community colleges and universities
9 did not pass all four units on their first try.
10 Frankly, they could not take the political
11 pressure. So the excuse was, "Well, you know, it
12 is really an eighth of the class--really an eighth
13 grade exam." Well, it is pretty pathetic if you
14 have withdrawn an exam because half of college
15 students with 60 hours cannot pass an eighth grade
16 exam.

17 So I think we need some sort of exam. I
18 do not understand different missions. There ought
19 to be core competencies for American citizens that
20 we are willing to state and certify that they have
21 achieved.

22 When you talk about soaring costs as
23 another part of your report, I don't think that you
24 have separated out--you lumped tuition and fees.

1 Let's separate them for a minute. Tuition are the
2 dollars that go into the academic program, fees, in
3 this state, approximately \$300 million go into
4 student affairs, student government. They control
5 a large part of that money. That has been the
6 fastest growing component in the United States, and
7 those dollars constitute--they nationally average
8 about \$1,700 dollars this year, per student, and
9 many, many states, including Florida, statutorily
10 allow students to control those dollars. So we
11 have a beautiful new gym; we have got exquisite,
12 well-lit intramural fields; we have regular social
13 services and concerts. I am not saying that is
14 good or bad, but you are lumping that into the so-
15 called "soaring costs of college" when, in fact, in
16 this case, the university administrators, although
17 I think they should control it--Florida statutes
18 allow the students to do it.

19 So there is a whole issue of how
20 students--and they charge themselves these fees.
21 It is not perfectly permissible for the university
22 to impose them without student agreement, and, in
23 fact, as I said, they often impose them on
24 themselves. And they increase them for things like

1 expanding the gym on campus. They do not increase
2 them, unfortunately, for expanding mental health
3 services, or tutoring, or financial aid.

4 The last piece has to do with financial
5 aid and the "F" that Florida gets. I think Florida
6 gets an "F" because we spend approximately \$250
7 million on so-called "Bright Futures," and you hear
8 people talk about how these students earned these
9 scholarships, these merit scholarships, because
10 they have scored--a 970 is the minimum SAT, which
11 is below the state average, and another piece that
12 they do on the--it is 1270. So what happens when
13 you then look--you can do it by ZIP Code or family
14 income, it almost guarantees that families in
15 excess of \$90,000 get one of these so-called
16 "earned merit scholarships." Those students, my
17 children, did nothing to earn those dollars. They
18 were fortunate enough to be born into a family with
19 two parents who invested in them heavily. I was
20 embarrassed when my children got--they were called
21 something different. And someone said, a
22 legislator said, "Why didn't you give it back?" I
23 said, "Because I certainly do not trust you to do
24 something better with the money than I could do."

1 That is \$250 million with no need-based at
2 all. So those three things, the standardized
3 testing, the student-driven, free market-driven
4 arms race for the improvement of residence halls,
5 the improvement of recreational facilities, the
6 improvement of social activities on campus, and
7 calling it the Bright Futures merit when it is the
8 luck of the birth rather than merit for more than
9 60 percent of the students. There are clearly
10 students in every category who are needy.

11 I think people could drive down those
12 costs if there was a greater commitment and
13 sacrifice, but I just do not see that coming--bikes
14 instead of automobiles, there are lots of different
15 ways to do it. You can look at the residence halls
16 that are the old style with the bathrooms down the
17 hall; they cannot fill up, while single room
18 apartments fill up instantly.

19 So let's keep--I don't want the federal
20 government in our business, but I would like you to
21 keep some pressure on dealing with these issues.
22 Thank you.

23 **DAVID BERGERON:** Thank you. We have one
24 more witness before lunch.

1 **DAVID BERGERON:** Jeff Boyle.

2 **DAVID BERGERON:** As he is coming up, I am
3 going to say one or two things. I am going to be
4 leaving after this and going back to Washington,
5 D.C. I have a meeting in the morning, and I am
6 sorry that I am going to miss the afternoon.
7 Others of my colleagues will be here through the
8 afternoon to hear testimony, so I know I will get a
9 full report when I get back to Washington, D.C.

10 I have been very happy to hear from all of
11 you, and I look forward to reading the transcript
12 from this afternoon. With that, Jeff.

13 **JEFF BOYLE:** Good morning. My name is
14 Jeff Boyle. I am a financial aid director at
15 small, rural community college. We currently serve
16 two counties, we serve four high schools that are
17 public, we have a charter high school that we
18 serve, and a small Christian school. I come more
19 as a representative of the small Christian school
20 and someone with a knowledge of financial aid.

21 With the ACG Grant, when I look at the
22 students that are coming out of this Christian
23 school, when I have looked at their past
24 performance, the ones that have come, they have

1 excelled at college. I see that the rigorous
2 education that we are looking at for the ACG has
3 limited them from being able to get this grant,
4 because they do not have a foreign language; it is
5 the only thing they do not have. I feel that with
6 the rigorous education that we are trying to
7 identify students who we believe are going to excel
8 and make it through college. These students have
9 demonstrated that, they are those students.

10 This small Christian school believed in No
11 Child Left Behind long before it was a policy, or
12 an idea from the President. They were already
13 changing the way they were educating students.
14 They were changing what was going on in their
15 school. They do not have a teenage pregnancy
16 problem, they do not have a drug problem, they do
17 not have an alcohol problem, and they do not have a
18 resource officer that has to be stationed at the
19 door, but yet they cannot get this money because of
20 one issue, that foreign language. It is not that
21 the students coming out of that school would not
22 have taken a foreign language, they simply do not
23 have the resources to offer that foreign language
24 at this point.

1 So I would just like to ask that we look
2 at those rigorous standards and give some of the
3 schools some ability to have a little bit of
4 flexibility in that, to where some of the students
5 say, "We absolutely know we are going to make it"--
6 that we can get them this money. Thank you.

7 **DAVID BERGERON:** Thank you.

8 Thank you all for the testimony this
9 morning. We will get back together at 1:00 p.m.

10 **[Recess for lunch.]**

11 **AFTERNOON SESSION**

12 **DAN MADZELAN:** Okay. Welcome back to the
13 second half of our third negotiated rulemaking
14 hearing. We will pick up with the witness list
15 where we left off.

16 **DAN MADZELAN:** First is Frank Gerbasi.

17 **FRANCIS GERBASI:** Good afternoon. My name
18 is Francis Gerbasi, and I am the Director of
19 Accreditation and Education for the Council on
20 Accreditation for Nursing Anesthesia Educational
21 Programs, and I am also with the American
22 Association of Nurse Anesthetists.

23 The Council on Accreditation for Nursing

1 Anesthesia Educational Programs is an autonomous
2 accreditation organization that accredits over 100
3 nursing anesthesia programs. The Council on
4 Accreditation is both an institutional and a
5 specialized programmatic accreditor recognized by
6 the U.S. Department of Education as a Title IV
7 gatekeeper. It is also recognized by the Council
8 on Higher Education Accreditation, or CHEA, and it
9 is also a member of the Association for Specialized
10 and Professional Accreditors, or ASPA.

11 The American Association of Nurse
12 Anesthetists is a membership organization, and it
13 represents over 30,000 certified registered nurse
14 anesthetists across the United States. ASPA is a
15 membership organization, also, and it represents 51
16 accrediting groups in professional fields and
17 disciplines.

18 I appreciate having the opportunity to be
19 here today, and the report of the Commission on the
20 Future of Higher Education was discussed during our
21 recent Council on Accreditation meeting, and also
22 during the recent ASPA meeting. The concerns I
23 express here today reflect the concerns of the
24 Council on Accreditation for Nursing Anesthesia,

1 and also the American Association of Nurse
2 Anesthetists.

3 The Council on Accreditation for Nurse
4 Anesthesia and the American Association of Nurse
5 Anesthetists has developed an accreditation process
6 and educational system which has helped make
7 anesthesia 50 times safer today than it was in the
8 1980s. The U.S. Department of Education had been
9 part of this since the 1950s by permitting a system
10 of accountability for patients and for the public
11 that far exceeds the U.S. Department of Education
12 recognition requirements.

13 However well-intentioned the Commission's
14 proposal for a one-size-fits-all approach,
15 accountability threatens to disrupt this effective
16 system, increase cost, and fails to realize the
17 intended benefits. We ask that the U.S. Department
18 of Education carefully consider the potential
19 harmful impacts some of the Commission's
20 recommendations could have on the specialized
21 accreditors like the Council on Accreditation for
22 Nurse Anesthesia.

23 We agree with some of the aspects in the
24 early pages of the Commission Report, without

1 agreeing with many of the proposals in the later
2 sections. We agree that there are opportunities to
3 enhance higher education through encouraging
4 faculty, development of meaningful, evidence-based
5 performance measures. To facilitate the public in
6 decision-making, accreditors could make more
7 information available and accessible to the public,
8 and provide the public with more information
9 regarding what is accreditation, and what does
10 accreditation mean.

11 To address these issues, accreditors and
12 the Department of Education need to work together
13 and we need to develop a clear vision of higher
14 education. The goals, and the plans to reach those
15 goals, should be developed with input from all
16 stakeholders.

17 Accreditation for Nursing Anesthesia has a
18 long history of serving the public. First
19 established in the 1950s, nursing anesthesia
20 education has ensured the public with safe
21 practitioners and competent practitioners. The
22 quality of the program graduates is reflected in
23 the recognition certified registered nurse
24 anesthetists have achieved in providing high

1 quality anesthesia care.

2 Certified registered nurse anesthetists
3 provide over 60 percent of the anesthesia care
4 given in the United States, and over 80 percent of
5 the anesthesia care given in rural areas. The
6 accreditation process must address numerous, often
7 competing, elements of public interest. There is
8 no one single public interest. Mandating any
9 single public interest through either legislation
10 or regulation would disenfranchise and ultimately
11 be a disservice to other public interests.

12 Nurse anesthesia accreditation is a
13 discipline-specific review process, which is based
14 on professional expertise that takes years to
15 develop. Representatives of the public participate
16 in the accreditation process, and we believe that
17 it is good practice to identify and train public
18 members. The public members are involved and
19 contribute effectively in the decision-making level
20 of the accreditation process, which is the most
21 appropriate level for them to be involved in.

22 The Commission Report suggests that the
23 accreditation process is secretive. This is simply
24 not true. The accreditation process for nurse

1 anesthesia provides accurate and appropriate public
2 information that does not compromise the integrity
3 of the process. It is important to make public all
4 final accreditation actions, but maintain a level
5 of confidentiality that enables an accreditation
6 process that promotes honest disclosure. It is
7 very important that nurse anesthesia programs'
8 efforts for improvement are not overshadowed by the
9 need for good public relations.

10 The Commission Report suggests
11 accreditation has not paid enough attention to
12 program performance and student outcomes. The
13 accreditation process provided by specialized
14 accreditors, like the Council on Accreditation for
15 Nurse Anesthesia has, for many years, monitored
16 student outcomes, certification pass rates,
17 employer evaluations, alumni evaluations. The
18 continued success of nurse anesthesia education
19 depends on the extent to which students master the
20 discipline and professional content, not on how
21 much data is collected, or the specific kinds of
22 accountability systems that are used.

23 The Commission Report suggests
24 accreditation is stifling innovation. Specialized

1 accreditors, like the Council on Accreditation for
2 Nurse Anesthesia, support innovation, while
3 assuring high quality educational programs. Over
4 40 percent of the nurse anesthesia programs use
5 distance education, and the Council reviews and
6 approves those distance education offerings.

7 In addition, many nurse anesthesia
8 programs now use simulation for some of the
9 clinical experiences. To ensure quality programs
10 using these innovative types of instructional
11 methods, they are required by the Council to show
12 comparable student outcomes to traditional
13 instruction. The focus on innovation is not that
14 it is being stifled, but to ensure that the quality
15 is still there.

16 Like other specialized accreditors, the
17 Council on Accreditation for Nurse Anesthesia does
18 charge fees. They work to moderate the cost of
19 accreditation. The Council believes that some of
20 the recommendations of the Commission Report would
21 create an undue burden on the programs and the
22 Council, in terms of both time and also money.
23 Without providing significant benefit, some of the
24 issues could increase the cost, they could increase

1 litigation, maintaining an extensive data
2 collection system, and also including public
3 members on the onsite review teams.

4 So, in summary, the U.S. Department of
5 Education has established recognition requirements
6 that provide accrediting agencies with the autonomy
7 and the freedom to establish accreditation
8 processes that ensure quality in the institutions
9 and the programs they accredit. We are concerned
10 that a one-size-fits-all approach will not address
11 the Commission's concerns, and will disrupt an
12 effective accreditation process.

13 Specialized accreditors, like the Council
14 on Accreditation for Nurse Anesthesia are hopeful
15 that meetings with the accreditation community will
16 be scheduled to discuss the Commission's
17 recommendations so that potential harm from
18 unintended consequences can be avoided.

19 I appreciate the time.

20 **DAN MADZELAN:** Thank you, Mr. Gerbasi.

21 **DAN MADZELAN:** Next, Paul De Giusti. And
22 let me, since I forgot to mention it just a moment
23 ago when a witness comes to the podium to speak,
24 please state your name and your affiliation, or the

1 organization you are representing so that we are
2 sure to have that in the transcript. Thank you.
3 Paul.

4 **PAUL DE GIUSTI:** Good afternoon, Mr.
5 Madzelan, panelists. I am Paul De Giusti, Director
6 of Legislative and Regulatory Affairs for
7 Corinthian Colleges.

8 Corinthian is one of the largest companies
9 devoted to postsecondary education in North
10 America. We operate 95 schools in 26 states in the
11 United States, and 32 schools in 7 provinces in
12 Canada. Our schools serve approximately 65,000
13 students, most of whom are non-traditional
14 students. We offer diploma programs and degrees up
15 to the master's level in a variety of high-demand
16 occupational fields. For instance, here in Florida
17 we have a system called Florida Metropolitan
18 University, which has ten campuses, and has about
19 11,000 students. We have another smaller system
20 called National Schools of Technology, which
21 represents four campuses and 4,000 students.

22 Because of our emphasis on workforce
23 preparation, Corinthian is a participant in the
24 Coalition for a Competitive American Workforce.

1 This coalition was organized by the U.S. Chamber of
2 Commerce, which is recognized as one of the largest
3 business federations in the world. This coalition
4 was formed to address the critical need of American
5 business and industry for improvements in the
6 educational system to prepare students to enter and
7 advance in the workforce.

8 We are pleased that the Department has
9 engaged in this negotiated rulemaking and
10 willingness to address regulatory changes suggested
11 by the Commission on the Future of Higher
12 Education. Corinthian agrees with many of the
13 findings and conclusions in the Commission's final
14 report, beginning with the observation and the
15 preamble that not everyone needs to go to college,
16 but everyone needs a postsecondary education, and
17 that too many students currently graduate and enter
18 the workforce without the skill employers say they
19 need. The Commission has laid a good road map for
20 reform.

21 Corinthian supports a wide range of
22 negotiated rulemaking based on the greatest extent
23 possible on this report. We propose that the
24 negotiated rulemaking agenda include three things.

1 First is transfer of credit. At this
2 point I would like to ally Corinthians comments
3 with that of Ms. Scanlon this morning. I think she
4 was spot-on. The Commission rightly emphasizes
5 transfer of credit. It calls for reducing barriers
6 to transfer, and allowing students to move easily
7 between institutions. As the final report notes,
8 this would reduce costs, expand access, reduce time
9 to completion, and improve institutional
10 transparency, all important goals.

11 Two regulatory reforms would begin to
12 significantly address this problem. First,
13 institutions of higher education that participate
14 in Title IV should be required to establish clear
15 policies on transfer of credit, and to make those
16 policies public. Second, such institutions should
17 not be permitted to base credit transfer decisions
18 solely on the accreditation of the institution from
19 which the student is seeking a transfer, provided
20 that the latter institution is accredited by an
21 agency recognized by the Secretary.

22 Many institutions currently refuse to even
23 evaluate the credits earned by students at other
24 institutions, based solely on the institution's

1 accreditation. Such accreditation-based policies
2 have no educational quality justification when
3 institutions are accredited by agencies recognized
4 by the Secretary. By requiring students to retake
5 courses, the cost of education is driven up, and
6 scarce financial resources are wasted. Moreover,
7 the ability of the postsecondary education system
8 to respond efficiently to workforce needs is
9 constrained.

10 It is not an infringement on institutional
11 autonomy to require institutions to evaluate
12 students' credits based on legitimate academic
13 criteria rather than an unfounded accreditation-
14 based process. Anti-competitive rules and
15 practices should not be allowed to substitute for
16 an examination of what a student has actually
17 learned and achieved. We believe that the
18 Department has sufficient existing statutory
19 authority to adopt regulatory changes to facilitate
20 these policies. For instance, Section 45 of the
21 HEA, which deals with institutional disclosures, as
22 well as Section 496, on recognition of accrediting
23 agencies.

24 The next subject, I think the Neg. Reg.

1 should take a look at is the 90/10 Rule. The
2 Commission's final report makes a number of points
3 that support regulatory reform of the 90/10 Rule.
4 The preamble to the Commission's report states that
5 distinctions based upon ownership structure are
6 irrelevant, and that for-profit institutions are
7 one of the new paradigms that have developed to
8 adapt to the challenges at the heart of the
9 Commission's concerns. In addition, one of the
10 central themes of the Commission Report is access
11 to postsecondary education, how to promote it for
12 under-served and non-traditional groups, especially
13 low-income, minority, and adult students.

14 The Commission focuses on the purchasing
15 power of the Pell Grant, yet it notes that the
16 value of the Pell Grant can be undercut by tuition
17 increases. All these points suggest that reform of
18 the regulations implementing 90/10 would further
19 the goals of the Commission and, I would imagine,
20 the Department, as well. Experience under the Rule
21 shows that it does not measure institutional
22 integrity and quality, but rather the socioeconomic
23 background and status of students. Simply put, the
24 more needy an institution's students, the more they

1 will qualify for Pell Grants and other forms of
2 financial aid. The more aid they receive, however,
3 the more the institution is at peril of violating
4 the 90/10 Rule, thus the Rule gives institutions
5 incentives to either not serve the most needy
6 students, or to raise their tuition, results that
7 are contrary to achieving the goals of access and
8 affordability.

9 While we believe the 90/10 should be
10 repealed, that is a statutory change. I understand
11 that this is outside of what the Department can do.
12 Nonetheless, the Department can and should revise
13 its current regulations to lessen their contra-
14 productive impact, and thus the degree to which
15 they single out institutions in the face of an
16 irrelevant factor, like ownership structure.

17 There are a number of anomalies in the
18 current regulations that have the effect of
19 maximizing the counting of Title IV revenues rather
20 than recognizing the legitimate non-Title IV
21 revenues that institutions earn. This Neg. Reg.
22 offers an opportunity to correct these problems.

23 Lastly, transparency and accountability.
24 These are also major themes in the Commission's

1 final report. As the Commission finds, students
2 and parents lack good comparable information on the
3 value the colleges will provide, and the
4 policymakers lack data to help them decide whether
5 the national investment in higher education is
6 paying off. The Commission proposes that the
7 creation of a consumer-friendly information
8 database that would protect student privacy, but
9 still provide a vital tool for accountability to
10 policymakers and for consumer choice. Corinthian
11 endorses these concepts. Indeed, as a public
12 company, we already live with a great deal of
13 transparency, and the national agencies that
14 accredit most of our campuses have been at the
15 forefront in establishing objective and
16 quantitative accountability measures that also
17 assist consumers to make decisions on where they go
18 to school. There is no good reason why other
19 higher education institutions and accrediting
20 agencies cannot do more in this area.

21 That concludes my remarks, and I thank you
22 very much. Any questions?

23 **DAN MADZELAN:** No. Thank you, Mr. De
24 Giusti.

1 **PAUL DE GIUSTI:** Thank you.

2 **DAN MADZELAN:** Next we have Matthew
3 Tuckman?

4 **MATTHEW TUCHMAN:** It's Tuchman.

5 **DAN MADZELAN:** Tuchman. Sorry. Anybody
6 else, please correct me when I get your name wrong.

7 **MATTHEW TUCHMAN:** First, I would like to
8 thank the Department of Education for this
9 opportunity to speak, and I would also like to show
10 gratitude for these series of hearings, giving the
11 public and, more specifically, students, a chance
12 to testify on higher education.

13 My name is Matthew Tuchman. I am the
14 Director of Legislative Affairs, representing the
15 40,000 members of the student body at Florida State
16 University.

17 I come to you with the concerns of
18 students at other universities, too, who attend
19 public universities--I come to you with the
20 concerns of public education institutions
21 nationwide. I come to you with the message from
22 parents of students, and the insights of families
23 with students. I come to you with a simple,
24 fundamental question. What would be a better

1 investment for a country than education?

2 I am here today as a fortunate and
3 grateful man, a man who is lucky enough to solely
4 focus on school without having to work. I am
5 blessed to be receiving funding from Bright Futures
6 Scholarship and the Florida Prepaid Program.
7 Consequently, I urge you to take into consideration
8 recent trends with respect to financial aid,
9 comparatively acknowledging the inequalities in our
10 K through 12 public schools, need-based financial
11 assistance is imperative.

12 I ask for your support in mitigating
13 student debt and rendering loan debt to a more
14 manageable system. I cannot overemphasize my
15 belief in the importance of accessibility and
16 affordability in higher education.

17 I would like to show my appreciation again
18 for this opportunity to speak and thank you for
19 your time.

20 **DAN MADZELAN:** Thank you very much.

21 **DAN MADZELAN:** Next, Jan Friis.

22 **JAN FRIIS:** My name is Jan Friis. I am
23 the Vice President of Government Affairs for the
24 Council for Higher Education Accreditation, also

1 referred to as CHEA. I would like to thank the
2 Department for the opportunity to provide this
3 testimony.

4 CHEA is a national advocate and
5 institutional voice for self-regulation in academic
6 quality and accreditation. CHEA is an association
7 of 3,000 degree-granting colleges and universities,
8 and recognizes 60 institutional and programmatic
9 accrediting organizations. CHEA recognizes 21
10 specialized accreditors that the Department of
11 Education does not recognize because they are not
12 Title IV gatekeepers.

13 As an example, CHEA recognizes the Council
14 on Aviation Accreditation, which accredits air
15 traffic and professional piloting programs, among
16 other programs. Because the majority of these
17 programs are degree-granting, the Department of
18 Education does not recognize this accreditor,
19 because the aviation accreditor is not a Title IV
20 gatekeeper. In contrast, the Department of
21 Education recognizes the National Accrediting for
22 Cosmetology Arts and Sciences. CHEA does not
23 recognize this accreditor, because most of its
24 institutions are not degree-granting.

1 I think we would all agree that it is
2 important to review and recognize and Title IV
3 gatekeeper, but I think we also would agree that it
4 is important to recognize an accreditor of
5 professional piloting and airline traffic control
6 programs if they warrant accreditation.

7 Through these hearings you have heard a
8 great deal about accreditation, what it is doing,
9 and that negotiated rulemaking ought occur after
10 the reauthorization of the Higher Education Act. I
11 believe it is important that we review the
12 fundamentals of accreditation for the record.

13 Accreditation is the primary symbol of
14 legitimate institutions of higher education, and
15 has been so for the last 100 years. It is a
16 threshold litmus test for academic quality at an
17 institution. There are currently 7,000 higher
18 education institutions and 17,000 programs that are
19 accredited.

20 Not only is accreditation required for
21 student access to federal and state loans and
22 grants, it is also a requirement for institutions
23 to receive federal and state funds for research and
24 operations. And it is a gateway for private

1 foundation and corporate support of institutions.
2 The current national structure of accreditation has
3 encouraged and grown with the major innovations in
4 education, such as the development of the community
5 colleges, the advent of distance learning, and the
6 growth of for-profit institutions. It is a major
7 source of protection against fraud and abuse of
8 students and other consumers of higher education.
9 In addition, it is currently the primary bulwark
10 against degree mills and diploma mills.

11 This national structure is a private
12 enterprise which is currently operated by 81
13 recognized accrediting organizations, and that is
14 between the Department of Education and CHEA. They
15 have 650 full- and part-time staff. This also
16 includes 16,000 volunteers. In the years 2004 and
17 2005, accreditors took major actions with regard to
18 approximately 1,200 institutions and 3,800
19 programs. All of this was accomplished on a \$70
20 million private budget. The federal government, in
21 my view, could not replicate this level of action
22 with this degree of participation from the
23 community on the same budget.

24 The accreditation community is responsive

1 to the current climate of accountability. Its
2 organizations have made significant progress as it
3 relates to student learning outcomes, improving
4 institutional performance, improving transfer of
5 credit, and moving toward greater transparency.
6 CHEA has set forth an accountability agenda, as
7 given by its president, Judith Eaton, to Secretary
8 Spellings Commission on the Future of Higher
9 Education on April 6, 2006, which, when adopted by
10 the accrediting community, will improve
11 accreditation. She will discuss those suggestions
12 at your hearing in Washington, D.C.

13 The current accreditation system is vital
14 in maintaining the key features of higher education
15 that have contributed to keeping the enterprise
16 among the best in the world. The current mission-
17 based accreditation is established among diverse
18 institution. It allows institutional independence
19 for academic judgment, which permits academic
20 freedom, and that is vital to an open and free
21 society.

22 Additional federal control of
23 accreditation is not needed. Our current national
24 structure of accreditation has proven to be highly

1 successful and a well-tested program of quality
2 assurance and quality improvement. The current
3 system of accreditation and federal interaction is
4 an excellent example of the effective government
5 use of the results of a private regulatory system.
6 Accreditation is the premier national example of a
7 reliable and responsible self-regulation
8 organization.

9 Thank you very much.

10 **DAN MADZELAN:** Thank you, Mr. Friis.

11 **DAN MADZELAN:** Next is Gary Raab.

12 **GARY RAAB:** I would like to begin by
13 expressing my gratitude to everyone who has allowed
14 this event to take place today.

15 Today I present myself before you as an
16 undergraduate of Florida State University, but more
17 importantly, a patron of the United States of
18 America. As a patron, it is my duty to explicate
19 the crisis at hand; a crisis that may eventually
20 reshape this great country, a crisis which can be
21 resolved.

22 This extremity that I speak of is one that
23 exists throughout our nation's graduate and
24 professional schools, a predicament resulting from

1 the lack of federal grants and scholarships
2 available to our nation's graduate students.
3 Currently, a state of Florida resident enrolled in
4 the University of Florida, College of Medicine,
5 will incur fees of \$18,016 annually, not including
6 costs of living. With added living expenditures,
7 Florida in-state medical school will cost a student
8 over \$30,000 yearly. Over the course of four
9 years, this student will succumb to approximately
10 \$120,000 in medical school fees.

11 Due to the high cost of tuition and lack
12 of federal grants and scholarships, the majority of
13 our students are forced to take out student loans
14 that average seven percent interest rates. Once
15 completing medical school, the doctor-to-be will
16 then complete years of residency that are usually
17 unpaid, still incurring the interest rate on their
18 loans. After residency, the new medical doctor can
19 start paying off his or her debt. However, with
20 added interest, the original of \$120,000 now
21 becomes over \$160,000. At this time, our doctor
22 will be about the age of 30, and they will want to
23 start a family, which will cause him or her to
24 incur many other living expenses that will hinder

1 our doctor's ability to pay off his or her debt
2 promptly, causing the seven percent interest rate
3 to increase debt owed to hundreds of thousands of
4 dollars.

5 Medical school debt presents an acute
6 problem, not only for the soon-to-be M.D., but for
7 our nation's healthcare system. In a world where
8 doctors will owe more money than ever before, it
9 can be a viable assumption that healthcare costs
10 will accelerate as well.

11 It is important to note that lack of
12 federal grants and scholarships affect not only
13 medical students, but most United States graduate
14 and professional students. A current state of
15 Florida resident enrolled in the University of
16 Florida's Levine College of Law will incur expense
17 of approximately \$20,000 a year, including living
18 expenses, and over \$40,000 in overall debt when he
19 or she receives his or degree.

20 Currently, I am a scholarship student and
21 am able to attend the Florida State University with
22 little financial obligation. I personally have an
23 inclination to attend a United States law school,
24 however, fear that enormous pecuniary commitment.

1 Today I stand before you as a grateful
2 scholarship undergraduate. Tomorrow, I hope to
3 stand before you as an incoming law student
4 applying for newly created federal graduate grants.
5 Thank you.

6 **DAN MADZELAN:** Thank you, Mr. Raab.

7 **DAN MADZELAN:** Samuel Reda.

8 **SAMUEL REDA:** Hello. How are you guys
9 doing today?

10 **DAN MADZELAN:** Well. And you?

11 **SAMUEL REDA:** Good. Fine, thank you. To
12 start off, I would like to tell you a little bit
13 about myself. My name is Samuel Reda. I am 22,
14 and a senior at Florida State University. I am
15 from Sarasota, Florida, and my future goals are to
16 attend law school.

17 I am here speaking because I do not want
18 to see any young adults in the future not be able
19 to benefit the same way that I have. I want to
20 give back to higher education the same way my
21 professors have given to me.

22 Today there are over 400,000 eligible
23 students that do not receive higher education
24 because of cost alone. Now, I would like to ask

1 you three a question: What is the first word that
2 comes to mind when you think about higher
3 education? To me, this word is "opportunity."
4 Opportunity is defined as a good chance or a
5 favorable occasion, quoted from the Oxford American
6 Dictionary. However, because of certain measures
7 or circumstances, there are hundreds of thousands
8 of students today whose opportunity is blemished.

9 The most influential reason why these
10 students' opportunity is blemished is because of
11 cost alone. Students today are taking out loans
12 and graduating with more debt than ever. The
13 average debt upon graduation is \$19,300. This
14 amount is continually growing and unmanageable.
15 The government has control of certain financial
16 issues, such as loans and grants. The government
17 also has the power to make these loans affordable
18 by implementing a debt forgiveness policy. On
19 behalf of the FSU student body, we support a policy
20 of this nature. This policy would be successful if
21 the debts were paid back at an income-based rate.

22 Institutions should increase need-based
23 student aid and give more purchase power to the
24 Pell Grant. Higher education should be an

1 opportunity, not a nightmare. With students'
2 growing knowledge of this issue, they are doing
3 what they can to make a difference.

4 Thank you, guys, for this opportunity and
5 for your time. I hope you have a great afternoon.

6 **DAN MADZELAN:** Thank you very much.

7 **DAN MADZELAN:** Next, Anisha Singh.

8 **ANISHA SINGH:** I would like to start off
9 by thanking the Department of Education for
10 allowing me to speak today.

11 My name is Anisha Singh. I am currently
12 attending Florida State University, and am majoring
13 in political science and communications, with
14 dreams of one day going to law school.

15 My parents came here from India in pursuit
16 of opportunity and a better life. Fortunately, my
17 father was able to work hard enough to afford a
18 college education for me. I receive absolutely no
19 financial aid, and the only answers I receive when
20 I ask why not is that my father has a high enough
21 income to afford my expenses in school.

22 In addition, I do not receive any
23 scholarships other than Bright Futures. The amount
24 of scholarships I can apply for are limited. This

1 is because, although I am a minority in this
2 country, I am unable to qualify for any minority
3 scholarships. Minorities in the education system
4 are generally classified as African Americans and
5 Hispanics, not Asians.

6 Most colleges use the FAFSA to determine
7 if I am really need-based, however, debt is not
8 taken into consideration for FAFSA. I feel the
9 fact that my dad is in debt is ignored. In order
10 to put me in school, my dad has taken thousands of
11 dollars in parent loans because he does not want me
12 to have to. He has other obligations and expenses,
13 and I worry that, by the time my 11-year-old
14 brother goes to school, my dad may not be able to
15 pay for it because of tuition increases and other
16 fees that are being added.

17 I also hope that other loans won't be
18 taken out to support my brother's education,
19 because I don't know how my dad would manage to pay
20 that off. As I contemplate law school, even though
21 it is a few years away, I worry that, even though I
22 have high grades and I am working so hard to ensure
23 my admission into a prestigious law school, that
24 dream may not become a reality. Around the time I

1 will need the money to go to law school, my dad
2 will be saving up to pay for my brother's college
3 tuition and expenses, as well.

4 According to the Spellings Commission
5 Report, from 1995-2005, average tuition and fees at
6 public four-year colleges and universities rose 51
7 percent after adjusting for inflation. The same
8 report states that average debt levels for students
9 that graduated from four-year colleges and
10 universities total over \$19,000. By no means am I
11 that average student because by the time I
12 graduate, my parents will have taken quite a bit
13 more.

14 In addition to sharing my story today, I
15 would like to share that of my roommate, Natalie.
16 Natalie worked every day throughout her high school
17 career to be able to save up enough money to go to
18 college. She had calculated how much tuition money
19 she needed to save and accordingly worked close to
20 full time. Natalie was one of the lucky ones.
21 Nearly 400,000 students don't attend college simply
22 because they cannot afford it. Many of those same
23 students save for college only to learn they do not
24 have enough because of skyrocketing tuition and

1 fees and decreasing aid from the federal
2 government.

3 The Spellings Commission Report also
4 stated that 90 percent of the fastest growing jobs
5 in the new information service economy will require
6 some postsecondary education. As millions more
7 students each year pursue a degree, we need to make
8 sure that there is a funding for these students.
9 As the Department begins its negotiated rulemaking
10 process, I urge you to consider the following
11 things:

12 Simplifying the FAFSA to be less
13 intimidating will open doors for access for more
14 students.

15 Taking into account an applicant's debt,
16 and not just the adjusted gross income will also
17 allow more students the security of knowing they
18 will be able to attend college.

19 Also, making loans more manageable and
20 increasing federal grant aid to students who need
21 it the most should definitely be a priority.

22 There are thousands who thirst for higher
23 education, unable to get one because of finance
24 issues and lack of funding from the government.

1 Then there are thousands like me, who seem to be
2 ignored in the process, Americanized minorities
3 with money to get by, but still find themselves
4 waking up every morning wondering if they will
5 always be so lucky.

6 Thank you for allowing me the opportunity
7 to speak before you today.

8 **DAN MADZELAN:** Thank you very much.

9 **DAN MADZELAN:** Next we have Lisa Primiani.

10 **LISA PRIMIANI:** Hello. My name is Lisa
11 Primiani, and I am a freshman at Florida State
12 University. I am planning to study communications
13 and political science, and one day hope to become a
14 lobbyist and make changes in policy for things that
15 I think are important. This is partially the
16 reason that I am here today.

17 Student loans affect everyone. They have
18 affected my family, but have also affected the
19 state and country. They prevent people from giving
20 back to the economy, and stop people from providing
21 for the success of a competitive workforce. My
22 family has been directly affected by student loans,
23 and my story is one of millions. Let me share with
24 you my personal story.

1 Ten years ago, my cousin Danielle was a
2 student at Florida State University. During her
3 junior year, she met a great guy named P.J., and
4 they quickly began dating. After dating for a few
5 years, the topic of marriage came up. PJ is the
6 youngest of seven children and is an out-of-state
7 student, so he paid for his college solely based on
8 student loans.

9 After graduation, my cousin Danielle moved
10 in with P.J., and they both put their lives on
11 hold, because P.J. still owed an incredible amount
12 in student loans. Even with family pressure and
13 the desire to get married, they had to put their
14 futures on hold because of the burden of student
15 loans.

16 Finally, after ten years of dating, P.J.
17 got his debt to a manageable level and proposed to
18 my cousin. It took ten years of waiting and ten
19 years of paying student loans for P.J. to be in a
20 position to start a family, buy a house, be
21 financially stable, all because of student loans.

22 They are happily married now, but Danielle
23 and P.J. are just now starting their lives together
24 after having to wait so long because of student

1 loans. I can only imagine the hardships that they
2 went through, and I would never want to go through
3 what they endured.

4 Not only for myself, but this is a problem
5 for all current students and future graduates.
6 Graduating college is supposed to be a new
7 beginning, but how are you supposed to start
8 anything if you are drowning in debt?

9 I hope you will consider ways to make
10 student loans more manageable and realistic. For a
11 recent graduate, a full year's salary will only
12 make a dent in the amount of student loans they
13 still owe. Remember that our stories and
14 recommendations are the voices of only a fraction
15 of millions of students that are impacted by
16 student loans, federal financial aid, and the
17 programs the Department will be implementing.

18 Thank you for your time.

19 **DAN MADZELAN:** Thank you very much.

20 **DAN MADZELAN:** Kimberly Copley.

21 **KIMBERLY COPLEY:** Good afternoon. My name
22 is Kimberly Copley. I am currently a sophomore at
23 Florida State University. I am studying nursing,
24 and I am also studying Spanish. I hope to go on

1 and get my higher education and master's degree and
2 pursue nursing in the field of being a nurse
3 practitioner.

4 I am so very, very grateful to have the
5 opportunity to stand here before you today, and I
6 would like to share with you a story that is very
7 near and dear to my heart.

8 Not too very long ago it was my senior
9 year of high school, and I realized that I could be
10 getting as good grades as I wanted, I could be in
11 the most advanced as I could possibly be in, but,
12 somehow, if I wanted to have this dream of higher
13 education, I was going to have to come up with the
14 reality of finding the funds to do so. I took out
15 loans, I bought my own car, I started to work full-
16 time, all the meanwhile juggling school. I went
17 and saw my guidance counselor and started getting
18 applications. As expensive as they may be, I
19 applied to as many schools as possible.

20 Once I found out how expensive it was
21 going to be, even being in Florida, which is the
22 second lowest of any of our states as far as in-
23 state tuition costs, still was just out of reach
24 for what I was going to be able to afford on my

1 own. Not too much longer after that, I found
2 myself in a hospital bed.

3 I live with a chronic illness, Crohn's
4 disease, which is something that I have learned to
5 deal with my entire life, but on the same token it
6 has been something that has always brought me back
7 to reality. As I lay there, missing days and days
8 and days of high school of my senior year, my dad
9 flew down--he lives out of state, in the state of
10 Indiana, and sat down with me. We had never had a
11 very serious conversation about college, and I was
12 very nervous and I was ready to take on the burden
13 on my own by staying home at a local community
14 college. That seemed to be the only one I would be
15 able to afford.

16 My dad sat down with me and told me--and
17 for the first time in my life I saw him cry,
18 because he told me that he had been saving money
19 for me the last ten years. I, unfortunately, am
20 the minority in a group of student leaders at FSU.
21 The vast majority of my peers, who I represent and
22 who I respect with the utmost diligence, graduate
23 with unmanageable debt, graduate with 40 percent--
24 just outrageous amounts of debt--credit card

1 loans--I mean, it is just so sad to watch because
2 they have to put their lives on hold because they
3 have to try and pay off these high interest loans,
4 and because they continue to see their education
5 get more and more out of reach.

6 I have a stepbrother who goes to school in
7 Indiana, and my dad has had to make more
8 adjustments for my two younger brothers and
9 sisters, and from his budget there, because their
10 tuition rate increased eight percent last year,
11 which is more than double what the inflation rate
12 was nationally.

13 So I ask you all to really take into
14 consideration the students, and we hope that we
15 represent the actual faces of those that are being
16 affected at Florida State University.

17 So thank you so much for the opportunity
18 to come here and speak. I want you to know that I
19 take not one class, not one lab, not one hour for
20 granted, because I have had the opportunity to have
21 a higher education. Thank you.

22 **DAN MADZELAN:** Thank you very much. We
23 are a bit ahead of schedule on our sign-up sheet,
24 so we do have a couple of people that have signed

1 up for a little bit later. I will ask if they are
2 here now.

3 **DAN MADZELAN:** First, Rebecca Thompson. I
4 am sorry we sprung that on you.

5 **REBECCA THOMPSON:** Oh, no. It's okay.
6 Just give me a few seconds.

7 **DAN MADZELAN:** Take your time.

8 **REBECCA THOMPSON:** Again, my name is
9 Rebecca Thompson, and I am the Legislative Director
10 for the United States Student Association. The
11 USSA is the country's oldest, largest national
12 student association, representing millions of
13 students across the country.

14 For nearly 60 years, USSA has been the
15 student voice on Capitol Hill, in the White House,
16 and the Department of Education. As a coalition of
17 student governments and statewide Student
18 Associations, we are here again today, as we were
19 in Berkeley and Chicago, to express our concerns in
20 high hopes that they will be adopted in the
21 Department of Education's negotiated rulemaking
22 process.

23 The state of higher education today is
24 very different from that of just 10 or 20 years

1 ago. In the past, students who dreamed of pursuing
2 higher education had the opportunity to do so,
3 oftentimes with much of that opportunity subsidized
4 by the federal government. From the Pell Grant to
5 low-interest federal loans, students could access
6 the doors of higher education with very few
7 barriers. Today, those doors are accessible to
8 only the few who can afford it.

9 With the dwindling Pell Grant and low-
10 interest loans disappearing fast, a qualified needy
11 student has very few options. The Pell Grant has
12 been under-funded five consecutive years. In the
13 past year alone, the average Pell Grant award has
14 declined by \$120. Twenty years ago, the maximum
15 Pell Grant covered nearly 60 percent of tuition and
16 fees. Today, the Pell Grant covers only 33 percent
17 of those costs. Earlier this year we saw the
18 largest cuts to student loan programs in the
19 history of the program, which will cost students
20 thousands more in additional loan repayment.

21 As our nation attempts to compete in the
22 ever-changing global economy, our citizens must be
23 highly educated to do so. The Spellings Commission
24 reported that 90 percent of the fastest growing

1 jobs in the new information and service economy
2 will require some postsecondary education. If the
3 federal government continues to divest in higher
4 education, the impact on our economy could be
5 disastrous. One of the most frightening new trends
6 in higher education is the rate at which many
7 students take on student debt burdens. The average
8 student now has over \$19,300 in student loan debt.
9 With more and more students taking on unmanageable
10 debt, this prevents them from buying their first
11 home, getting married, or starting a family, all
12 major life decisions that are put on hold simply
13 because they spend a large portion of their income
14 paying student loans.

15 Although the Department of Education does
16 not have the jurisdiction over the funding of many
17 of these programs, we ask that you do everything
18 you can to make sure that higher education is more
19 affordable and more accessible to students.

20 As students from across the state and
21 country, we urge the Department of Education to
22 prioritize the needs of students as it begins its
23 negotiated rulemaking process. This can be done in
24 a variety of ways.

1 First, recognize that students with
2 families have less income to devote to loan
3 repayments than their counterparts. Also, we must
4 simplify the process of applying for hardship
5 deferrals. And lastly, we ask that you cancel
6 remaining debts for borrowers who have made income-
7 based payments for 20 years.

8 While federal student loans are an
9 important aspect of a students' financial aid
10 package, increasing grant aid would make it
11 possible for students to have significantly less
12 debt. And, as a recent graduate myself, I have
13 over \$35,000 in student loans and, coincidentally,
14 my identical twin sister also has about \$35,000 in
15 student loans.

16 We need the Department's help in saving
17 millions of students from drowning in debt. We
18 urge you to consider our requests. The state of
19 higher education rests in the Department's hands,
20 and we hope that you will help make it possible for
21 current and future college and university students
22 to access the doors of higher education. Thank
23 you.

24 **DAN MADZELAN:** Thank you very much. We

1 have one more person who has signed up and, like
2 Rebecca, a little bit later, but I will call Ahmad
3 Abuznaid. Please restate your name for the record.

4 **AHMAD ABUZNAID:** Good afternoon. My name
5 is Ahmad Abuznaid.

6 **DAN MADZELAN:** Sorry about that.

7 **AHMAD ABUZNAID:** No problem. My teachers
8 did it all the time.

9 **DAN MADZELAN:** This last name gets it,
10 too.

11 **AHMAD ABUZNAID:** I can see. Well, thank
12 you for the opportunity. I do not have anything
13 prepared. I just wanted to share some of the same
14 sentiments that the other students spoke of. I am
15 a recent graduate of Florida State University.
16 Fortunately, I do not have any loans or any kind of
17 debt that I am supposed to be drowning in, but I am
18 one of the more fortunate students. My parents
19 made a decent enough wage to be able to help me
20 out, but I also did work 40 hours a week throughout
21 my tenure at Florida State University.

22 I am actually of Palestinian descent, so I
23 share some of the same sentiments as Anisha, who
24 was just up here. I was born in Jerusalem, and

1 being here in America, you get a lot of
2 opportunities that you do not get elsewhere, but,
3 with that being said, there are still some issues I
4 think we need to work on.

5 A lot of our students are struggling these
6 days with costs, and I believe that the education
7 here needs to be a priority of investment in
8 propelling the future of this nation to the top.

9 So, with that being said, I just want to
10 say that, while I am not in debt, I have a younger
11 brother that is 11 years old, and a lot of my
12 friends are in debt, and I can see the future of
13 our nation struggling with this issue, and I am one
14 student that does not want to stand for that.
15 Thank you for your time.

16 **DAN MADZELAN:** Thank you for yours.

17 We currently have no one else signed up.
18 So it is just about 2:00. I think we will break,
19 let us say, until 2:15. We will be back here and
20 see if we get some more people who want to testify
21 this afternoon.

22 We will see you back here, or not, at
23 2:15. We will be here. Thank you.

24 **[Brief recess.]**

1 **DAN MADZELAN:** Well, we are back from
2 break, but we still have no additional witnesses
3 signed up. We do know, however, that the breakout
4 sessions currently going on here in the conference
5 end at about 2:45, so let us take another break
6 until about 2:45, and we will see if we get anyone
7 signed up between now and then.

8 If we do have someone signed up before
9 2:45, we will come back in here and let them speak.

10 So, for now, we are back on break. Thank
11 you very much.

12 **[Brief recess.]**

13 We are now reconvening this public hearing
14 on negotiated rulemaking agenda for this fall and
15 winter, and our witness is Thomas Ratliff. Thomas,
16 please restate your name for the record, and your
17 affiliation. Thank you.

18 **THOMAS RATLIFF:** Thank you very much. I
19 am Thomas Ratliff, Director of Student Financial
20 Aid at Indiana State University, as well as a
21 doctoral student in leadership and higher education
22 at the same institution.

23 When listening to some of the witnesses

1 earlier convey their thoughts and concerns about
2 their deep debt, it reiterated to me the whole
3 purpose for the Higher Education Act in 1965 as a
4 major component of our War on Poverty. I went in
5 and looked during our break, and checked that,
6 indeed, in 1965, the poverty level in the United
7 States was at 15.8 percent, down consistently in
8 the five years previous from about 20.3 percent.
9 It continued to drop for another five years to
10 about 10.4, and then, since then, basically has not
11 changed.

12 We have had billions of dollars going out
13 in federal financial aid since 1965, and our
14 current poverty rate is at 10.8 percent, no better
15 than what we saw in 1969. It seems that either one
16 of two things has to happen: Either we need to
17 stop this experiment and let higher education go
18 back to being funded by the states and being funded
19 by the institutions themselves, or we need to raise
20 the bar back to where it should be.

21 The Basic Educational Opportunity Grant in
22 1965 paid for in-state tuition and fees at most
23 institutions. It is not close anymore. Since
24 2001, tuition and fees have accelerated at an

1 average rate of about 10.4 percent, by some of the
2 studies that I have looked at. Cumulatively, for
3 public four-year institutions, they rose by about
4 54 percent in the last five years, the reason being
5 not because schools are greedy, not because they
6 are wanting to pull in excess moneys, the reason
7 being they have costs that they have to meet to be
8 able to educate our population, and the states are
9 pulling back their funds, because their commitment
10 to education is not as keen as it once was.

11 The Federal Pell Grant has been stagnant
12 and stuck at \$4,050 for too long. I know the
13 proposal comes up on an annual basis to try to
14 raise that. I know that there has been a push to
15 try and double it. I know there has been a push to
16 try to get \$100 increase mandated for the next five
17 years. And yet, I am looking at a likelihood that
18 \$4,050 is still going to be a magic number next
19 year. The percentage of tuition and fees that is
20 going to pay at most institutions will go down, and
21 students will have less access than what they have
22 seen in the past.

23 I do not believe we need to stop this
24 experiment and cut the losses, because the War on

1 Poverty has not been won. I believe that it is
2 still an admirable feat that we can go after, and
3 something that indeed can help, but it does appear
4 by looking at the numbers that our focus on our
5 neediest students, perhaps, is the key point in
6 this war to try to win.

7 Those that are below the poverty level are
8 now being recognized as such, to some degree, by
9 the means test, which are being added to the FAFSA
10 this coming and were added into law this year,
11 allowing more students the opportunity to at least
12 be considered for simplified needs analysis, as
13 well as the auto zero EFC, but that is just opening
14 a little bit of a door. I think that door needs to
15 go wider.

16 It appears that students struggle the most
17 during their freshman year. Dropout rates for
18 colleges are typically highest between freshman and
19 sophomore experiences, and to be able to retain
20 those students and help them avoid debt does make
21 very good sense to me, that we should front load
22 Pells, maybe even to the point of making Pell
23 Grants only available for freshman and sophomore
24 experiences. And saying that, which could send

1 shivers up many people's backs, including my own
2 for a while until I considered it--with an
3 associate's degree, students can either have the
4 basis that they need upon which they build through
5 loans and other options, particularly scholarships
6 that they can prove themselves worthy of after two
7 good years of academic demonstration in college to
8 pay for those last two years of their bachelor's
9 degree. If not, then at least with an associate's
10 degree, perhaps they can pull themselves out of
11 that poverty line, which was the underlying goal
12 for the Higher Education Act in 1965 to begin with.

13 So it seems by doing a front load of the
14 Pell Grant, perhaps we can amend two issues, one to
15 help accomplish this goal of beating the War on
16 Poverty, and two, to accomplish the goal of helping
17 students encourage themselves through their
18 academic accomplishments in the first two years,
19 knowing that they will have to rely on that to help
20 them pay for their last two years of their
21 bachelor's degree. With that, I think that we
22 could see some forward progress.

23 I thank you all very much for reconvening
24 and giving me your time.

1 **DAN MADZELAN:** Thank you very much. I
2 would also just like to state for the record that
3 up here on the panel Carney McCullough joined
4 Elizabeth McFadden and myself.

5 And with that, we will deconvene for a
6 short while, and see if we have additional
7 witnesses to come forward in the next hour or so.

8 See you shortly.

9 **[Brief recess.]**

10 **DAN MADZELAN:** I want to thank everyone
11 who came by today to offer their testimony. I also
12 thank our federal panel, David Bergeron, Jim
13 Manning, Elizabeth McFadden, and Carney McCullough.
14 This concludes the hearing on negotiated
15 rulemaking.

16 **[Whereupon, the hearing was concluded**
17 **at 3:50 p.m.]**

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U.S. DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION

PUBLIC REGIONAL HEARING FOR
NEGOTIATED RULEMAKING

U.S. Department of Education
FB-6 Auditorium
400 Maryland Avenue, SW
Washington, D.C. 20202
Wednesday, November 8, 2006
9:00 A.M. - 4:00 P.M.

U.S. Department of Education
Public Hearing
Washington, D.C. – November 8, 2006
Panelist

Representing the Office of Postsecondary Education:

David Bergeron
Director, Policy and Budget Development Staff

Dan Madzellan
Director, Forecasting and Policy Analysis Staff

Representing the Office of General Counsel:

Lisa Kanter
General Attorney
Division of Regulatory Services

P R O C E E D I N G S

1
2 **DAVID BERGERON:** Good morning. I am
3 trying to get these things started, and I always
4 start a minute before it is time for us to really
5 begin the hearing. I do that because I know it
6 always takes about a minute for folks to get
7 organized and ready to start these proceedings.

8 This is our fourth in a series of regional
9 hearings in preparation for negotiated rulemaking.
10 We have been fortunate at our hearings at Berkeley
11 and Chicago to be hosted by institutions of higher
12 education, University of California at Berkeley and
13 Loyola University of Chicago. Those were very good
14 hearings, very productive hearings, and we are very
15 pleased that they went as well as they did.

16 We had our third hearing in Orlando as
17 part of the Federal Student Aid's Fall Conference,
18 so we did have that last week. We had a number of
19 witnesses at that hearing that had been part of the
20 conference, so they brought things that they heard
21 and concerns that they had, as a result of what
22 they heard, to us, that was also very productive.
23 One of the things that has been striking as we have
24 gone around and had these hearings is the

1 remarkable students who have testified for us on
2 issues of concern to them, and I am sure, during
3 the course of the day, we will hear from more
4 students, and I think you will be as impressed as I
5 have been--their remarks at each of these hearings.

6 Let me introduce the people who are
7 sitting up here, and, during the course of the day,
8 folks may change. Lisa Kantor is with our Office
9 of General Counsel, and she will be with us, and
10 others may join us during the day from the Office
11 of General Counsel as their schedules permit.

12 Dan Madzelan, you all know, because I
13 think anybody who has been around negotiated
14 rulemaking knows that he is our federal negotiator
15 par excellence, except for one little thing: His
16 sessions tend to go long. I have a feeling that
17 will be an indicator of the day, because we have
18 many folks scheduled to speak, which is why I want
19 to try to get done with this introductory stuff
20 very quickly. Dan is the Director of Forecasting
21 and Policy Analysis in the Office of Postsecondary
22 Education where I am his colleague and peer.

23 I am David Bergeron. I am Director of
24 Policy and Budget Development in the Office of

1 Postsecondary Education.

2 This is, as you all know, the Department's
3 headquarters building, and I don't work here. I
4 work across town at K Street, and so I had to go
5 exploring because I knew one thing everyone needs
6 to know when they come to a building they are not
7 familiar with, and that is where the restrooms are,
8 and they are that way--the men's room is on the
9 right side; the ladies room is on the left--and I
10 think that is all of those logistical things.

11 Let me talk a little about negotiated
12 rulemaking and the process we are engaged in.
13 While doing the public hearings, we are still
14 accepting public comment in written form through
15 tomorrow. At the same time, we are accepting
16 nominees for federal negotiators for that process.
17 Once we get all of the public comments and get the
18 nominees, we will do two things, we will develop a
19 negotiating agenda that takes into account the
20 public comment we received and allows us to
21 identify issues that we believe we can reach
22 agreement on, and negotiate through to notice of
23 proposed rulemaking early next year.

24 Our plan right now is to begin

1 negotiations in mid-December, have about a six-week
2 break between the first and second negotiating
3 sessions, a little longer than we have typically
4 done, and really try to get this process a little
5 bit earlier on our schedule than we have had in
6 recent years. As I said, this process is really
7 going to be driven by the public comment that we
8 received, and will receive, today and tomorrow.

9 So we will be taking very seriously the
10 concerns that folks have expressed about our
11 regulations and the things we need to change, and
12 we will do that. The only thing, going in, we knew
13 we would first be doing for certain and absolutely
14 was to negotiate around Academic Competitiveness
15 and National SMART Grants, and these--we knew that
16 those two new programs really did impact and
17 influence our change of direction of our programs
18 in ways that are fundamentally different from what
19 we have done before, and really did warrant
20 negotiated rulemaking, even though we will have
21 operated the programs first under interim final
22 rule, and then a final regulation that we issued
23 most recently--the final regulation on November
24 1st.

1 Is that all of the introductory things
2 that I needed to say?

3 **DAN MADZELAN:** We just have to remind
4 them--

5 **DAVID BERGERON:** Yes.

6 Danny reminded me that, as you come
7 forward, if you could identify yourself and state
8 your name and your organization so that the
9 recorder can have that information and make sure
10 that it is correct in the record. She is going to
11 work from our list. If necessary, if you are
12 running too long, we will hold up a stop sign.

13 [Laughter.]

14 **DAVID BERGERON:** We have not had to use
15 the stop sign in our other three hearings; I hope
16 and expect that we will not today. We will keep
17 track of time, and we will try to keep the
18 witnesses to five minutes. Sometimes we run a
19 little long, but what we have experienced,
20 particularly when we have students testify, or
21 people who are just nervous to speak in public like
22 I am, they tend to speak faster than normal and
23 they get done more quickly. One of the benefits of
24 that is that we will bring in students throughout

1 the day that maybe were not scheduled first thing
2 in the morning because their schedules did not
3 allow them to do that. So we will be flexible to
4 accommodate those and try to stay on time.

5 With that, we will start.

6 **DAVID BERGERON:** Jean Morse, the
7 microphone is behind you.

8 **JEAN MORSE:** Good morning.

9 **DAVID BERGERON:** Good morning.

10 **JEAN MORSE:** I am Jean Morse, and I serve
11 as President of the Middle States Commission on
12 Higher Education, a regional accreditation body
13 serving over 500 institutions in the Middle
14 Atlantic region of the United States and the
15 Caribbean. I also appear today as the Vice Chair
16 of the Council of Regional Accrediting Commissions,
17 know as C-RAC, that is composed of all of the
18 regional higher education accrediting commissions
19 in the United States.

20 My remarks are meant to compliment those
21 of my colleagues in C-RAC who have testified at
22 prior hearings held in their regions. Thank you
23 for the opportunity to participate in the
24 consideration of new regulations that will affect

1 the seven regional accreditors, their 3,000 member
2 institutions, and the 17 million students served by
3 those institutions.

4 C-RAC supports many of the constructive
5 suggestions in the report by the Commission on the
6 Future of Higher Education convened by the
7 Secretary of the U.S. Department of Education. Our
8 position is outlined in responses to the
9 Commission's draft reports, and messages to our
10 members, all of which are posted on our Web sites.

11 The following additional five comments
12 address the new regulations that might affect
13 accreditation, and the first relates to timing.

14 Although C-RAC welcomes improvements,
15 certainly, of the regulations that implement the
16 Higher Education Act of 1965, it supports waiting
17 to adopt new regulations until Congress has
18 completed the required reauthorization of the
19 Higher Education Act. C-RAC has worked with
20 congressional representatives on reauthorization,
21 and we will continue to do so. Reauthorization
22 should clarify congressional requirements, and
23 those requirements may require different
24 regulations from those which might be under

1 consideration now.

2 As explained in a prior hearing by my
3 colleague, Dr. Crow, it is really difficult for our
4 institutions to implement frequent changes in
5 direction. It is an evaluation process that is
6 continuous that started way in advance, and it is
7 very hard to change in midstream.

8 The second point has to do with
9 transitions to new regulations. Again, C-RAC
10 promotes continuous changes and improvements in
11 practices mandated by the Department's regulations,
12 but we support the use of pilot projects to test
13 the usefulness of new approaches. We also support
14 gradual and careful transitions. All of the C-RAC
15 regional accreditors and their member institutions
16 are already in the midst of major initiatives to
17 define and assess student learning and, just as
18 importantly, to do so in a manner that is supported
19 by faculty and students and that produces
20 information that can be used for continuous
21 improvement. We recommend that regulatory
22 initiatives support shared goals of improving
23 student learning without derailing the important
24 work of regional accreditors to improve student

1 learning that is already under way. There is a lot
2 of work going on in campuses now, and we want the
3 transition to take that into account.

4 The third point had to do with current
5 regulations. The report by the Commission on the
6 Future of Higher Education criticizes processes
7 that stifle innovation, emphasize inputs and
8 processes over outcomes, and impose unnecessary and
9 time-consuming burdens. C-RAC regional accreditors
10 have all adopted new standards that promote the
11 primary importance of learning outcomes over
12 processes. I would like to emphasize that, because
13 I am not sure that has been clear in some of the
14 discussion that is going on. We are very much
15 committed to emphasizing learning outcomes.
16 However, we do believe in the continuing value of
17 ensuring the public of the ability of accredited
18 institutions to continue to provide promised
19 results by reviewing certain resources and
20 processes.

21 We have many ideas to improve our
22 processes. Increasing the flexibility of the
23 Department's regulations would aid us considerably
24 in these initiatives. Many of those regulations

1 constrict us, in terms of the kinds of processes
2 and inputs that we must require of our institutions
3 and that are required of us. We will welcome the
4 opportunity to work with the Department to identify
5 regulations that govern those inputs and processes
6 of accreditors and, indirectly, those of accredited
7 institutions. We think that could go far to
8 implementing some of the suggestions in the
9 Spellings Report.

10 The fourth point has to do with
11 transparency. Again, C-RAC supports current
12 initiatives under consideration by the Department
13 to reduce and revise the data it collects from
14 accredited institutions so that results can be
15 publicized in a manner that is useful to the
16 public, to institutions, and to policymakers. C-
17 RAC welcomes the opportunity to work with the
18 Department to clarify what types of data are
19 practical and useful, and to consider what
20 processes would respect the needs of students, the
21 diversity of institutions, and the role of
22 accreditation in helping institutions to improve
23 through peer review, that is a balancing act.

24 Finally, there has been concern expressed

1 about the regional nature of institutional
2 accreditation. Through C-RAC, all of the U.S.
3 regional accreditors have spoken with a single
4 voice throughout the process of reauthorization of
5 the Higher Education Act, and the deliberations of
6 the Futures Commission. We wish to assure the
7 Department of our continuing ability to implement
8 changes consistently across the country, as we have
9 already done with respect to policies and practices
10 created by C-RAC, and adopted by all of its
11 members.

12 Thank you again for the opportunity to
13 offer comments.

14 **DAVID BERGERON:** Thank you.

15 **DAVID BERGERON:** Barbara Briltingham.

16 **BARBARA BRILTINGHAM:** Good morning.

17 **DAVID BERGERON:** Good morning.

18 **BARBARA BRILTINGHAM:** My name is Barbara
19 Briltingham, and I serve as Director of the
20 Commission on Institutions of Higher Education of
21 the New England Association of Schools and
22 Colleges, also referred to as NEASC.

23 The Commission is the regional accrediting
24 body for 226 colleges and universities in the six

1 New England states.

2 I appear today on behalf of the Council of
3 Regional Accrediting Commissions, known as C-RAC,
4 and I offer these comments to complement those of
5 my colleagues, Dr. Barbara Beno, Chair of C-RAC;
6 Dr. Steven Crow, past Chair of C-RAC; Dr. Belle
7 Wheelan, who heads the Commission for the Southern
8 Association of Colleges and Schools, all of whom
9 have previously testified at regional hearings; and
10 Jean Morse, from whom you just heard.

11 Thank you for this opportunity to talk
12 about issues important to the Department of
13 Education and to C-RAC.

14 My comments today reflect my experiences
15 with accreditation. Before joining the staff at
16 NEASC, I served as a team chair, or member, for
17 five of the seven regional accrediting commissions,
18 and on the board of five national accreditation-
19 related organizations, including CHEA. And also,
20 before joining the NEASC staff, I served as a
21 member and Chair of the NEASC Commission.

22 I join my colleagues and others in
23 supporting the requested delay in negotiated
24 rulemaking as it applies to accreditation until the

1 Higher Education Act has been reauthorized. As
2 Steve Crow and others have testified, changes in
3 regulations that come too frequently are disruptive
4 and confusing to our institutions. Regional
5 accreditors are all engaged in important work
6 focusing on our standards, policies, and processes,
7 increasingly on the effectiveness of institutions
8 in ensuring student learning. Absorbing two rounds
9 of new rules into our processes within a short
10 period of time has great potential to represent a
11 counterproductive distraction from our focus on
12 student learning assessment and institutional
13 improvement.

14 The past 30 years has arguably seen more
15 change in higher education than the previous 300.
16 We are now well into a powerful shift within
17 colleges and universities, as the focus is
18 increasingly on what students are learning and not,
19 simply, on what faculty are teaching. A large and
20 growing proportion of faculty think differently
21 about their work than they did just a few years
22 ago. Why is this?

23 To a very large extent, the changes are
24 due to research on how students learn and how

1 institutions can promote their success. Just last
2 week, the Department's National Postsecondary
3 Education Cooperative Meeting here in Washington,
4 D.C., focused on much of this research. The paper
5 presented by George Koo of Indiana University and
6 his colleagues provided a vivid and useful summary
7 of what we now know. In the 40-page bibliography
8 of the paper, it is rare to find a reference from
9 before the early 1980s, and stunning to see how
10 much of the research has been accomplished just in
11 the past decade.

12 The standards and policy of C-RAC reflect
13 much of this research. A portion of the research
14 has also begun to improve how student learning is
15 assessed, and regional accreditation has been a
16 major champion of advances in research and practice
17 in the areas of assessment. Indeed, most
18 regionally accredited institutions will freely say
19 that accreditation has been the constant instrument
20 of increasing expectations for colleges and
21 universities in the area of assessment.

22 As our accreditation system continues to
23 change, we should ensure that it keeps an
24 appropriate balance on ensuring the quality of the

1 education and assessing the results of that
2 education. Surely they go together. Just as
3 surely, testing alone will not give us the
4 improvements we all want. There is much exciting
5 work on our campuses as higher education
6 institutions learn how to assess students in the
7 light of their own mission and goals, and use the
8 results for improvement. At the same time,
9 regional accreditation has an increasingly
10 important role to play in ensuring that the public
11 has the information that it expects and needs
12 regarding our institutions.

13 While asking that negotiated rulemaking on
14 accreditation be delayed until after the Higher
15 Education Act is reauthorized, C-RAC is also
16 committed to working with the Department to ensure
17 the effectiveness of our processes. Indeed, we are
18 currently engaged in conversations around
19 substantive change and how accreditation ensures
20 proper oversight of branch campuses.

21 We appreciate the opportunity to work
22 together in these complex and important areas.
23 Through this cooperation, we look forward to
24 ensuring that our accreditation system serves the

1 increasingly complex system of higher education in
2 the interests of the public good.

3 Thank you very much.

4 **DAVID BERGERON:** Thank you.

5 **DAVID BERGERON:** Patricia Kapper, good
6 morning.

7 **PATRICIA KAPPER:** Good morning.

8 Thank you for the opportunity to
9 participate in today's hearing. I am Dr. Patricia
10 Kapper, and I am the Chief Academic Officer for
11 Career Education Corporation.

12 I joined CEC in 1997, as Director of
13 Education and Placement, when the company had 18
14 campuses. CEC has grown significantly since then,
15 both in size and stature. We are focused on five
16 high-growth fields, visual communication and design
17 technologies, information technology, business
18 studies, culinary arts, and healthcare.

19 We welcome the Commission's report and the
20 challenges that it presents. We commend Secretary
21 Spellings for having the courage to ask for
22 concrete and bold solutions to the problems facing
23 students in postsecondary institutions today.

24 I am here to highlight three issues raised

1 by the Commission: number one, remedial and
2 developmental course work for incoming students,
3 secondly, barriers to the transfer of credit
4 between institutions, and thirdly, recording and
5 tracking individual student progress and outcomes.

6 First, the students who are falling
7 through the cracks of the existing system often
8 find a place at a CEC school. 70 percent of our
9 students are over the age of 21, and 39 percent are
10 minorities. Many of our students are the first in
11 their families to attend college. Our schools are
12 often the first step to new lives for countless
13 students.

14 Like other colleges and universities
15 across the country, CEC schools must address the
16 deficiencies of an educational system that
17 graduates students from high school without the
18 basic skill competencies required for postsecondary
19 education. To bridge the chasm between these
20 student skill levels and college work, our schools
21 offer an array of remedial and developmental
22 courses.

23 For instance, our schools offer a two-
24 tiered system of developmental courses in the

1 subjects of math and English. It is our belief
2 that the improvements that we have made to our
3 developmental curriculum have produced more
4 successful students who are actively engaged in
5 their education.

6 In an effort to replicate the success of
7 students enrolled in these types of programs, we
8 have designed a developmental curriculum to be
9 rolled out to over 70 campuses across the country
10 this year. Every student will participate in a
11 core content course each term designed specifically
12 to improve student skill levels, while also
13 engaging them in their program or degree subject
14 matter. We are committing time and resources to
15 programs such as these to help students succeed
16 throughout their education experience, and to
17 enhance their confidence and their mastery of basic
18 skills in areas such as math, reading, and writing.

19 Secondly, another obstacle for our
20 students is the one the Commission identified as a
21 problem for students nationwide, barriers to the
22 transfer of credit between institutions. Our
23 students have found the obstacles to transferring
24 their hard-earned credits to be two-fold. First,

1 they experience bias toward our operation as
2 proprietary institutions. Second, they encounter
3 administrators and faculty who object to our
4 national accreditation, and reject transfer credits
5 without an objective evaluation. If the
6 accreditation, be it national or regional, meets
7 the standards of the Department of Education, it
8 ought to be sufficient for the institutions our
9 students would like to attend.

10 We are encouraged by the Commission's
11 serious look at the shortcomings of the existing
12 accreditation process. We support the development
13 of a regulatory framework that is neutral to
14 whether an institution is accredited by a national
15 or regional body.

16 Third, another way to increase
17 opportunities for students is to rectify the
18 problem of capturing performance outcomes. The
19 reality today is that many students attend multiple
20 schools and complete their education in a non-
21 linear way. There is a critical need to capture
22 performance outcomes so that parents and students
23 have reliable, accurate data to consider when
24 making college decisions.

1 We support the Commission's efforts to
2 address this problem, including its recommendation
3 to develop a privacy-protected higher education
4 information system that collects, analyzes, and
5 uses student-level data. We agree that the
6 proposed system should be designed in such a way as
7 to ensure absolute student privacy.

8 We also urge the Commission not to
9 implement this higher education information system
10 as an unfunded mandate on institutions. The
11 Commission recognized this potential financial
12 burden on institutions and students, and we fully
13 support its recommendation that the federal
14 government provide incentives for states' higher
15 education associations, university system, and
16 institutions to develop inter-operable, outcomes-
17 focused accountability systems. We look forward to
18 working with Secretary Spellings and others in the
19 Department, not only on designing this proposed
20 system, but also on implementing other solutions to
21 the problems facing students in postsecondary
22 institutions today.

23 Thank you very much for allowing me the
24 opportunity to be with you today.

1 **DAVID BERGERON:** Thank you very much.

2 **DAVID BERGERON:** Is Luke Swarthout--thank
3 you.

4 **LUKE SWARTHOUT:** Swarthout, but very
5 good--most people mangle it.

6 My name is Luke Swarthout. I am the
7 Higher Education Advocate for the State Public
8 Interest Research Group, or the State PIRGs.

9 The PIRGs are a nationwide network of
10 state-based, non-partisan, non-profit
11 organizations. We work with students in about 30
12 states and about 200 campuses. We work on federal
13 issues on behalf of college students, which is why
14 I am here today.

15 I would like to begin by thanking the
16 Department for beginning this negotiated rulemaking
17 with such an open process. In response to your
18 openness, students, citizens, and organizations
19 around the country have responded by asking for
20 meaningful reforms to the student loan programs.

21 Tomorrow, the public comment period will
22 end for this rulemaking, but, by then, 150 students
23 from 14 states will have testified before public
24 hearings, more than 1,000 students and parents will

1 have commented to the Department, and dozens of
2 organizations will have sent letters in support of
3 the five-point plan to fix student loan repayment.

4 Now, American colleges and universities
5 play a pivotal role in training our nation's
6 citizens, leaders, innovators, public servants, and
7 educators. In today's economy, a college education
8 is more desirable than ever before. Millions of
9 high school students strive for its promise and the
10 benefits it brings for both the individual and
11 society. While college education has grown over
12 the past two decades, state appropriations and
13 federal aid have failed to keep pace. As a result,
14 tuition and fees have increased, grants have failed
15 to keep pace, and, as costs continue to swell,
16 students are taking on more and more debt to pay
17 for their degrees. Two-thirds of all four-year
18 college graduates in 2000 left school with debt,
19 compared to about 46 percent in 1993.

20 Many graduates comfortably repay their
21 loans, but an increasing number of borrowers face
22 difficult repayment burdens. Our student loan
23 repayment system should give struggling borrowers
24 incentive to pay what they can to work and to avoid

1 default. Unfortunately, the tools that are
2 supposed to assist borrowers with payments on
3 federal loans are inadequate, confusing, and
4 inconsistent, too often providing the wrong
5 incentives. Without improved protection for
6 borrowers, the nation may see an increase in its
7 default, its bankruptcies, rather than an increase
8 in more productive graduates who can contribute
9 fully to our society.

10 To solve the challenges of student debt,
11 we urge you to adopt the five-point plan for fair
12 loan repayment. The five points, and I am sure you
13 have heard them before and will hear them later,
14 are, in brief:

15 First, limit student loan payments to a
16 reasonable percentage of income, 10 percent in most
17 cases, no more than 15 percent. That would cap the
18 amount that the borrower would repay, and ensure
19 that student loan payments don't prevent borrowers
20 from covering other basic costs, like housing or
21 food.

22 Second, acknowledge that borrowers with
23 children have less available income for student
24 loan repayment. Currently, the formulas do not

1 include dependents in their calculation, even
2 though parents with children have less available
3 income to put towards debt repayment.

4 Third, prevent added interest from making
5 the problem even worse for borrowers in hardship
6 situations. Students who enter hardship can be
7 subject to ballooning interest payments that drive
8 up the size of debt and make it harder to pay down.
9 The effort of piling interest we actually believe
10 is counter-productive, and, in fact, discourages
11 rather than encourages on-time repayment.

12 Fourth, cancel the remaining debts when
13 borrowers have made income-based payments for 20
14 years. For most students, college will be a
15 worthwhile investment that results in higher income
16 and the capacity to manageably repay. For some
17 small percentage of students, however, the
18 investment will not yield financial rewards. For
19 these students who make good faith efforts to repay
20 the loans, we believe it is in the best interest of
21 the government and the borrower to retire the debts
22 after 20 years.

23 Fifth and finally, simplify the process of
24 applying for hardship deferral. The process should

1 be easy. We want to encourage students to take
2 advantage of the opportunities afforded them by the
3 Department, and simplifying the process is critical
4 to make sure the implemented reforms take hold.

5 With these five changes taken together, it
6 will make it easier for students to repay their
7 loans on time. Furthermore, based on the analysis
8 by public advocates, we believe it is fully within
9 the authority of the Department to make these
10 changes.

11 I want to take one moment before I finish
12 to acknowledge that there are other steps the
13 federal government must take to make college more
14 affordable, including increasing student aid like
15 the Pell Grant. However, we believe that the
16 Department can, through this rulemaking, make
17 important improvements that help students and
18 graduates manage their loans.

19 As a nation, we value college education
20 because it strengthens our society and supports the
21 individual. A college education presents students
22 with new opportunities, be they economic, social,
23 or intellectual. If we allow the way that we
24 finance college to undermine these core

1 opportunities, we have done a great disservice to
2 our nation and to our citizens. We believe the
3 Department can help strengthen higher education by
4 implementing these meaningful reforms.

5 Thank you so much.

6 **DAVID BERGERON:** Thank you, Luke.

7 **DAVID BERGERON:** Judith Eaton, please.

8 **JUDITH EATON:** Good morning.

9 I am Judith Eaton. I am the President of
10 the Council for Higher Education Accreditation. We
11 are an institutional membership organization of
12 some 3,000 degree-granting colleges and
13 universities, and we also carry out an analogous
14 function to that carried out by the Department of
15 Education, the recognition of accrediting
16 organizations. At present, we recognize 60
17 institutional and programmatic accreditors,
18 including the regional accreditors from whom you
19 heard earlier today.

20 I want to offer a few comments with regard
21 to accreditation and the anticipated negotiated
22 rulemaking. To do this, we will focus a bit on the
23 Spellings' Commission Report. There are a number
24 of places in the Spellings Commission where,

1 indeed, the value of accreditation is acknowledged.
2 The importance of its role ensuring quality, the
3 importance of its role in providing access to
4 federal funds, state funds, and private funds, the
5 role that it plays with regarding to easing, not
6 guaranteeing, transfer of credit. On the other
7 hand, the Report is, at times, rather critical of
8 accreditation, raising questions about the level of
9 quality, raising questions about the capacity to
10 encourage innovation, and raising questions about
11 public accountability.

12 What, from our perspective, is going on
13 here is not a matter of right or wrong about
14 accreditation. Clearly, institutional and
15 programmatic accreditation in the U.S. has
16 demonstrated its important value, but rather we
17 have got some disconnects. We have got a clash of
18 expectations around some very important issues.
19 Specifically, the issue of, "for whom does
20 accreditation exist"; who is served by
21 accreditation.

22 The Report's expectation is that the
23 public is, first and foremost, the audience of
24 accreditation. Accreditation practice over the

1 years--institutions and programs have been the
2 primary audience, the primary recipients of the
3 work of accreditation.

4 I think we have a clash of expectations
5 with regard to student learning outcomes. The
6 Report expects student learning outcomes to provide
7 major and central evidence to judge quality,
8 evidence that is easily and publicly available. As
9 you have already heard this morning with regard to
10 accreditation practice, all accreditors call for
11 evidence of student learning outcomes, they have
12 been doing this for a number of years. They do it
13 in a broader context of calling for various types
14 of information by which to judge quality, and they
15 expect and, indeed, respect the institutions and
16 programs that they review with regard to making
17 this information about student learning outcomes
18 available.

19 We have a third clash around the issue of
20 comparability. The expectation in the Report is
21 that information on quality would be presented so
22 that students and the public can quickly make
23 comparisons among institutions. Accreditation
24 practice, historically--information about quality

1 is judged in relation to the goals established by
2 an institution and program, first and foremost,
3 across institutions or programs to a lesser extent.
4 Comparability is a very, very complicated judgment.

5 A fourth clash that we have relates to
6 transparency, or the extent to which information is
7 provided to the public. The report calls for a
8 comprehensive array of information, even on the
9 results of accreditation reviews, an end to what
10 some people call "the black box of accreditation."
11 Accreditation practice is a mix of public
12 information and private information. It is not
13 simply everything is public.

14 So there is no, as I said earlier, right
15 or wrong, here. We do have a clash of
16 expectations, and these are very, very important
17 issues to all of us in higher education today and,
18 indeed, to this society. We are talking about who
19 is the audience, outcomes comparability, and
20 transparencies. And these clashes are coming at a
21 challenging time in our society, generally. They
22 are undermining, to some extent, the longstanding
23 accreditation-federal government relationship that
24 has been very, very successful going back to 1952,

1 when the federal government began publishing a list
2 of nationally accredited institutions. We have had
3 a very, very successful public-private partnership
4 accreditation in the federal government.

5 So, given the clashes, and given the
6 history of our successful relationship, how do we
7 end the clashes? How do we bridge the gap? How do
8 we maintain the successful partnership? CHEA has
9 offered a number of thoughts and an action plan, a
10 framework, for doing just this.

11 First, I think it is important, as you
12 have already heard from earlier presenters, that we
13 all acknowledge that the issues raised by the
14 Report are fundamental, they are key, they need to
15 be addressed. That acknowledged, CHEA has put
16 together what we call an accountability agenda, it
17 has four key elements. We do think more needs to
18 be done with regard to evidence of student learning
19 outcomes. We do think that we can provide more
20 information to the public about institution and
21 program performance. We can move toward greater
22 transparency, and we at least have to engage, as
23 difficult as it is, this comparability issue. Our
24 emphasis is on accreditation serving the public

1 interest. We are concerned to strengthen the
2 quality of higher education. We want to further
3 enhance the credibility and trust in accreditation
4 that we have long enjoyed. Our agenda is a program
5 for action. We have a series of recommendations.
6 We are a forum in which we are bringing
7 accreditors, institutions, and the public together
8 to address this.

9 A vital significance from our perspective
10 is that this agenda needs to be realized through
11 our longstanding partnership with institutions,
12 programs, accreditors, and the government--a
13 cooperative effort, not an effort where we, in the
14 higher education and accreditation enterprise, find
15 ourselves simply responding to various
16 prescriptions.

17 Again, the issues are important. We thank
18 you for undertaking this effort, and we look
19 forward to working with you.

20 **DAVID BERGERON:** Thank you.

21 **DAVID BERGERON:** Constance Kelly Rice.

22 As you come in, Constance, I remind you to
23 state your name and the organization you are
24 affiliated with, please.

1 **CONSTANCE KELLY RICE:** Good morning, Ms.
2 Lisa Kantor, Mr. David Bergeron, Mr. Dan Madzellan,
3 and fellow audience.

4 I am Constance Kelly Rice, the Director of
5 the Upward Bound Program, St. Paul's College,
6 Lawrenceville, Virginia.

7 Thank you so very much for the opportunity
8 today to speak before you.

9 My colleagues and I are here to address a
10 notice of absolute priority for the classic Upward
11 Bound Program. We both have substantial procedural
12 problems with the proposed priority. We especially
13 object to the fact that this process effectively
14 changes a congressional priority for an
15 administrative one, a practice we view as
16 precedent-setting and disturbing.

17 When authorizing the Upward Bound Program,
18 Congress specifically did not include these
19 additional eligibility requirements in the
20 statutory language. This reflects congressional
21 intent to provide flexibility to local programs in
22 determining the students who would benefit most
23 from these services. This flexibility is
24 particularly important because Upward Bound seeks

1 to serve a population of students who are difficult
2 to reach. These students tend to be highly mobile,
3 and many may be forced to change schools due to a
4 parent's job loss, housing needs, or other factors.
5 The proposed eligibility requirements could create
6 additional barriers to higher education for these
7 students.

8 The priority asserted is such a marked
9 departure from existing program design that it
10 effectively substitutes a new program for the one
11 that Congress authorized and provided the funds to
12 operate. The proposed priority discards the
13 current flexibility to vary the program in
14 accordance with local needs, substituting in its
15 place a monolithic federal edict about whom to
16 serve.

17 By establishing a priority for a cohort of
18 ninth grade students, the proposal would
19 disenfranchise all the tenth and eleventh graders
20 that Congress intended to be served by the Upward
21 Bound services. We all know teenagers who mature
22 slowly, and only late in high school realize that
23 they want to go to college, they could no longer be
24 served.

1 The requirement that 30 percent of newly
2 admitted students be at high academic risk for
3 failure would deprive certain ninth grade students,
4 those who may do well in school, from receiving the
5 Upward Bound services they may require.

6 This bureaucratic brainstorm is deeply
7 flawed. First, it substitutes local educators'
8 judgments about who should be served, reducing
9 local flexibility to manage programs effectively.

10 Second, it automatically deprives some
11 students that are not failing academically from
12 receiving services. I personally have a problem
13 with this as being a director. It overlooks the
14 fact that some excellent Upward Bound candidates
15 may be surviving in school, but may be at risk at
16 failing in life.

17 Finally, the proposal creates a troubling
18 gray area between congressional intent, as
19 expressed in statutory language, sometimes
20 amplified by report language, and the Department's
21 constitutional obligation to carry out that intent
22 in a straightforward manner.

23 We appreciate that the Department is
24 engaged with the problem of reducing the

1 unacceptable high numbers of high school students
2 who drop out prior to graduation. We, however,
3 strongly urge you to discard this proposed priority
4 setting effort in favor of working with Congress
5 and the higher education community to develop
6 promising approaches to solving this problem.

7 Thank you so much for your attention and
8 giving me the opportunity to speak.

9 **DAVID BERGERON:** Thank you, Dr. Rice.

10 **DAVID BERGERON:** Janice Satterthwaite.

11 **JANICE SATTERTHWAITE:** Good morning.

12 **DAVID BERGERON:** Good morning.

13 **JANICE SATTERTHWAITE:** I am Janice
14 Satterthwaite, President for the Virginia
15 Association of Educational Program Personnel.

16 On behalf of the 16 Upward Bound programs
17 in the great Commonwealth of Virginia, I bring you
18 greetings.

19 How great this America is, because last
20 night I stayed up, probably until about 12:30
21 watching the returns, and then I got in my car and
22 drove at 1:30 this morning so that I could take a
23 train to be here, because it is that important.

24 Now, although I am not a director of

1 Upward Bound, I am passionate about TRIO and, as I
2 said, I am the President for the State Association.

3 This morning, I want to specifically
4 address the evaluation process proposed under the
5 priority that Mrs. Rice just spoke about. Under
6 this evaluation process, the Department is
7 proposing that Upward Bound recruit twice as many
8 students as can be served to create a control
9 group. You want us to recruit students into Upward
10 Bound, and then tell them that they are being
11 studied, not that they will be able to utilize the
12 services as our other classic Upward Bound
13 students, not that they will have those
14 opportunities to go to college. For me, that is a
15 bit inhumane and unethical, accepting those who
16 meet the criteria and treating them as if there are
17 a placebo.

18 I am a retired Air Force officer. I truly
19 understand accountability. Evaluate me, evaluate
20 the programs, evaluate all the TRIO staff, but
21 don't bring in a control group of students, those
22 at-risk students, that need every opportunity and
23 every chance--that we may be the only chance that
24 they have to go to college--don't bring them in as

1 a control group, and then tell them, no, they can't
2 be a part.

3 To quote David Ward, who is President of
4 the American Council of Education, "If this
5 priority-setting approach is adopted, it is easy to
6 imagine that many other programs administered by
7 the Department will be subject to a wholesale
8 redesign outside the normal legislative and
9 regulatory processes."

10 TRIO really does work. We can look at
11 Senator Mamie E. Locke from the state of Virginia.
12 She was a product of Upward Bound out of Tupelo,
13 Mississippi. So these programs are all over, not
14 just local. She was the first African-American
15 female mayor in the city of Hampton. Or we could
16 check with Richard Wright, who is an Upward Bound
17 of Hampton University's Upward Bound program, and
18 who is the youngest administrator in the school
19 system in the city of Hampton.

20 So, on behalf of the Commonwealth of
21 Virginia, I strongly urge you to discard the
22 proposed priority-setting effort in favor of
23 working with the Congress and the higher education
24 community to develop promising solutions to solve

1 this problem.

2 I thank you all this morning for giving us
3 the opportunity to bring our concerns.

4 **DAVID BERGERON:** Thank you.

5 **DAVID BERGERON:** Trea McPherson.

6 **TREA MCPHERSON:** Good morning.

7 My name is Trea McPherson. I am a student
8 at the University of Connecticut, and I am the
9 State Board Chairman of ConPIRG, and the National
10 Student Higher Education Task Force Leader.

11 When I graduate, I will accumulate about
12 \$20,000 in debt. To give you a perspective about
13 that, it is about three years of in-state tuition
14 at the University of Connecticut, it is about one
15 year out-of-state for the University of
16 Connecticut, and it is about one year in-state for
17 room and board.

18 Spring 2006 was a hard year for my wallet.
19 The federal budget cut of \$12 billion hurt, and my
20 little sister chose to go to private school. It is
21 very difficult to finance college today. My
22 parents were prepared, they started saving when I
23 was in elementary school, but they were not
24 prepared for the rising costs from then until now.

1 College is seemingly becoming less and
2 less affordable as the college degree seems to be
3 more essential for decent employment. Due to the
4 amount of debt, students have to take jobs during
5 school to pay for student debt after they graduate.
6 They also have to take jobs which they are over-
7 qualified for because of the deteriorating job
8 market they face when they graduate.

9 It also seems required that students have
10 to put off their debt for graduate school, for
11 marriage, and for home ownership, because they
12 accumulate too much debt to afford such things.
13 The life-changing decision that students will have
14 to make for student loan debt is actually changing
15 their major to a more lucrative job. It is not
16 just students that are going from an abstract
17 profession to a more practical one, students who
18 want to be teachers and social workers are forced
19 into the world of business and engineering because
20 of the immediate payout that they receive when they
21 graduate from school.

22 If they want to go into teaching or social
23 work, they must set aside a good portion of their
24 salary to pay for student debt. They can only

1 really afford such things as basic shelter, food,
2 and transportation to their job every day, and the
3 rest of it has to go to pay for student debt.

4 Paying off debt is one of the first
5 valuable lessons you learn as a college student.
6 You learn how to budget your money and you learn
7 how to be fiscally responsible, while also paying
8 off the debt that you owe. It builds character,
9 and muscle, and it also builds credit, so it helps
10 us a lot--how to learn in life. But students are
11 starting to become more--the debt that they are
12 accumulating is becoming more and more
13 unmanageable.

14 Students have to fall into practices, such
15 as using their credit card to pay for student
16 debt--which is a horrible, horrible practice. They
17 have to fall into bad habits like that in order to
18 pay for student debt that they will accumulate
19 after school.

20 The five-point plan would help students
21 like this to help repay their loans in an
22 affordable fashion, because students that take in
23 little income, it helps them--it puts a cap on how
24 much they have to pay back in a certain amount of

1 time. They will still pay back the debt; it will
2 just be a lot easier on them.

3 As Higher Education Task Force Leader for
4 the National Student Forum, I would like to thank
5 you guys for having hearings in Washington, D.C.,
6 Berkeley, Chicago, and Orlando. I just heard from
7 all the students that went to all of those
8 hearings, they said it was great. We appreciate
9 you guys taking the time to listen to us, because
10 it is really important for students to have a voice
11 about their opinion, especially for student debt.

12 Thank you.

13 **DAVID BERGERON:** Thank you, Trea.

14 **DAVID BERGERON:** Jeff Ticehurst. Good
15 morning, Jeff.

16 **JEFF TICEHURST:** Hi, my name is Jeff
17 Ticehurst, and I am Senator in the Undergraduate
18 Student Government and a student at the University
19 of Connecticut.

20 All my life I have been told to work hard
21 and opportunities would present themselves. So,
22 during high school, I was a student leader, held a
23 part-time job, and eventually graduated in the top
24 five percent of my class. I worked hard during

1 high school, so I went for opportunities in
2 college. What I found were student loans. After
3 raising three children and paying for higher
4 education for other family members, my parents
5 imposed the responsibility of financing my college
6 education on me. I thought I had everything under
7 control until the end of my freshman year.

8 Although I saved some money during high
9 school and received local scholarships, I still had
10 a hefty student loan after my first year, and
11 realized my dream of college education, the
12 American Dream, the dreams of so many other college
13 students, might be slipping away because of
14 overwhelming student loans. I decided to enroll in
15 a community college full-time over the summer while
16 also holding a full-time job. By taking summer
17 classes, I was able to trim a year off my college
18 career and, consequently, prevent an extra \$15,000
19 in student loans.

20 Yet, even by attending a community college
21 over the summer and attending a state school for a
22 shortened time, I will owe roughly \$50,000 after
23 graduation. To translate, this means that, for ten
24 years after graduation, I will owe roughly \$500 a

1 month in student loans. I think about this
2 overwhelming financial burden every day as it
3 strains my financial capabilities now, and for the
4 rest of my life. Yet, my financial struggles are
5 microscopic in comparison to thousands of other
6 students. Many low-income families, including
7 those of both hard-working students and parents,
8 cannot even consider college, be it a community
9 college, state university, or other university,
10 because there are insufficient funds in student
11 loan programs.

12 Although funds are understandably tight,
13 student loan programs, programs that directly aid
14 in financing a college education and lead to
15 opportunity, should not be cut. What is a better
16 investment than helping thousands of students gain
17 financial resources to pursue their aspirations, to
18 open up future employment opportunities, and to
19 expand the knowledge of the next generation through
20 higher education? The future of thousands of
21 families relies on their ability to fund higher
22 education.

23 I strongly urge the Department of
24 Education to enact the five-point plan to help make

1 students obtain a loan program that is affordable
2 and manageable.

3 I thank you for your time to speak today.
4 Thank you.

5 **DAVID BERGERON:** Thank you.

6 **DAVID BERGERON:** Rebecca Fritz. Good
7 morning.

8 **REBECCA FRITZ:** Hello.

9 My name is Rebecca Fritz, and I am Student
10 Undergraduate Senator for the University of
11 Connecticut.

12 If the number of loans becomes more
13 expensive and harder to pay, then few students will
14 have the money to go to school. We are the next
15 generation, and we need to be given a way we can
16 pay for college so we can become great doctors,
17 lawyers, journalists, and other professionals who
18 will, in turn, improve society.

19 For those who do receive financial loans,
20 it can lead them into great debt, which can take
21 half their life to pay off. Raising the student
22 loan interest rates hurts students when they get
23 into the real world. It will be hard enough to
24 survive in a non-college environment, but when you

1 add on the debts they have acquired even before
2 they start, this gives them a disadvantage.
3 Raising the interest rates may not seem like a big
4 deal, but it is to students who need as much money
5 as they can get in order to get themselves on their
6 feet.

7 I ask you to help out the next generation
8 and enact a five-point plan for manageable debt. I
9 will be asking Congress to cut loan interest rates,
10 too, but I feel the Department of Education should
11 do its part.

12 Thank you.

13 **DAVID BERGERON:** Thank you, Rebecca.

14 **DAVID BERGERON:** Jennine Clark, please.

15 **JENNINE CLARK:** Good morning.

16 **DAVID BERGERON:** Good morning.

17 **JENNINE CLARK:** My name is Jennine Clark.

18 I am a sophomore at the University of Connecticut,
19 and I am studying pharmacy. I am a Senator of the
20 Undergraduate Student Government, and I am on the
21 External Affairs Committee.

22 Last year, funding for student loan
23 programs was cut by \$12.7 billion. This, along
24 with rising tuition, makes it more difficult for

1 students to pay for education beyond high school.
2 I urge you to adopt the five-point plan and make
3 college more affordable and realistic for students.

4 I am one of five children. My parents
5 encouraged my older brother to go to school
6 wherever he wanted, so he chose Carnegie Mellon
7 University in Pittsburgh. This university is
8 nearly \$40,000 a year, but my parents wanted him to
9 do whatever he wanted. So he is now a junior, and
10 I am a sophomore, so we are in school at the same
11 time, and when I was choosing college, I was forced
12 to take price into consideration, because my
13 parents were already in debt. So I am at the
14 University of Connecticut, and the pharmacy program
15 that I am going through is six years--and when you
16 get into the pharmacy school, the tuition rises
17 even more, so the extra two years of college plus
18 the rising tuition is definitely going to put my
19 parents over the edge.

20 I also have three younger siblings, one is
21 14, one is 13, and one is 10. So they are all
22 going to be in school around the same time, as
23 well. So, as soon as I get to start paying back my
24 student loans, my little sister is going to be

1 entering college, putting my parents in debt more.

2 It is hard enough to pay off college debt
3 for one student, and most families do have more
4 than one child--these days, students need to go to
5 college in order to find a job to help them pay
6 their loans back. No matter how bright the student
7 could be, without college, the chances of finding a
8 job are pretty slim, while finding a good job are
9 getting slimmer every day, and college is becoming
10 more and more a necessity in life.

11 Thus, I urge you, once more, to rethink
12 funding for college loans, and to adopt the five-
13 point plan to make college more affordable and
14 realistic for students.

15 Thank you for your time.

16 **DAVID BERGERON:** Thank you.

17 **DAVID BERGERON:** Jackie Herseman.

18 **JACKIE HERSEMAN:** Good Morning.

19 I am Jackie Herseman, Director of the
20 Upward Bound Program for Marsh University in
21 Huntington, West Virginia.

22 I am with my two colleagues from a few
23 moments earlier, and I thank you for allowing us
24 these moments today.

1 I am here to protest the absolute
2 priorities that have been mandated for the Upward
3 Bound Program. I appreciate the name of this
4 meeting being negotiated rulemaking. It seems more
5 fair than absolute priorities, which seem a little
6 like an oxymoron to me.

7 I am first concerned that the Upward Bound
8 Program, since 1965, has taken students in ninth,
9 tenth, and eleventh grades. This absolute priority
10 says that we can only take ninth graders and a few
11 tenth graders. Well, number one, the law is very
12 clear on this. Number two, we all know that ninth
13 graders don't know what they want to do this
14 weekend, much less with the rest of their lives.

15 [Laughter.]

16 **JACKIE HERSEMAN:** So it is frequently a
17 difficult sell to get them to come to a six-week
18 program in the summer that is about school.

19 Tenth graders tend to be a little more
20 focused and reasonable. We don't often take
21 eleventh graders, we realize that the longer kids
22 are in Upward Bound, the better they do, but this
23 has been a decision that has been left at the local
24 level for years between the director and the

1 project to decide, because every student in every
2 school district is different.

3 The second absolute priority that we have
4 a problem with is the taking of high-risk students
5 only--where a large portion of whom are going to
6 have to be high-risk. The definition of "high-
7 risk" is a concern. Number one, it is only
8 students with less than a 2.5 GPA. This may be
9 difficult--I am from Appalachia--for folks to
10 believe we are from out of there, but I know this
11 is not just us, several of our rural schools, if
12 you go to school everyday, you get a 3.0. I have
13 kids with 3.0s in my high school who make 16s on
14 the ACT. There is no college prep curriculum. I
15 have a school with no foreign language.

16 Now, I can't fix that system. Is it
17 right? No. That school has been taken over by the
18 state of West Virginia twice. I can't fix that
19 system, but I can serve those students there, but I
20 can't under this priority, because they are making
21 over a 2.5--that's crazy. While those who came up
22 with the system might say, "Fine, go to the No
23 Child Left Behind standardized test criteria."
24 That says that the student must have not met

1 proficiency level in one of the areas on the No
2 Child Left Behind test. We have a problem in West
3 Virginia, again. Our test is called the West Test,
4 because it is only given in West Virginia, and it
5 has come under high criticism lately for being
6 highly inflated.

7 When a sample of students took the
8 national standardized test, less than 30 percent
9 made proficiency levels, almost 65 percent make it
10 on the West Test. So those scores are grossly
11 inflated. Those students look like they are doing
12 much better than they are, but yet we have to take
13 students who have not met that proficiency level.

14 So these criteria do not work in West
15 Virginia. I have talked to colleagues; they do not
16 work in many, many other places, and I think,
17 particularly, are unfair to the rural students.

18 I implore you to stay with what the law
19 clearly says, which is, first generation and low-
20 income are the students we serve, and that they
21 show some academic need. We have an academic need
22 in each program, but it is based on that area, and
23 the needs in that area, and that is defined by the
24 director in that project. It is what the law says,

1 and it is what we really want to stay with.

2 Our students design our shirts each
3 summer, and last summer this one said, "We're all
4 stars in Upward Bound." She did not say, "Unless
5 you are in the eleventh grade, or unless you have
6 higher than a 2.5 GPA." Please let us stay with
7 the law.

8 Thank you.

9 **DAVID BERGERON:** Allan Carlson.

10 **ALLAN CARLSON:** Good morning.

11 **DAVID BERGERON:** Good morning.

12 **ALLAN CARLSON:** My name is Allan Carlson.

13 I am the President of the Howard Center for Family
14 Religion and Society in Rockford, Illinois.

15 I am a social historian, interested
16 particularly in the interplay of public policy with
17 family formation, family stability, and fertility.

18 From 1988-1993, I served via appointment
19 by President Reagan on the National Commission of
20 Children, and I am the author of ten books on
21 family questions.

22 A defect in most analyses of the effects
23 of student loan debt is that they view student
24 borrowers only as individuals, some discrete

1 examples of homo economicus, rational actors moving
2 through their lives alone.

3 In fact, most young adults are in real, or
4 face potential, new family relationships, notably
5 as a spouse or parent, which do or may complicate
6 their lives, and which require a more complex
7 calculus. Moreover, such relationships are not
8 only individual concerns. The future of every
9 human society rests on the successful creation of
10 new families. So in my allotted time, I would like
11 to explore briefly the impact of student loan debt
12 on family relationships.

13 Notably, the National Student Loan Survey
14 conducted in 2002 finds 14 percent of student
15 borrowers reporting that their debt burden has
16 delayed marriage, up from 7 percent in 1991. Also
17 in 2002, 21 percent of student borrowers have
18 reported that their debt burden has resulted in
19 delays in having children, up from 12 percent in
20 1991. Research in both Australia and the United
21 States shows a correlation between student loan
22 debt and a rising propensity by persons, ages 20-
23 29, to continue living with their parents.

24 A study reported in the Journal of

1 Marriage and Family finds student debt burden among
2 young adults linked to a growing preference for
3 cohabitation rather than marriage. A 2005 inquiry
4 by the Rochester Institute of Technology reports
5 that nearly half of the young singles interviewed
6 "Indicate that their current debts will probably
7 delay their plans to start a family."

8 A recent survey of so-called "marital
9 strengths" closely associates debt burden with the
10 quality of marriage. 76 percent of self-described
11 "happy couples" report that major debts are not a
12 problem for them. However, 56 percent of self-
13 described "unhappy couples" state that "Major debts
14 are a problem for us."

15 Creighton University Center for Marriage
16 and Family provides a detailed study of 42
17 potential problems facing young, married couples.
18 For respondents in their 19-20's, debt brought into
19 marriage is rated the biggest problem they face,
20 bigger, even, than in-laws.

21 [Laughter.]

22 **ALLAN CARLSON:** Respondents married one
23 year or less also report debt brought into marriage
24 as their biggest problem.

1 We could also chart some preliminary
2 numbers that reflect the impact of student debt on
3 subsequent family behaviors. The sharp decline of
4 the marriage rate between 1984 and 2003 is
5 concentrated among persons ages 20 to 24, where the
6 burden of undergraduate debt would be the most
7 pronounced. As indicated earlier, the marriage-
8 discouraging pressures of student debt may be a
9 factor in driving up the number of cohabitating
10 couples by over 200 percent since 1980.

11 Finally, during the 1980s and 1990s, there
12 was a dramatic fall in the relative fertility of
13 American women with four-year college degrees, that
14 is, when compared to all other American women.
15 This relative decline by nearly 25 percent isolates
16 a special, new, anti-natalist, anti-child force
17 found only among college-educated women. As cause,
18 the evidence points to student loan debt.

19 Those who crafted the federal loan program
20 intended to stimulate investment in education, and
21 to improve what economists call "human capital,"
22 that is, the existence, skills, and knowledge of
23 individuals. In practice, the system appears to be
24 contributing to the postponement of marriage, to

1 the postponement or the prevention of the birth of
2 children. In short, the existing system is anti-
3 marriage and anti-family.

4 So what should be done to relieve these
5 unintended consequences? On behalf of my
6 organization, I want to endorse the five-point plan
7 for more manageable student loans. I think you all
8 know the five points. I want to underscore, in
9 particular, point number two, recognize that
10 borrowers with children have less income available
11 for student loan payments, and adjust repayment
12 rates accordingly.

13 I urge the Department to implement these
14 provisions for regulatory reforms.

15 Thank you.

16 **DAVID BERGERON:** Thank you.

17 **DAVID BERGERON:** Mary Jane Harris.

18 **MARY JANE HARRIS:** Good morning.

19 **DAVID BERGERON:** Good morning.

20 **MARY JANE HARRIS:** My name is Mary Jane
21 Harris. I am the Director of the Department of
22 Accreditation at the American Physical Therapy
23 Association, and in that capacity I serve as the
24 primary staff liaison to the Commission on

1 Accreditation in Physical Therapy Education,
2 commonly known as CAPTE.

3 CAPTE is a specialized programmatic
4 accrediting organization that has been recognized
5 by the Secretary since 1977. CAPTE is not a Title
6 IV gatekeeper. CAPTE currently accredits 209
7 entry-level education programs for physical
8 therapists at the post-baccalaureate level, and 233
9 education programs for physical therapist
10 assistants at the associate degree level.

11 In the interest of full disclosure, I
12 should also say that, in my free time, I currently
13 serve as the Chair of the Board of Directors of the
14 Association of Specialized and Professional
15 Accreditors, though I am not here today as a
16 representative of ASPA.

17 I would like to thank you for the
18 opportunity to respond to the Secretary's
19 announcement of negotiated rulemaking related to
20 the Higher Education Act, particularly as it might
21 be affected by the report of the Commission on the
22 Future of Higher Education.

23 It is my understanding that the purpose of
24 this hearing is to gather information that will set

1 the agenda for the planned negotiated rulemaking,
2 and to that end I would like to make the following
3 comments.

4 Let me begin by adding my support to the
5 comments made by other accreditation colleagues at
6 this, and previous, hearings regarding negotiated
7 rulemaking about Subpart H, in the absence of
8 legislative change in that portion of the Higher
9 Education Act. I, too, believe that negotiated
10 rulemaking about accreditation at this time is
11 premature, if only because it may have to be
12 repeated after legislative action that now appears
13 to have been postponed until next year. Negotiated
14 rulemaking is not an inexpensive undertaking, so to
15 do it twice does not seem to be in the best
16 interest of the accrediting community, the
17 educational community, the Department, or the
18 taxpayer.

19 If, however, it is the Department's
20 determination to engage in negotiated rulemaking
21 about accreditation as announced, then there are
22 three issues that I would like to place on the
23 record for consideration as that process occurs.

24 First, though it never says so, the

1 Commission Report appears to be directed at
2 undergraduate education and at institutional
3 accreditation, yet any changes that might be made
4 in the expectations for accreditation will affect
5 all accreditors that seek the Secretary's
6 recognition. Currently, of the 60 accrediting
7 organizations recognized by the Secretary,
8 approximately 40 of them are specialized
9 programmatic accreditors and, of those, somewhere
10 between 15 and 20 primarily accredit programs at
11 the post-baccalaureate level.

12 Where institutional accreditors are
13 engaged in the review of a wide variety of
14 institutions with diverse missions, many degree
15 options, and a plethora of possible expected
16 outcomes, specialized and programmatic accreditors
17 are discipline-specific, and typically review
18 programs with similar missions and more focused
19 expected outcomes. So accreditation is not a
20 monolithic enterprise, and therefore consideration
21 must be given to identification of those issues
22 that rightly pertain to all accrediting
23 organizations, and those that may be more directly
24 related to institutional accrediting organizations,

1 or to specialized and programmatic accrediting
2 organizations. Further, care must be taken to
3 minimize any unintended consequences of a one-size-
4 fits-all approach to the regulation of accrediting
5 organizations.

6 Second, the Futures Commission Report
7 speaks to the need for accreditation to serve the
8 public interest, but I would submit that there is
9 no single public interest. Indeed, there are many
10 publics, and many interests, and accreditation must
11 address numerous and often competing elements of
12 the publics, and the interests of those publics.

13 For example, it is in the public interest
14 to preserve conditions that enable institutions and
15 programs to reveal their weaknesses to accreditors
16 without fear of public relations consequences, and
17 then let accreditors supervise the improvements
18 needed to address those weaknesses. This feature
19 of accreditation has enabled accreditors to promote
20 improvements in education that have benefited
21 millions of students.

22 On the other hand, it is also important
23 for accreditors to provide accurate and timely
24 public information, but my accreditation colleagues

1 and I would ask, "What information is the public
2 seeking?" And, more importantly, "do accreditors
3 have the information being sought?" Or, put
4 another way, "is the information that accreditors
5 have about institutions and programs really what
6 the public wants?" It seems to me that we should
7 have answers to these questions before enacting
8 regulations that place added burden, both in time
9 and cost, on accrediting organizations,
10 institutions, and programs to provide information
11 that may create more problems than it solves, and
12 may not be what the public needs or wants.

13 Which brings me to my third comment. The
14 Commission Report calls for, among other things, a
15 significant increase in the transparency of the
16 accreditation process, and goes so far as to
17 recommend that accreditation be made public in
18 their entirety. As a programmatic accreditor, I do
19 believe that there can be, and should be,
20 additional information available to the public
21 about accreditation decisions and findings. I
22 disagree, however, with the notion that making
23 reports available to the public would be good
24 public policy.

1 The prime reason for this position is that
2 not all institutions and programs are undergoing
3 accreditation scrutiny at the same time. Indeed,
4 depending on the length of the accreditation cycle,
5 as few as one in ten institutions and programs are
6 being reviewed at any one time. Herein lies the
7 potential for unintended consequences, when, for
8 example, there are a number of programs in a given
9 discipline in a given city all competing for the
10 same students, and only one of them is in the
11 position of having its "dirty laundry" out for all
12 to see.

13 Aside from the potential for students to
14 misinterpret the information in an accreditation
15 report, where is the good public policy in having
16 an accreditation decision become the catalyst for
17 imbalances in the local education marketplace,
18 should the other programs choose to exploit the
19 situation in their recruitment practices?

20 Further, at what point should the
21 information no longer be considered current, and
22 therefore need to be removed from public
23 availability? And, if it is removed at some
24 reasonable time, it is likely, given the cycles,

1 that most of the time there will be no information
2 available for the public to view.

3 In summary, the issue of transparency in
4 the accreditation process raised by the Commission
5 Report may be valid, but it is significantly more
6 complicated than it may appear. Any negotiated
7 rulemaking about this issue must be done with the
8 full recognition of all of the issues, and it must
9 be done in a manner that respects the diversity of
10 accrediting organizations, and that eliminates, to
11 the extent possible, any unintended consequences.

12 Thank you.

13 **DAVID BERGERON:** Thank you.

14 **DAVID BERGERON:** Rolf Lundberg, please.

15 **ROLF LUNDBERG:** Good morning.

16 My name is Rolf Lundberg. I am Senior
17 Vice President of Congressional and Public Affairs
18 at the United States Chamber of Commerce.

19 The Chamber is the world's largest
20 business federation, representing more than 3
21 million businesses across the country.

22 Thank you for the opportunity to appear
23 today.

24 I am here today because of the priority

1 that the U.S. Chamber places on improving the
2 quality of education and investment in the
3 workforce. Numerous indicators tell us that our
4 educational system at all levels is not producing
5 enough individuals with the skills to meet
6 employers' needs. Our members consistently tell us
7 that deficiencies in the education and training of
8 those that they need to hire and advance are among
9 the most serious problems that they face.

10 To address these problems, the U.S.
11 Chamber is undertaking a number of initiatives.
12 One of them is a coalition that we have formed, the
13 Coalition for a Competitive American Workforce,
14 with providers of postsecondary education that have
15 a record of innovation and success in workforce
16 education, they are Corinthian College, Capella
17 University, DeVry, and Kaplan.

18 We are very pleased that the Department
19 has announced its plans to conduct a negotiated
20 rulemaking, and we would like to participate. The
21 Federal Register notice indicates a willingness to
22 address regulatory changes suggested by the final
23 report of the Commission on the Future of Higher
24 Education. The Chamber and the Coalition agree

1 with many of the findings and conclusions in the
2 Commission Report.

3 Beginning with the observations in the
4 preamble that, quote, "Not everyone needs to go to
5 college," but "everyone needs a postsecondary
6 education," and that too many college graduates
7 "enter the workforce without the skills employers'
8 say they need." The Commission has laid out a road
9 map for reform. The Chamber and the Coalition
10 support a wide-ranging negotiated rulemaking that
11 considers the recommendations in the Commission's
12 final report.

13 With that, we propose that the negotiated
14 rulemaking agenda include the following subjects.

15 First of all, transfer of credit. One of
16 the areas the Commission rightly emphasizes is
17 transfer of credit. This is a problem because of
18 changes in the needs of today's postsecondary
19 students and employers. The Commission Report
20 calls for reducing barriers to transfer, and
21 allowing students to move more easily between and
22 back into institutions. As the final report notes,
23 this would reduce costs, expand access, reduce time
24 to completion, and improve institutional

1 transparency. It would also improve the ability of
2 the postsecondary educational system to respond
3 efficiently to workforce and employer needs.

4 Two regulatory reforms would begin
5 significantly to address these problems, in our
6 view. First, institutions of higher education that
7 participate in the Title IV student financial aid
8 programs should be required to establish clear
9 policies on transfer of credit and to make those
10 policies public. Secondly, such institutions
11 should not be permitted to deny credit transfers
12 based solely on the accreditation of the
13 institution from which the student is seeking to
14 transfer credits, provided that the institution is
15 accredited by an agency recognized by the
16 Secretary.

17 Many institutions refuse even to evaluate
18 the credits earned by students at other
19 institutions, based solely on those institutions'
20 accreditation. There are no legitimate reasons for
21 these practices. We believe that the Department
22 has sufficient existing statutory authority to
23 adopt regulatory changes to facilitate transfer of
24 credits in the conditions for institutional

1 participation in the Title IV programs and the
2 accrediting agency recognition requirements.

3 A second subject to address is
4 transparency and accountability. These are also
5 major themes in the Commission's final report. As
6 the Commission finds, students and parents lack
7 good information on the value that colleges will
8 provide them, and policymakers lack data to help
9 them decide whether the national investment in
10 higher education is paying off.

11 The Commission proposes the creation of a
12 consumer-friendly information database that would
13 protect the privacy of students, but still be a
14 vital tool for accountability, policymaking, and
15 consumer choice. The U.S. Chamber and our
16 Coalition endorse these concepts. The members of
17 the Coalition already live with a great deal of
18 transparency and objective accountability--measures
19 for what matters most, student achievement.

20 We support the Commission's interest in
21 exploring how accreditation can better measure
22 quality through the use of student outcomes, and
23 improve access to innovative learning methods, such
24 as online education, while ensuring quality.

1 Higher education institutions and accrediting
2 agencies can do more in this area. We believe that
3 the Department already has sufficient statutory
4 authority to develop and adopt regulations
5 embodying these proposals in Sections 485 and 486
6 of the Higher Education Act.

7 The next subject the negotiated rulemaking
8 should address, in our view, is reform of the
9 financial aid delivery system. The Commission
10 found that the current financial aid system is a
11 maze, confusing, complex, inefficient, and
12 duplicative. Even more crucially, the system
13 frequently does not direct aid to students who
14 truly need it. The Chamber supports the
15 Commission's call for reform in this area.

16 One area for the Department to examine is
17 the system for the delivery of Pell Grants to
18 students who wish to accelerate progress toward
19 their educational objectives by attending on a
20 year-round basis. The financial aid system remains
21 geared to traditional students on a conventional
22 nine-month academic calendar. The negotiated
23 rulemaking presents a good opportunity to determine
24 the extent to which, under the current statute,

1 Pell Grant disbursements can be made available
2 year-round.

3 And finally, we propose that the
4 negotiated rulemaking agenda involve 90/10 Rule.
5 The Commission's final report makes a number of
6 points that support regulatory reform of the 90/10
7 Rule. The preamble to the Commission's report
8 states that distinctions based upon ownership
9 structure are irrelevant, except to an academic
10 establishment preoccupied with them, and that for-
11 profit institutions are one of the new paradigms
12 that have developed to adapt to the challenges that
13 are at the heart of the Commission's concerns. The
14 Chamber wholeheartedly agrees.

15 In addition, one of the central themes of
16 the Commission's report is access to postsecondary
17 education, how to promote it for under-served and
18 non-traditional groups, especially low-income,
19 minority, and adult students. The Commission
20 focuses on the purchasing power of the Pell Grant,
21 yet it notes that the value of the Pell Grant can
22 be undercut by tuition increases. All of these
23 points suggest that reform of the regulations
24 implementing the 90/10 Rule would further the goals

1 of the Commission. Experience under the Rule shows
2 that it measures not institution integrity and
3 quality, but the socio-economic status of students,
4 that is, how much they qualify for need-based aid
5 like Pell Grants. The Rule thus incentivizes
6 institutions either not to serve the most needy
7 students, or to raise their tuition, results that
8 are contrary to achieving the goals of access and
9 affordability.

10 Leaving to the side the congressional
11 debate over repeal of the 90/10 Rule, the
12 Department can and should, in our view, revise its
13 current regulations to lessen their
14 counterproductive impact, and thus the degree to
15 which they single out institutions on the basis of
16 an irrelevant factor like ownership structure.
17 There are a number of anomalies in the current
18 regulations that impede access and affordability.
19 The negotiated rulemaking offers an opportunity to
20 correct these problems.

21 Thank you again for the opportunity to
22 present our views on the negotiated rulemaking that
23 the Department is planning. We do hope to work
24 closely with the Department to make progress on

1 these important issues.

2 Thank you.

3 **DAVID BERGERON:** Thank you very much.

4 **DAVID BERGERON:** Cynthia Littlefield.

5 **CYNTHIA LITTLEFIELD:** Good morning.

6 **DAVID BERGERON:** Good morning.

7 **CYNTHIA LITTLEFIELD:** My name is Cynthia
8 Littlefield. I am the Director of Federal
9 Relations of the Association of Jesuit Colleges and
10 Universities.

11 In this capacity we represent the 28
12 Jesuit colleges and universities across the United
13 States, and we are also affiliated with over 100
14 international Jesuit colleges and universities.

15 I might add that today I think it is
16 remarkable that our nation's students have been
17 participating in this process. I want to commend
18 them for their efforts to come here today. I think
19 that is the right thing to do.

20 AJCU appreciates the opportunity to
21 comment before the Department of Education,
22 particularly on the implementation of ACG and SMART
23 Grants, because we know that there is some
24 confusion on our campuses across the country

1 concerning regulatory guidelines. Our main
2 priority is to ensure that regulatory complications
3 for the ACG and SMART Grant programs do not
4 interfere or limit student participation. AJCU
5 hopes that our comments will assist in these
6 efforts.

7 The first group of issues are related to
8 the definition of "academic year." Recent
9 colleague letters have started to improve that
10 definition, but clarification needs to be
11 supplemented related to class progression. Several
12 areas of confusion are the following:

13 Number one, the institutional definition
14 of "class progression" does not always coincide
15 with the Stafford Loan definition of "academic
16 year."

17 Number two, refinement of the utilization
18 of non-classroom credits, i.e., advanced placement,
19 international baccalaureates, and life learning
20 credits to encourage advanced course work, and
21 include full eligibility for grant funding.

22 Number three, the encouragement defined by
23 the regulations to support two full years of study
24 for the SMART Grant, as related to bachelor's and

1 master's programs, and students eligibly for the
2 accelerated programs degree conferment.

3 The next set of issues that we would like
4 to discuss are the transfer credits for transfer
5 students. These issues are similar to the first
6 set of issues, but they are complicated by the
7 variety of external factors related to transfers of
8 credit, such as:

9 Number one, timing related to the posting
10 of transfer credit varies by the completion of the
11 necessary documentation. Class standing can be
12 impacted by the late arrival of this documentation,
13 and cause great complications for the universities.

14 Number two, some internal and external
15 transfer students will regress in their class
16 standing due to the new program academic
17 requirement. We need to encourage transfers to the
18 targeted major without the risk of penalty due to
19 regression.

20 Also, if a student has received an ACG at
21 a previous institution, does the new institution
22 need to document a rigorous high school curriculum?
23 We ask that question.

24 Number three, the calculation of GPA, as

1 related to transfer credits and international
2 study, needs to be expanded to assist students in
3 retaining eligibility and foster exploration.

4 And finally, number four, NSLDS procedures
5 need to be fully documented and integrated into the
6 regular transfer monitoring process.

7 It is especially true that additional
8 efforts need to be expanded related to the process
9 of awarding the ACG. To encourage students and
10 institutions to maximize the impact of the ACG,
11 easy identification of eligible students need to be
12 established. The process of student self-
13 identifying, or the financial aid office being
14 responsible for documenting that information is
15 somewhat flawed. A centralized clearinghouse,
16 possibly, could be responsible for determining that
17 eligibility that would best serve our students.

18 With the issue of GPAs, it has been
19 mentioned earlier in the transfer discussions,
20 there are additional aspects of GPAs that need to
21 be explored. Number one, the exploration and
22 expansion of academic curriculum needs to be
23 encouraged and not limited by GPA requirements.
24 Students need to be able to take demanding course

1 work without fear of losing need-based funding.
2 This includes the proper utilization of pass/fail
3 options in some cases and other similar programs.
4 And number two, the timing of the regulations of
5 GPAs, as related to the disbursement of funds,
6 needs to be reasonable and manageable.

7 The SMART Grants also have a student major
8 requirement. We have suggested adding on a few of
9 new, other requirements that fall under the broader
10 definitions, science, math, technology, et cetera,
11 such as environmental science, digital
12 communications and multimedia technology,
13 biophysiology, gerontology, nutrition sciences,
14 psychopharmacology, anthropology, and physical
15 anthropology, to cite but a few.

16 We also believe that clarity and expansion
17 of the distinction between intended declared majors
18 and the required progression of course work between
19 double, triple majors is also critical for a smooth
20 running program.

21 For federal student loans, AJCU would not
22 be here if we would not mention that our primary
23 concern has always been to minimize student loan
24 debt. While recently passed student loan interest

1 rates will indeed contribute to further debt burden
2 for our nation's students, we can try to minimize
3 that debt for students who are currently at risk.

4 AJCU is supportive of simplifying the
5 process for various repayment, deferment, and
6 hardship options for these impacted students, and
7 we would encourage that to be discussed in one of
8 the negotiated rulemaking sessions.

9 We greatly appreciate the opportunity to
10 speak here today before the Department of
11 Education. Our association has been active in this
12 process, and we appreciate Loyola University
13 hosting one of the hearings, in addition to two of
14 our institutions who have already testified,
15 Marquette University and Loyola Chicago University.

16 And finally, may I say that AJCU hopes
17 that we can have an active participation in this
18 wonderful process called "negotiated rulemaking,"
19 and I thank you all today for listening to my
20 comments, and for having us all here today after a
21 long night for all of us with limited sleep.

22 Thank you very much.

23 **DAVID BERGERON:** Thank you, Cynthia.

24 We are going to take a ten-minute break.

1 As we are doing that, let me say two things. One
2 is, Cynthia, we are trying to answer the question
3 about reliance on prior institutions, we have said
4 you can rely on prior institutions for
5 determination of student's eligibility for ACG, and
6 they can rely on that for documentation, just so
7 folks know that. I, like Cynthia, have enjoyed the
8 students' comments, even though they are from the
9 University of Connecticut.

10 [Laughter.]

11 **DAVID BERGERON:** Having graduated from the
12 University of Rhode Island, I always get concerned
13 when my neighbors from Connecticut come out in such
14 numbers, it speaks so well.

15 One of the things I have appreciated,
16 though, throughout this process, is the comments of
17 the students, they have been very helpful to us as
18 we have thought about the issues around student
19 debt, and they have all been very well-spoken, and
20 reflect very well on our college students. So
21 before they went back to the Northeast, I wanted to
22 make sure and compliment them. I know we will hear
23 from more students throughout the day.

24 With that, a ten-minute break.

1 **DAVID BERGERON:** If you want to continue
2 to chat, you can go outside into the other room,
3 but we do want to be courteous to the folks coming
4 to testify.

5 **DAVID BERGERON:** Jim Tolgert.

6 **JIM TOLGERT:** Good morning.

7 My name is Jim Tolgert, and I am here
8 representing the Career College Association as the
9 Chairman of the Board of Directors. However, my
10 day job is I am the Chief Executive Officer of the
11 Education Futures Group, an investor in private
12 postsecondary education schools.

13 It is a pleasure to present a summary of
14 my comments, which I have submitted also in
15 writing.

16 On behalf of the Career College
17 Association, I would like to thank you for this
18 opportunity to comment on the final report from the
19 Commission on the Future of Higher Education, and
20 the agenda for the upcoming negotiated rulemaking
21 sessions.

22 CCA is a voluntary membership organization
23 of private postsecondary educational institutions
24 that comprise the for-profit sector of higher

1 education. CCA's 1,400 members educate and support
2 nearly 2 million students each year for employment
3 in more than 200 occupational fields. All CCA
4 members must be licensed in the state in which they
5 are located, and accredited by a national or
6 regional accrediting agency recognized by the U.S.
7 Department of Education.

8 The Commission on the Future of Higher
9 Education has performed a valuable service by
10 examining key issues related to how postsecondary
11 education can better address the needs of our
12 nation in the 21st Century. The diverse points of
13 view presented to the Commission and the frank
14 dialogue among the Commission members produce a
15 report that should stimulate important improvements
16 to our higher education system. It takes common
17 sense, as well as a market-based approach to higher
18 education in the best interests of students,
19 employers, and taxpayers.

20 The Commission's recommendations coalesced
21 around the three broad themes that have been at the
22 center of CCA's legislative agenda for the last
23 four years: accessibility, accountability, and
24 affordability. These themes are at the core of the

1 mission of the career college sector.

2 First, accessibility. As a group, we
3 provide access to colleges for a disproportionate
4 share of minority and non-traditional students. We
5 promote the Commission's recommendations to
6 facilitate further higher education for these
7 students.

8 Second, CCA supports the Commission's
9 findings on the need for increased accountability
10 and transparency in postsecondary education. We
11 were pleased that Chairman Miller mentioned the
12 institutional report card that CCA proposed several
13 years ago as one example of what a good
14 accountability and consumer information piece could
15 look like. CCA supports the Commission's
16 suggestion that institutions report their retention
17 and their job placement numbers. This is a valid
18 accountability measurement.

19 Third, affordability. We were pleased
20 that the Commission focused attention on the
21 transfer of credit barriers students face. The
22 Department of Education must address the
23 discrimination that students encounter when they
24 seek to transfer credits from institutions that are

1 nationally accredited to institutions that are
2 regionally accredited. Denials and deterrents to
3 credit transfers are unfair to students, inhibit
4 student completion, and drive up the cost of
5 postsecondary education by forcing students to take
6 and pay for the same course twice. This does not
7 make me happy as a taxpayer or as a parent.

8 Informal attempts to address this issue
9 have failed to adequately address this situation.
10 Both the House and Senate address this issue in the
11 reauthorization bills, and we hope that when
12 Congress returns to the task of reauthorizing the
13 Higher Education Act, it will legislate in this
14 area. We hope the Secretary will also explore
15 other means to promote fair and transparent
16 transfer of credit policies.

17 The Career College Association agrees with
18 the Commission that all stakeholders in higher
19 education would benefit from better coordination
20 between the needs of employers and educational
21 institutions. We have for years worked closely
22 with the employers in our communities to ensure
23 that our students graduate with the specific skill
24 sets needed to progress in their careers, and our

1 institutions are able to move quickly to respond to
2 market needs by creating new programs or revising
3 current ones.

4 If I may now address a few issues related
5 to the new interim regulations. The Career College
6 Association is pleased to have new grant programs
7 available to students. We understand the time
8 constraints facing the Secretary in publishing
9 interim regulations, and look forward to the
10 negotiated rulemaking process to make some
11 improvement to the regulations.

12 We urge the mandatory participation
13 requirements be dropped for both the ACG and SMART
14 Grant programs, Congress did not mandate
15 participation. We believe the Department should
16 treat these two grant programs in the same manner
17 as all other Title IV HEA assistance programs by
18 allowing institutions to choose whether or not to
19 participate. Additionally, we urge the Secretary
20 to reconsider the regulatory restriction placed on
21 the ACG that limits them to degree-granting
22 programs.

23 In closing, the Commission has given the
24 higher education community the beginnings of a

1 roadmap to improving the education marketplace. We
2 look forward to working with you, both in the
3 upcoming negotiated rulemaking sessions and
4 throughout the future, to implement some of these
5 proposals for the benefit of students and the
6 American economy.

7 Thank you.

8 **DAVID BERGERON:** Thank you.

9 **DAVID BERGERON:** Dallas Martin.

10 **DALLAS MARTIN:** David, Dan, good morning.

11 **DAVID BERGERON:** Good morning.

12 **DAN MADZELAN:** Good morning.

13 **DALLAS MARTIN:** As you know, my name is
14 Dallas Martin, and I am currently the President of
15 the National Association of Student Financial Aid
16 Administrators.

17 I appear before you today on behalf of the
18 more than 3,000 postsecondary educational
19 institutions and others with related interests to
20 our members of NASFAA to offer our suggestions for
21 issues that should receive consideration during the
22 Department of Education's upcoming negotiated
23 rulemaking session, particularly as it relates to
24 the implementation of the Academic Competitiveness

1 Grant and the National SMART Grant Program, as well
2 as some additional provisions that are included in
3 the Higher Education Reconciliation Act of 2005.

4 Let me note that we appreciate the
5 Department's solicitation of agenda items, and we
6 believe that this process will yield regulations as
7 it has in the past that will help institutions to
8 deliver student aid funds to eligible students in a
9 timely manner, fulfilling the purposes of
10 negotiated rulemaking, and to develop procedures
11 that work in the institutional setting and remain
12 within the statutory burdens. Further, we hope
13 that the Department will use the negotiated
14 rulemaking structure to ensure that the concerns of
15 all interested parties may be taken into account as
16 these new program provisions are implemented.

17 We would like to offer the following
18 listing of items for your considerations. Let me
19 begin with the regulations governing Academic
20 Competitiveness Grant and the National SMART Grant
21 programs. Not surprisingly, most of the questions
22 that we have received from our members pertain to
23 academic year progression, advanced placement
24 credits, and rigorous secondary school program, but

1 we are also now being asked more about transfer
2 student eligibility and determination of the GPA in
3 a variety of situations. We believe that these
4 questions in particular are going to continue to
5 arise now that we have begun to implement the
6 programs, particularly as we move into the second
7 semester, or spring terms, later this year. For
8 this reason, we would hope that all of the ACG and
9 SMART Grant Program regulations would be open
10 during the time of the negotiations.

11 There are also other regulations under
12 the HERA Act that we also have some concerns about,
13 and these are the topics that we would suggest be
14 also added to the negotiated rulemaking agenda.
15 First, the Grad PLUS Program, and particularly we
16 are concerned about the issues of both entrance and
17 exit loan counseling, as well as what might be the
18 appropriate repayment period start date for
19 students who have Grad PLUS loans, because it is
20 much different, obviously, with those students than
21 it is with the way we think of that program with
22 traditional parents.

23 Another topic is the telecommunications
24 versus correspondence instruction. Given the many

1 instructional variations that exist today, as well
2 as the various technologies that are in use, we
3 believe that this is an area that needs to be very
4 carefully examined, and the community input would
5 be invaluable. We want to make certain that, first
6 of all, we do not unnecessarily limit someone who
7 has good suggestions and programs, but we also want
8 to ensure that there is also program integrity
9 maintained, regardless of telecommunications or
10 correspondence instruction.

11 Another topic is the new loan discharges,
12 particularly the approach taken in the interim
13 final regulations regarding the requirement for
14 obtaining the discharge based upon the liability of
15 identity theft. This is an area that is new, it is
16 increasing, and it is one that we think needs to be
17 looked at very carefully so that it is consistent
18 with other industry standards.

19 Another topic is the post-withdrawal and
20 late disbursement requirements. We are
21 particularly concerned about a number of issues
22 here, but one is, "Why are grant funds now subject
23 to the new confirmation requirement when we can
24 find no reference to the grant program in the

1 statute itself?"

2 In addition to these and other topics, let
3 me also give you, in the interest of time, two
4 other broad topics that are not part of the
5 regulations, but that we had hoped would be on your
6 agenda. The first is the establishment of "safe
7 harbor" language for institutions. As you are all
8 aware, the implementation of the HERA provisions
9 occurred in a very compressed timeframe. And while
10 I want to express my sincere appreciation to you
11 and to your colleagues at the Department for the
12 efforts that they have made, and that you have
13 expended in terms of implementing these new grant
14 programs, and to develop these interim final
15 regulations in less than eight months, I also would
16 remind you that our members, as well, have had to
17 proceed in implementing these programs and making
18 decisions based upon their reading of the statute,
19 and with less than complete regulatory guidance.
20 Given the fact that I believe that everyone has
21 proceeded with a good faith effort to make
22 preliminary decisions consistent with the reading
23 of the law, regulatory language should be developed
24 during this process to protect parties against

1 enforcement standards that were not applicable or
2 available when these actions were taken.

3 A second broad topic that I would also
4 hope that you would consider that are not part of
5 the current regulations, but we have heard many
6 people comment on today, and that would be to
7 modify the repayment options for borrowers with
8 student loan debt burden. We would urge that the
9 negotiated rulemaking committees carefully examine
10 reforms that can be made under current law with
11 existing regulations to modify repayment options
12 for borrowers with unmanageable student loan debt.
13 And particularly amongst those, I would mention the
14 economic hardship deferment, to make certain that
15 is more accessible. There are other things in that
16 area that we should look at, too, because this is
17 an area of increasing concern to borrowers across
18 the country, and certainly will make a difference
19 in terms of their lives and the future and well-
20 being of this country.

21 I thank you for your consideration of
22 these recommendations. We look forward to working
23 with you and providing you with any assistance
24 today. And again, thank you for the opportunity to

1 be here today.

2 **DAVID BERGERON:** I want to say, Dallas, as
3 you are going back to your seat, that we are aware
4 that we need to do work in the area of identity
5 theft. When we publish the final rule, we made
6 reference to that, the desire on the part of the
7 Department to work with the broader community to
8 come up with better processes, and procedures, and
9 rules around that particular provision of the HERA.

10 **DALLAS MARTIN:** And we appreciate that.

11 **DAVID BERGERON:** Thank you, Dallas.

12 **DAVID BERGERON:** Nikolai Blinow.

13 **DAN MADZELAN:** We'll come back.

14 **DAVID BERGERON:** No, she is coming.

15 **NIKOLAI BLINOW:** I am here.

16 Hello, my name is Nikolai Blinow, and I am
17 a senior at Salem State College. I am also a
18 features editor for The Log, and a MASSPIRG
19 volunteer.

20 Throughout my years at Salem State
21 College, I have seen my tuition rates and fees
22 rise, specifically, the grant within my financial
23 aid package has shrunk. Thus I, along with my
24 fellow students, have been forced to compensate by

1 taking more and more student loans out, loans that
2 will affect my life immediately upon my graduation
3 and for years afterwards.

4 As a member of a single parent household,
5 these rising costs have forced me to more or less
6 sign my life away to college. From the beginning,
7 I knew there would be no money for college. My
8 father remarried and stopped making financial
9 contributions when I was very young. My mother
10 worked four jobs just to make rent and to buy food.
11 Together, we lived in subsidized housing. Money
12 was tight and could not be used towards anything
13 but the bare necessities.

14 However, my mother was always supportive
15 of me going to college, no matter what the cost,
16 and I am so thankful for her support. She has
17 motivated me to get a college degree, because she
18 knows that higher education offers me the
19 opportunity to change my social standing and will
20 allow me to provide myself with a future that she
21 did not have for herself. The type of life that
22 she wants for me is modest. She just wants me to
23 be able to own my own home, be able to take a
24 vacation every once in a while, be able to afford a

1 family and provide for them in the future, and to
2 have time to be involved in my community, all
3 things that she has not been able to have for
4 herself. I know that with continued penny-pinching
5 I will make it, but I know I will need her cheering
6 me on in the background to make it happen, to pay
7 off my debt, and to get to where I want to be.

8 Yet there are many who are not as
9 fortunate as I am. How many aspiring college
10 students don't have a great parent pushing them
11 from behind? How many can't see a way over the
12 obstacles of financing and debt to decide that it
13 is worth it? The high cost of college can be an
14 intimidating thing when you come from close to
15 nothing. Looking back, I can easily see my mother
16 and I making different choices, deciding that
17 college was not in my future.

18 I am grateful, despite the huge debt
19 burden that I will carry, that we can still see a
20 way for me to make it. I think it is tragic that
21 so many other students and families have a
22 different point of view.

23 While the Department of Education may not
24 be able to alter college expenses, you can make a

1 difference by adopting the five-point plan for
2 manageable debt. Adopting this plan will make
3 college loans more affordable, particularly for
4 those of us from low-income backgrounds with a lot
5 of demands on our paychecks. By making these
6 changes, you can keep the path to college clear for
7 so many others. More people will be able to attend
8 college and become productive members of society,
9 and that is the original intent of the student loan
10 program.

11 Thank you.

12 **DAVID BERGERON:** Thank you.

13 **DAVID BERGERON:** Benjamin Navon.

14 **BENJAMIN NAVON:** I am Benjamin Navon. I
15 am here representing Salem State College, The Salem
16 State Log, and MASSPIRG.

17 Good morning. I would like to thank you
18 for taking the time to consider this very important
19 matter to young voters. I am here not only to
20 represent my plight, but to express the concerns of
21 many of my peers at Salem State College and
22 throughout Massachusetts.

23 I am currently the Editor in Chief of the
24 student newspaper. I take my responsibilities as a

1 student leader seriously, and I am constantly
2 soliciting the views and opinions of my peers. A
3 resounding concern for all Massachusetts is the
4 rising cost of education, coupled with the slashing
5 of student aid by politicians.

6 According to Salem mayor, Kimberly
7 Driskel, Massachusetts is at the bottom of the
8 barrel when it comes to funding state higher
9 education. As the Commonwealth cuts funding for
10 student aid initiatives, more and more students are
11 relying on government and private loans to pay for
12 college. By the time students are ready to
13 graduate, the interest compounded on these loans
14 can be suffocating.

15 When I first matriculated to Salem State,
16 I was apprehensive about how I was going to be able
17 to afford tuition. Student loans enabled me to
18 pursue a degree, and for that I am thankful.
19 However, as I conclude this academic year, I
20 foresee significant hurdles that I will need to
21 overcome in order to be debt free.

22 I plan to graduate in May. Consequently,
23 I have been exploring my options for life after
24 college. I have researched entry level jobs in my

1 chosen field of journalism, and I find it
2 disheartening that a sizable amount of my post-tax
3 salary will be allocated to repay my student loans.
4 Clearly, the Department of Education is unable to
5 stem the rising cost of higher education, but the
6 government can relieve students of large loans by
7 implementing the five-point plan for manageable
8 debt.

9 By adopting these changes, more people
10 will be able to attend college, and expand their
11 minds, and better their future and that of this
12 country. Education is critically important to
13 promote a healthy and viable society.

14 Thank you.

15 **DAVID BERGERON:** Thank you.

16 **DAVID BERGERON:** Steven Boudreau.

17 **STEVE BOUDREAU:** Good morning.

18 My name is Steven Boudreau, and I am here
19 representing Worcester State College in
20 Massachusetts.

21 As a college student, I am aware that
22 student loans have become a great problem. As a
23 senior at Worcester State College, I have noticed
24 that many students like myself are burdened with a

1 great amount of student debt.

2 Worcester State College is a mid-size
3 school, primarily commuters, and the majority of
4 our students come from working class households.

5 In both my experiences as a student and a
6 member of student government, I have come across of
7 my fellow students that are burdened by student
8 debt. In a nation where children are taught that
9 they can do whatever they want if they only have
10 the drive and the skill, many prospective students
11 are not reaching their potential due to lack of
12 money.

13 In order to help keep the amounts of my
14 loans down, I, like many of my friends, have taken
15 a very reasonable step that is going to work well
16 in college. I, myself, work about 27 hours a week
17 on average. This may not seem like a great deal,
18 but coupled with 18 credit hours of classes and
19 being involved in student government, I am now
20 working 45 hours or more a week to graduate in
21 debt.

22 I aspire to work in the television
23 industry. I have been told that I can expect
24 anywhere from \$20-25,000 a year for starting

1 salary. In the last four years, I have accumulated
2 just about \$20,000 in student loans. When now
3 calculating taxes and interest, I will be paying
4 anywhere between 8 to 10 percent of my annual
5 income just for these loans.

6 After four years of college, four years of
7 hard work, I will be considered just above the
8 poverty line after I have paid off my loan debt.
9 There are millions of other students who are in the
10 same situation I am. My own finances aside, I am
11 lucky. I chose a career path where a four-year
12 degree will be enough to get my foot in the door.
13 I cannot say the same for students in this country
14 who have chosen to become teachers, social workers,
15 and various other types of civil servants. Many of
16 them are told they need at least master's degrees,
17 and they will not be making very much money after
18 graduation. These people who have chosen very
19 noble professions are underpaid as it is, then they
20 are forced to pay a sizable percent of their income
21 to student loans.

22 One of my closest friends aspires to be a
23 kindergarten teacher. She is \$30,000 in debt, and
24 she still has grad school to look forward to. She

1 needs to be able to live after college, and not
2 continue to be a burden on her parents. The amount
3 she will be paying in loans is amazing. At the
4 rate teachers are paid and the lack of raises they
5 receive, my friend will be in debt for many years
6 to come. The amount of income that a person makes
7 currently has no bearing on the amount they are
8 required to pay back or the size of their family,
9 or other great financial obligations people have
10 that can drastically change the amount they are
11 able to pay--are still not considered, and hinders
12 a person's progress in life.

13 As life can be unpredictable at best,
14 there are many people who can not pay back loans
15 for one reason or another. We are lucky enough to
16 live in a nation that has concern for these people
17 and has installed the hardship program, while a
18 noble idea, it has flaws. The requirements to
19 enter the program are strict, and there is far too
20 much red tape. When a person is finally accepted
21 into the program, all the debt they have
22 accumulated is held for a period of time, although
23 the interest is still calculated. The people in
24 this program have encountered some sort of personal

1 problem that has brought them to hardship. Why
2 should they walk out of the program having left one
3 problem behind and finding another?

4 The price of college is rising. This
5 raises a new problem; the very people that public
6 colleges and universities are meant to educate are
7 the people that are becoming financially
8 ineligible. As there are few people at Worcester
9 State College who can pay for their education, many
10 of us are forced to take loans. Any cuts in
11 student loan programs cuts the number of working
12 class families who can afford to send their
13 children to college.

14 We are not here asking for a handout, and
15 we don't want charity. We do realize that there
16 are many changes that are going to be made today.
17 All we want is to know that, when we graduate, we
18 can pay back our loans in a fair and reasonable
19 manner.

20 Thank you.

21 **DAVID BERGERON:** Thank you.

22 **DAVID BERGERON:** Andrew Klimkowski.

23 **ANDREW KLIMKOWSKI:** Good morning.

24 My name is Andrew Klimkowski, from the

1 Richard Stockton College of New Jersey.

2 Thank you for affording me the opportunity
3 to speak before you today on the state of higher
4 education in America.

5 I am a political science student at the
6 Richard Stockton College of New Jersey. I serve on
7 the governing board of my institution as a student
8 trustee. I have written higher education policy
9 recommendations for Governor Corzine as a member of
10 the Higher Education Transition Policy Group.

11 I will note that my recommendation was to
12 keep tuition affordable for all New Jersey college
13 students. Governor Corzine, for reasons of his
14 own, did not implement these recommendations, so I
15 have approached you today instead.

16 [Laughter.]

17 **DAVID BERGERON:** As far as I know, I have
18 never been voted for.

19 [Laughter.]

20 **ANDREW KLIMKOWSKI:** Cuts to college
21 budgets at the state level, combined with cuts to
22 student loans at the national level are putting the
23 squeeze on students from lower- and middle-income
24 backgrounds to get to college in New Jersey.

1 If it were not for the fact that I am in
2 the New Jersey Air National Guard, I simply would
3 not have the financial means to obtain a college
4 degree. I grew up in a farm in New Jersey and
5 learned a hard work ethic, strong moral values, and
6 a greater understanding of society. While my
7 grandparents were ill and could no longer continue
8 farming, they bought a smaller farm for retirement.
9 They sold their farm to Chinese farmers who taught
10 me Mandarin Chinese. Growing up, globalization was
11 at my doorstep.

12 I knew I wanted to go to college; however,
13 my family did not have the financial support for me
14 to go. I researched every avenue for me to get on
15 the right path to college. In 2000, I joined the
16 New Jersey Air National Guard. The state of New
17 Jersey pays 100 percent of undergraduate and
18 graduate education for our brave men and women in
19 the National Guard. While working toward my dream
20 of a college education, my life significantly
21 changed on September 11, 2001.

22 I was working at McGuire Air Force Base
23 that day--I will never forget. I never felt so
24 defenseless. I have since been activated twice,

1 and pulled out of college to serve our nation. I
2 am a veteran of Operation Enduring Freedom,
3 Operation Iraqi Freedom, and Operation Noble Eagle.
4 In transitioning back to college--I want to make a
5 difference in my college community, so I ran for
6 the board of trustees. As a stakeholder in higher
7 education and a representative of all the talent
8 currently attending Stockton, I am deeply concerned
9 about our future.

10 The American higher education system is
11 facing a social stratification with the proportion
12 of low-income and middle class students being
13 replaced more and more by the sons and daughters of
14 higher income families. According to the Brookings
15 Institute, there is a 20 percent decline in state
16 investment in higher education for the past 25
17 years, so tuition and fees have risen dramatically.
18 The top family income quartiles have a 75 percent
19 chance to go to college, and the lowest families
20 have less than a 10 percent chance to attain a
21 college degree. We need to bridge the gap of
22 social and economic inequality that higher
23 education is producing in American society by
24 increasing access and affordability for all

1 Americans, regardless of socio-economic background.

2 I also have economic concerns. In Thomas
3 Friedman's book "The World is Flat," he paints a
4 clear and vivid picture of the global village. As
5 automotive, textile, mill, and factory jobs
6 increasingly go overseas, Americans must adapt and
7 change by going back to college to acquire new
8 knowledge skills and abilities to be competitive in
9 this global economy where human capital is
10 critical.

11 China produces 600,000 engineers, and
12 America produces 70,000 engineering graduates. The
13 United States has fallen behind the United Kingdom,
14 Singapore, France, Ireland, South Korea, and other
15 countries in the proportion of 24-year-olds with a
16 college degree. According to the American Council
17 on Education, younger Americans are falling behind
18 young people of other nations in college enrollment
19 and completion rates.

20 While the United States is still a world
21 leader in a proportion of Americans ages 35-64 with
22 a college degree, it ranks seventh on this measure
23 for 25-34-year-olds. In order for our nation to be
24 competitive in a global village that transcends

1 borders, we must set a national vision to invest
2 more funding into higher education.

3 I would like for you to take away from my
4 speech five action items as recommendations to
5 advance higher education in America.

6 Action item number one, we need to
7 increase access and affordability. We need to
8 bridge the gap of social stratification of low-
9 income middle class families. One set of measures
10 that the Department can take is to adopt a five-
11 point plan for manageable student loan debt that
12 you have heard about from many students across the
13 nation.

14 Action item number two, we need to create
15 a two-way process of communicating to the American
16 people the value of a college degree with the many
17 societal benefits that I have outlined. Right now,
18 most Americans see higher education as a road to a
19 higher paycheck rather than a conduit for a better
20 society. I urge you to fund stronger public
21 education efforts so that citizens and elected
22 officials make better informed decisions to keep
23 college opportunity more fully funded.

24 Action item number three, create national

1 programs to ease the transition of our veterans
2 returning home from the global War on Terrorism so
3 that they can fit back into society and enroll in
4 colleges and universities. I fear that with post-
5 traumatic stress disorder veterans will not be able
6 to attain a college degree unless we raise it as a
7 national issue. Many colleges and universities
8 refuse to accept military course work; therefore,
9 many veterans have to take course that they have
10 already received during military training, which
11 adds to the burden of cost for military veterans.

12 Action item number four, we must ensure
13 that public trust and accountability of the higher
14 education system with the American people. I am
15 working on a statewide level to address
16 accountability problems in New Jersey. While I
17 appreciate the Department's concern on this issue,
18 I believe these issues can be taken care of
19 locally.

20 Action item number five, we need to
21 develop strategic and short-term strategies for our
22 nation to be competitive in the knowledge-based
23 global economy, including collaborations with the
24 private sector and higher education. I know that

1 your recently formed Commission on the Future of
2 Higher Education is tackling this question, and I
3 look forward to the initiatives that come forth
4 from these proposed plans. However, I would
5 caution you to not take a one-size-fits-all
6 approach to standardized testing as part of these
7 initiatives.

8 In fulfilling these initiatives, we will
9 advance social and economic shortcomings that we
10 are facing in higher education. We will be a more
11 engaged society; we will contribute to the economic
12 prosperity of our nation, increase productivity,
13 and be even more competitive in the global economy.

14 Thank you for your leadership and high
15 resolve to making a difference for our nation. I
16 hope my comments today will help you in your
17 decision-making, and understanding of what college
18 students are facing. Thank you.

19 **DAVID BERGERON:** Thank you, Andrew.

20 [Applause.]

21 **DAVID BERGERON:** Andrea Kilroe.

22 **ANDREA KILROE:** Good morning.

23 My name is Andrea Kilroe. I am here from
24 Salem State College's SGA Office.

1 I am a senior on the brink of graduation
2 this summer, with a bachelor of science in business
3 with a concentration on entrepreneurship.

4 While this is a very exciting time for me,
5 the culmination of years of education, knowledge,
6 and skills being utilized and exposed, I have to
7 rush to find a job. My first job offer, I will
8 have to take, in preparation to repay the
9 outlandish loans that I have accumulated.

10 From one year at the University of Vermont
11 and four at Salem State College, I have accumulated
12 loans of approximately \$60,000. My \$60,000 in loan
13 debt is not as substantial as others, but, for me,
14 \$60,000 is disappointing and it is intimidating.

15 I have been working almost seven days a
16 week, two jobs, for the last four years to pay for
17 school, housing, and other necessities. That still
18 was not enough, and I have to rely heavily on loans
19 and financial aid. Working through college was
20 beneficial on many levels, but it also limited my
21 involvement in extracurricular activities.

22 As a member of SGA, I knew that I could
23 not take more responsibility, as my time was
24 consumed mostly by work and class. My

1 participation in other groups was constrained, as I
2 only had so much time to give. My college career
3 was full of worry about how I was going to finance
4 my next semester, pay for my books, and afford to
5 live.

6 The stigma with college graduation is you
7 are done with college. It is time to graduate,
8 start a career, start a family, and live a little;
9 not for me, and not for most other students. We
10 are looking at entering job markets starting
11 between \$20-50,000 a year and paying loan debts, as
12 well as getting a foothold in this world. For me,
13 I am expecting to find a full-time job and keep one
14 of my two current jobs just to pay off my loans.

15 Upon graduation, my hopes are to begin
16 raising capital for my own business. I wanted a
17 restaurant; however, with my ominous loan
18 repayments, my reason for obtaining a college
19 education, my dream, has to be postponed. Not just
20 my dreams are at stake, loans are affecting my
21 family, as well.

22 My mother was a child herself when she had
23 me, and did not have the luxury to save for my
24 future. To this day, I cannot rely on my mother's

1 income, as she now has two more children, ages
2 seven and eight, to send through college. She will
3 not only have the advantage to plan in advance, but
4 nothing she saves will be enough. She will have to
5 rely heavily on loans, as well. My brothers are
6 going to have to work as extensively as I have to
7 realize their degree and their dreams.

8 I am here on behalf of my two brothers and
9 their future college career. I do not want them or
10 any other student to be limited in the knowledge,
11 experience, and skills that they can achieve
12 because it resulted in too much of a financial
13 burden. I want all students to have the luxury of
14 participating in campus programs to make invaluable
15 connections and learn how to create change. I want
16 the students in college to have reassurance that
17 they have the cushion to wait for the right job,
18 because their loans are not looming so heavily on
19 their conscience.

20 Representing myself, my brothers, and all
21 students, I ask the government that is working on
22 behalf of its people to do something about the loan
23 repayment system. Adopt the five-point affordable
24 education program. With these changes to the loan

1 programs, student debt would be more bearable for
2 current and future students. We are not looking
3 for cheaper colleges and universities, but
4 improvement.

5 Thank you, and I hope that you will adopt
6 this program.

7 **DAVID BERGERON:** Thank you.

8 **DAVID BERGERON:** Julia Benz.

9 **JULIA BENZ:** I am Julia Benz from the Ohio
10 State University.

11 With me is Anna Griswald from Penn State
12 University.

13 We are here today representing the eastern
14 half of the Big Ten financial aid directors. You
15 saw several of them at the Chicago hearing. They
16 were represented by Susan Fischer and Dan Mann.
17 They submitted, at that time, a document that you
18 have as part of your hearing.

19 The two of us are here today to talk a
20 little bit about the post-November 1 regulations,
21 and my comments today are focused on a positive
22 direction negotiated rulemaking could take for the
23 2008-2009 years and beyond.

24 The amount of funding currently found in

1 all student aid programs is insufficient to meet
2 the needs of our students. ACG and SMART Grants
3 are a step in the right direction to help our
4 neediest students while furthering the nation's
5 interests in producing qualified students in
6 academic fields of critical importance.

7 The Secretary has acknowledged in her
8 responses to comments made to the community between
9 the interim rules and final rules published
10 November 1, 2006, for the 2006-2007 and the 2007-
11 2008 years that the administrative burden for
12 implementing the ACG and SMART Grant programs do
13 not warrant additional administrative cost
14 allowances, since the programs are intended to
15 parallel the Pell Grant Program in all aspects of
16 implementation.

17 My recommendation is to follow through
18 more closely on this concept of parallelism in
19 order to make eligibility for the new grant
20 programs more transparent and streamlined for
21 students. Have both the ACG and SMART Grant share
22 the same rules as the Pell Grant in two very simple
23 areas. First, all U.S. citizens and eligible non-
24 citizens qualify. Have continuing eligibility for

1 these need-based grant aid programs contingent on
2 satisfactory academic progress standards set by
3 schools. These two small adjustments would go very
4 far in allowing more needy students to access the
5 programs and to ensure their continuing eligibility
6 on their date of graduation. Don't implement more
7 barriers for needy students to accomplish the
8 ultimate goal of getting the degree.

9 Now Anna will talk.

10 **ANNA GRISWALD:** Thank you.

11 Anna Griswald from Penn State. We
12 appreciate the opportunity to be here today and
13 offer comments.

14 As Julia mentioned, our colleagues in the
15 Big Ten institutions have given some serious
16 consideration to all of the provisions that came
17 out of HERA, so we appreciate the opportunity to
18 speak to those.

19 We represent some half million students
20 that are enrolled collectively across the Big Ten
21 institutions, and we administer, collectively, just
22 over \$2 billion in federal student aid each year.

23 What I would like to comment on, and to
24 not be too redundant, is many of the comments we

1 have heard, especially so well-stated by our
2 students. Specifically, we acknowledge that,
3 within HERA, we did see an increase that will go
4 into effect this next year to the borrowing limits
5 to the freshman and sophomore--the first two years
6 of student borrowing. While we are appreciative of
7 this and acknowledge that is certainly a step in
8 the right direction, we believe this is
9 insufficient and that much more needs to be done,
10 and we hope the Department will take a lead in
11 encouraging the opportunity for students to access
12 low-interest loans to a more sufficient degree.

13 We also noted that the aggregate borrowing
14 limits within the federal loan program were not
15 increased concurrently with the increase in the
16 annual borrowing limits, and we believe that this
17 should be corrected, and that the aggregate limits
18 also increased. As we talk about student loans, we
19 talk first; however, about the extreme importance
20 of access, especially for low-income students and
21 many moderate-income students today, the Pell Grant
22 program is absolutely essential for that. We would
23 be remiss not to state very clearly our fundamental
24 and primary support for everything possible being

1 done to support grants, especially for low-income
2 students.

3 Realistically, though, we know that grants
4 will not ever be able to address the full needs of
5 students. To that end, student loans are where we
6 must turn. This is not necessarily bad if a
7 program is crafted well. The concerns shared by my
8 Big Ten colleagues and many of my aid director
9 colleagues across the country--and I would add that
10 earlier this year, about 70 of us met to actually
11 discuss this very issue and concern, and that is,
12 given the inability to borrow sufficient amounts of
13 money through the federal loan program, that
14 students in alarmingly large numbers are turning
15 more and more out of necessity to private education
16 loans. These are typically far more costly loans
17 to students.

18 This, I don't believe, was an intended
19 method of proceeding with how students would
20 finance education, but, in fact, this has occurred.
21 There are many inequities in allowing this approach
22 to continue, in that low-income students often are
23 without sufficient family backing in terms of
24 parents being able to serve as cosigners, or being

1 credit-worthy enough to borrow through these more
2 consumer-based loans.

3 The discussion that we had earlier this
4 year among aid administrators, hearing every day
5 what we just heard from students here today, as we
6 sat across the desk from them trying to piece it
7 all together, we believe that it is time and that
8 it is possible for the country to offer one single
9 loan source. Students are now borrowing from
10 multiple sources that they have to repay. We
11 believe it is possible to have one single loan
12 program accessible to all students, regardless of
13 their credit rating or their parents' ability to
14 cosign, and that such loans can be of a more
15 reasonable interest rate.

16 To compliment that, knowing that
17 students--and not to encourage students to borrow
18 more, but knowing that is the necessity for many to
19 compliment this ability to borrow up to their need,
20 minus any other financial aid, we fully support
21 what we have heard many of the students say today,
22 that the project on student debt and its five-point
23 plan for balancing the ability to borrow and access
24 funds, also with the ability to make reasonable

1 repayment.

2 So, with that, I will conclude my
3 comments, and we thank you again.

4 **DAVID BERGERON:** Thank you.

5 The one comment I want to make is that one
6 thing we can't do with through regulations is
7 change underlying law. So things like requirements
8 that students maintain certain GPAs, that students
9 are U.S. citizens, in the cases of the ACG and
10 National SMART Grant, and loan limits are statutory
11 provisions, which we cannot change through
12 regulation, just so people are aware.

13 **ANNA GRISWALD:** I think it is a matter of
14 record, in the spirit of also giving input to other
15 issues that, hopefully, will find their way into
16 reauthorization in the future.

17 **DAVID BERGERON:** We appreciate that. I
18 just wanted to make sure that it was on the record
19 that we do not have the authority to change statute
20 by regulatory actions of the agency.

21 **DAVID BERGERON:** Robin Polo.

22 **ROBIN POLO:** Good morning.

23 My name is Robin Polo, and I am a
24 sophomore at Rutgers University.

1 I would just like to start out with
2 expressing my appreciation for you guys taking time
3 out of your hectic schedules to listen to our
4 petitions in regard to student loan debt.

5 I am here today not only to suggest
6 manageable alternatives to the current student loan
7 debt programs, but to help you match a statistic to
8 a face. I am the first in my family fortunate
9 enough to be at the university level, yet, on a
10 daily basis, I struggle with the idea on how much
11 student loan debt I am anticipating to graduate
12 with, approximately \$50,000. This number shakes me
13 so much that I am constantly considering dropping
14 out of school, just because I do not see how I can
15 manage these loans after graduation.

16 I, like many of us here today, fully
17 support myself. I had it tough growing up, so my
18 reality is that I have no choice but to fund my
19 entire education with student aid, mostly in the
20 form of loans.

21 So, to educate myself or not to educate
22 myself? This is a question that turns through the
23 minds of high school seniors everywhere--the fact
24 that students are unable to pay for their higher

1 education, and the fact that we will not be able to
2 manage graduating without outrageous debts prevents
3 millions every year from attending universities. I
4 still answer this question by choosing to go to
5 college despite the burden.

6 Herbert Spencer said, "The great aim of
7 education is not knowledge, but action." I believe
8 this 100 percent. If I am denied or discouraged
9 financially to the point that I, too, feel that
10 there is no choice but to prematurely end my
11 college experience, I might as well fall asleep and
12 never wake up. I will be giving up a dream of
13 equality and justice and other principles I care
14 very deeply about, and I know that a college degree
15 will help me maintain that.

16 But here I am, still in college. At
17 Rutgers, I have developed a deep passion for two
18 things: I want to help people, and I love the
19 theater arts. I would love to go into education.
20 I would love to go overseas and teach English. I
21 would love to travel to places whose communities
22 are in severe need of aid and assistance, and that
23 includes here as well as abroad. I would love to
24 use theater as a means to influence the minds of

1 today so that they may look on social issues and
2 find them as alarming as they really are, as well
3 as help people find compassion for those of us who
4 are suffering these issues.

5 I would love to teach in inner city
6 schools and inspire young people through the arts.
7 I would love to help mold the personalities of our
8 future generations so that they may think in a way
9 that would benefit themselves and others without
10 having to sacrifice their individuality or voice.
11 I could go in any direction, obviously, but then
12 there is the reality of any one of these paths once
13 I graduate, the low starting salary and the high
14 debt burden I will carry.

15 The question that I have not received an
16 answer to thus far is, "How I am going to be able
17 to take positive action in my society under these
18 circumstances?" Can I afford to do it? Will I be
19 consumed with debt, or will I be able to make it?
20 Right now, some loans can tie the monthly repayment
21 to monthly earnings, but others don't. Can I go in
22 the direction that I want to go in, or will I have
23 to choose otherwise?

24 Even now, as a full-time student, I have

1 to work full-time on top of the debt that I am
2 accumulating. Think of how many students are in
3 similar positions, and how much community
4 involvement and potential is being suppressed by
5 those of us who have the strength and the energy in
6 the prime of our lives to accomplish great things,
7 but no time in which to do so.

8 I know the U.S. Department of Education
9 wants to promote higher education and be
10 encouraging to our future generation, but, right
11 now, all the cutbacks and rate hikes communicate
12 the opposite. The government is becoming an
13 obstacle in itself to our ability to succeed.

14 So I ask that you hear me out on these
15 suggestions. First of all, increase the
16 attainability of loans for those students who do
17 not have anyone to cosign for them. Lower the age
18 for students to be declared independent so their
19 parents' income is not factored into their aid
20 package.

21 Second, allow loans to be forgiven after
22 20 years if borrowers have met their contractual
23 obligations. Sometimes borrowers won't be earning
24 the higher salaries, and the loans simply should be

1 forgiven when that happens.

2 Third, take into consideration the field
3 of work in which a college graduate is going into
4 and adjust the loan payment according to their
5 expected income. Make sure this provision is
6 included in all the federal loan programs, not just
7 one or two.

8 In conclusion, by giving back to the
9 students through more manageable loan rules, we
10 will be able to be strong members of society, and
11 we will be able to think less about ourselves and
12 more about others. I believe so strongly in
13 education, and not only what it can do for me as an
14 individual, but what it can allow me to provide
15 back to my community. Help me, and I will help
16 you.

17 Thank you.

18 **DAVID BERGERON:** Thank you, Robin.

19 **DAVID BERGERON:** Rosario Matos.

20 **ROSARIO MATOS:** Good morning.

21 My name is Rosario Matos, and I am a
22 sophomore from Rutgers University in New Brunswick,
23 New Jersey. I have traveled all this way to urge
24 the Department of Education to do the right thing

1 and ensure that loan repayment terms for college
2 students are fair and manageable.

3 As a young woman looking to the life ahead
4 of me, a life of financial struggle and loan
5 repayment, I decided to take action by first
6 testifying before you today. Secondly, I volunteer
7 on campus to get my student government, student
8 leaders, and other to get involved on campus around
9 college affordability issues.

10 We have held photo shoots throughout New
11 Jersey on public college campuses to create the New
12 Jersey Student Debt Yearbook. It is a personal
13 account of hundreds of students from New Jersey who
14 have had loan debt and who think it is becoming
15 unaffordable. I have only made one copy, but you
16 can see it and over 4,000 other students at
17 www.studentdebtalert.com.

18 We have also held numerous events, such as
19 department awareness informational sessions, and
20 conducted editorial writing to local and statewide
21 newspapers. At the end of the semester, I am
22 inviting several local political representatives to
23 speak about student loan debt on campus. This will
24 not only shine more light on the issue, but also

1 encourage and increase the political mindset on our
2 college campuses.

3 Personally, through my volunteering, I
4 have become involved on a grander scale with New
5 Jersey and federal politics, because of how closely
6 we must work with these institutions to get the
7 change we seek. I have become a political animal.

8 [Laughter.]

9 **ROSARIO MATOS:** Just yesterday, I voted
10 for the first time. I don't know how I would ever
11 know my own power as a citizen if it were not for
12 the experiences I have gotten in college getting
13 involved. No one can deny the importance of the
14 college experience to the success of an individual
15 and the environment in which he or she lives.
16 Colleges expose students to new perspectives as
17 they come into contact with fellow students from
18 around the world. Universities provide the
19 breeding ground for intellectual pursuit and social
20 advancement.

21 These are the reasons why it is important
22 for every person to have an equal opportunity to
23 further their education. It is funny how
24 university students can do so many things, but why

1 is it hard for the average Joe Somebody to attain a
2 degree?

3 As a college student, I know all too well
4 the pressure involved in producing the thousands of
5 dollars each year I need to pay for my education.
6 This past year, as a work study student, I worked
7 fifteen-and-a-half hours a week to ensure that I
8 would have enough money to pay for high-priced
9 textbooks, train tickets home, food, school
10 supplies, and other daily living expenses. I work
11 hard during the summers to raise the money needed
12 for this current semester. Unfortunately, I have
13 no way to come up with the additional \$3,000 I need
14 to pay for my spring semester at Rutgers, taking
15 out an additional loan is my only option.

16 In the future, I want to see the world and
17 study ancient peoples as an archaeologist, because
18 I think only with a solid understanding of our past
19 can we move forward in the most thoughtful way as a
20 society. Archaeologists don't exactly bank the big
21 bills, and, on top of this, many years of graduate
22 and post-graduate study are needed. This means
23 more money for school and growing debt. Every day
24 I wonder if I should keep on the same track or just

1 give it all up because it is so expensive.

2 My roommate, Mary Rose Bartholomay Fabara
3 is pursuing a career in social work. We both know
4 that the thousands of dollars she owes in loans
5 will be disadvantageous, as social workers get only
6 enough in wages to scrape by. Adding large monthly
7 payments, along with low wages, will increase the
8 stress level in her life in the coming future, even
9 as she acts to relieve the stress of others. Mary
10 Rose must, too, decide if becoming a social worker
11 is worth such high financial costs.

12 It is unfair that the people we need in
13 our society most, such as teachers, social workers,
14 and humanitarian workers are compelled to switch
15 careers because of loan debt. Loans are an
16 essential means of funding a college education, but
17 the benefits might be outweighed by the job acts,
18 as they hinder students from going into the careers
19 that our society needs.

20 Loan payment options are limited. As it
21 stands now, some loans do not take into
22 consideration current financial situation, nor
23 family situation. Instead, the loan programs slam
24 a borrower with a flat 6.8 percent interest rate

1 months after college ends and must be paid. While
2 the best solution to this problem would be to
3 increase federal aid programs like the Pell Grant,
4 it is not possible for the Department of Education
5 to do this without congressional approval. What
6 the Department of Education can do is to adopt the
7 five-point plan being endorsed by the student
8 groups, like New Jersey PIRG, across the nation.

9 We students need more incentives to
10 continue our education on the right track, such as
11 monthly income and family size being taken into
12 account when calculating monthly payments. Please
13 help ensure that loan repayment becomes fair and
14 more manageable.

15 Thank you.

16 **DAVID BERGERON:** Thank you.

17 **DAVID BERGERON:** Michael Shawe.

18 **MICHAEL SHAWE:** Hello.

19 I am Mike Shawe, and I am Rutgers
20 University student.

21 I want to be a journalist. I want to be
22 one of those independent investigative reporters
23 who exposes corruption and reaffirms the American
24 democracy, but I am going to have great difficulty

1 pursuing this important profession, because, by the
2 time I finish my undergrad work, I will be over
3 \$35,000 in debt, with approximately \$20,000 of that
4 being private loans. I get no financial assistance
5 from my family, despite the fact that their income
6 counts toward the type of aid that I qualify for.
7 I am going to be drowning in solitary debt.

8 Last year, the state of New Jersey cut the
9 Rutgers budget drastically, giving up tuition and
10 fees and forcing us to rely even more heavily on
11 loans to pay for college. At the same time,
12 Congress cut the student loan program by \$12
13 billion. Thus, in New Jersey, it is becoming
14 financially impossible to even attempt to get where
15 you want to be through a college degree.

16 Higher education funding should be
17 restored, and college loans should be made more
18 affordable for several reasons. Higher education
19 is the best weapon against poverty. If you want to
20 fix poverty in America, then educate the poor.
21 Give them opportunities to climb out of the
22 hopeless cycle of poverty and they will not
23 disappoint. If it were not for the federal and
24 state aid that I get, then students like me would

1 not be in college, but that aid is not going as far
2 as it used to.

3 Second, an educated and informed public is
4 the greatest weapon against tyranny. If we allow
5 the federal funding to erode further, the poor or
6 even middle class families will be unable to attend
7 college. And if college is only populated by a few
8 rich patrons, then that threatens one of the
9 assumptions of our Founding Fathers to defend
10 democracy, which is that the masses be informed and
11 educated.

12 I cannot imagine who I would be if it were
13 not for the fact that I am in college and that I am
14 able to take advantage of all the resources there.
15 I have learned to respect authority, but to also
16 challenge injustice at every turn. I have become
17 an intelligent, self-sufficient participant in the
18 community and the marketplace. I have learned to
19 reach out, now that I see that the American ideal
20 of everybody getting equal chance to work towards
21 success is possible. College honestly and truly
22 saved my life. I have transformed from a silent
23 victim into a hard-working American who wants to
24 give back.

1 What you get by investing federal dollars
2 is real results. You have the chance to make this
3 country better by simply assisting students who are
4 paying more than their fair share of college
5 tuition by making our loans more affordable. If
6 you make these rule changes, we will respond with
7 hope, and believe me, we will not disappoint.

8 Thank you.

9 **DAVID BERGERON:** Thank you.

10 **DAVID BERGERON:** Andrew Friedson.

11 **ANDREW FRIEDSON:** Good morning.

12 **DAVID BERGERON:** Good morning.

13 **ANDREW FRIEDSON:** My name is Andrew

14 Friedson. I am a junior at the University of

15 Maryland, College Park.

16 Good morning. Thank you for convening
17 these hearings on how to make college affordable.

18 I appreciate the opportunity to bring testimony.

19 As you know, in February, Congress
20 finalized passage of a bill that cuts almost \$12
21 billion of aid from the student loan programs.
22 This funding cut, accompanied by rising tuition,
23 has made it increasingly difficult for our generation
24 to pursue higher education degrees.

1 As the Director of Governmental Affairs
2 for the Student Government Association at the
3 University of Maryland, College Park, I propose
4 that the U.S. Department of Education negotiated
5 rulemaking process must aim to make student loan
6 repayment rules more fair and manageable.

7 The word "university" comes from the Latin
8 "universus," which means "whole," "aggregate,"
9 "entire." Too often, we get so caught up in
10 curricular pursuits that we forget about how
11 pivotal co-curricular and extracurricular
12 activities are to one's education. The idea of
13 being whole, or well-rounded, as we commonly say,
14 implies the opportunity to engage in activities
15 outside of, and alongside, book and classroom
16 activities. In my view, they are the very thing
17 that sets the undergraduate college experience
18 apart from secondary school graduate and post-
19 graduate experiences.

20 The rising costs and deepening debt are
21 stopping students from these key opportunities.
22 Take my friend Lynne, for instance. She attended
23 Albright College for a semester. Although Lynne
24 loved Albright College, its \$36,000 and rising

1 tuition proposed such a burden on her after
2 graduation that she decided to transfer to the
3 University of Maryland. Several credits did not
4 transfer over, so now she is forced to take a
5 significantly heavier course load. She receives a
6 Stafford Loan, which does not cover her full
7 tuition, and caused her to take out additional
8 private loans for her to be able to stay in
9 college.

10 Aside from her six classes, Lynne is
11 forced to work two jobs to cut her tuition costs
12 and put her in a position to pay off her loans
13 after graduation. Needless to say, Lynne has no
14 opportunities to engage in any extracurricular
15 activities, and has a difficult time aggressively
16 pursuing her academics because of how strapped she
17 is for time and energy.

18 Unfortunately, Lynne is not an exceptional
19 case at all. Countless students face the same
20 circumstances. Meanwhile, at the same time Lynne
21 is struggling, I have taken full advantage of my
22 college years by working hard in the classroom
23 while participating in numerous extracurricular
24 activities. I could not imagine my time at the

1 University of Maryland without the plethora of
2 extracurricular possibilities readily available to
3 me.

4 Along with my participation in student
5 government, I am also an active executive board
6 member of a fraternity, which has enabled me to
7 become Chief Justice of the entire Inter-fraternity
8 Council. I formally served on the Dean's Student
9 Advisory Council for my college, where I met
10 regularly with the Assistant Dean to discuss how to
11 better the college for students. In that capacity,
12 I also served on the committee to select the
13 commencement speaker for fall graduation, and made
14 recommendations to the Dean on how to appropriate
15 the over \$300,000-plus technology fee money the
16 college receives from the Provost.

17 As a member of the university senate last
18 year, I had the opportunity to meet with faculty
19 members, deans, and administrators, including the
20 university President, Provost, and President's
21 Cabinet. These experiences have allowed me the
22 opportunity to pursue my full educational
23 potential. These invaluable skills of interviewing
24 and being interviewed, meeting with and persuading

1 administrators and faculty, and even lobbying
2 before you today are educational experiences which
3 cannot be learned in a classroom, and simply cannot
4 be substituted.

5 Unfortunately, over one-third of my
6 cohorts are more like Lynne and less like me.
7 Though they take my same midterm and final exams
8 and hear the same lectures, they do not share my
9 same pedagogical opportunities. The only
10 difference is that I can afford the tuition bill
11 and they simply cannot.

12 Due to loan debt, rather than learning
13 their way through college, these students are
14 working their way through it, and this is just
15 something that is sad. Work, of course, is not
16 always a bad thing; however, I strongly believe
17 that university students, the best and brightest of
18 our young adult population, should have the
19 mobility to decide where, and whether, they will
20 work.

21 For instance, the past three jobs I have
22 taken were as an intern in the Maryland House of
23 Delegates as a deputy field director of a local
24 campaign, and as a congressional intern in the

1 Whip's office. The ability to take advantage of
2 these unpaid internships has given me more than
3 just work experience or something to put on my
4 resume. In fact, I walk away from these
5 experiences with skills, connections, and a
6 constantly renewing passion for civil service. The
7 same skills, connections, and deepening social
8 commitment are most likely not earned by the large
9 number of students working 30-plus hours a week
10 just to minimize their loan debt.

11 Most disheartening to me, perhaps, is the
12 number of young people who could be at the
13 University of Maryland or similar schools, but
14 cannot afford to do so because of the high cost.
15 Among the 400,000 college eligible high school
16 graduates who are forced not to attend college are
17 many bright individuals who could be my classmates.
18 Regrettably, I will never have the privilege to
19 meet, study, and work with these bright
20 individuals. Countless students, those who could
21 be the next university president, the next editor
22 of the campus newspaper, or, eventually, a
23 scientist, surgeon, entrepreneur, or politician
24 lack the opportunity to reach their full potential.

1 Although my hopes for change may seem
2 selfless, I must admit that I plan to attend law
3 school, and that I will need to take out loans to
4 pay for it. However, I also have other goals that
5 conflict with this one, given the current loan
6 repayment rules. I would like to work in the
7 public sector at some point after pursuing a law
8 degree. I have contemplated applying for Teach for
9 America, working at a non-profit, or perhaps
10 working for, or as, a public defender.

11 Although programs like Teach for America
12 offer a stipend for graduate school or professional
13 school, they do not mitigate the incredible burden
14 that debt will cause. Working at a non-profit or
15 with a public defender will fail to put me in a
16 realistic position to pay off my loans.

17 We need to fix our system so we are not
18 discouraging participation in public sector jobs,
19 but are encouraging and promoting it. A young
20 passionate person should never be denied the
21 ability to give back to society because of his or
22 her loan debt.

23 I recognize that the Department lacks the
24 ability to overturn the Budget Reconciliation Plan

1 passed by Congress in February, which would be a
2 huge step in making loans more manageable.
3 However, there are still changes within the scope
4 of the Department's power that can be made to the
5 student loan repayment program that will reduce the
6 hardships placed on borrowers. I urge the United
7 States Department of Education to adopt the five-
8 point plan for manageable student loan debt. We
9 must view our educational system, both K-12 and
10 higher education, as the greatest education that
11 our society can make in its future. Better than
12 bonds, and stocks, and real estate, attaining a
13 college degree is the best way to ensure that the
14 future of our nation is secure.

15 The student loan program has helped
16 millions of students get to that future, but it is
17 starting to have detrimental consequences. In
18 order to have a return on the education investment
19 for which the student loan program was designed, we
20 must allow borrowers a chance to repay their loans
21 and give back to society in a fair and manageable
22 fashion. If only we could accomplish that, all of
23 society succeeds.

24 I appreciate you giving me the opportunity

1 to speak on this important issue, and your
2 understanding that we need to improve the current
3 loan debt situation. Thank you.

4 **DAVID BERGERON:** Thank you.

5 **DAN MADZELAN:** Thank you.

6 **DAVID BERGERON:** Emma Simpson.

7 **EMMA SIMPSON:** Good morning.

8 My name is Emma Simpson, and I am the
9 President of the Student Body at the University of
10 Maryland, College Park, the state's flagship
11 institution.

12 Before I begin, I would like to thank you
13 for having this hearing this morning. I knew that
14 I walked into the right place and I am testifying
15 to the right group when, on the wall, the mission
16 says that it is here to create equal access to
17 education.

18 Making two-year and four-year institutions
19 accessible to all students is critical. An
20 educated work force has been credited for much of
21 our country's economic prosperity over the past
22 century. For Maryland, in particular, a 2001 study
23 showed that the University System of Maryland,
24 which includes 11 public institutions, is

1 responsible for billions of dollars in additional
2 state revenue due to graduates' increased earnings.
3 I am sure you have heard those numbers before, and
4 most people can probably agree on the importance of
5 higher education. Instead, it comes down to a
6 numbers issue.

7 As I proceed with my testimony, I want to
8 stress that higher education is an investment. The
9 more money that is put in now, the more it will pay
10 off in the long run. A 2005 study titled "The
11 Value of Higher Education: Individual and Societal
12 Benefits" documents the numerous individual,
13 community, and general societal benefits associated
14 with an educated work force. For example,
15 investing in today's students is likely to increase
16 the probability that their own children will go to
17 college and increase the economy's output and
18 income when they enter the work force themselves.

19 If, however, the cost of a college
20 education becomes too burdensome, I fear we will
21 see negative consequences. For one thing, I am
22 concerned it will lead to a substantial decrease in
23 public service. Personally, I am in the
24 International Development and Conflict Management

1 Program at the University of Maryland, with a group
2 of my three peers that highly value public service,
3 but I have been disappointed as senior year goes
4 on, and as friends are searching for jobs, to hear
5 how many of them talk about finding the highest
6 paid jobs so that they can pay off their loans.

7 My boyfriend serves as a perfect example.
8 For the past three years, he has talked about going
9 into public interest work, but now, as he is
10 planning to take on tons of loans for law school,
11 he has told me recently that public interest law is
12 not profitable enough to pay off loans and raise a
13 family.

14 I am also concerned that, with tuition
15 rates on the rise, the share of income put towards
16 debt payments will become too great and leave many
17 recent graduates in poor financial situations. My
18 parents did not pay off their student loans until
19 they were well into their 40s, the result of paying
20 for four years of college, professional school and,
21 of course, kids. Aside from \$1,000 they managed to
22 stash away for me, and \$1,000 for each of my
23 siblings when we were born, my parents did not have
24 the chance to invest until they were in their 50s.

1 This is dangerous for an ownership society.

2 Before I conclude, I would like to provide
3 a brief overview of the situation at Maryland. Over
4 the past few years, tuition has increased by 44
5 percent. In one year alone, there was a tuition
6 increase at the start of the academic year, and
7 then one halfway through the year. A girl living
8 on my floor had to move back to her parents' house
9 to afford school, and a second one on my hall had
10 to drop out completely because of cost.

11 While we are still a state school, and
12 considerably more affordable than private schools,
13 no parent can call it cheap. College Park's
14 tuition, textbook prices, mandatory fees, and room
15 and board now amount to \$20,303 per year for in-
16 state students, and \$33,742 per year for out-of-
17 state students. For parents of in-state students,
18 our university is probably the best option, yet
19 that is still a price tag of \$82,000 for four
20 years. Loans are necessary for many students to
21 cover the costs, yet we are all taught about the
22 dangers of being in debt.

23 To avoid massive amounts of debt when they
24 graduate, many students work one or two jobs during

1 the school year. While there is conflicting
2 research on the actual impact of employment on
3 academic achievement, there is an important
4 difference to note in the types of employment.

5 This year I am serving as the Student Body
6 President, a role that takes 30-50 hours a week.
7 It is an extremely stressful role, and I do not get
8 paid, but my position will pay off endlessly with
9 the skills I have acquired and the experiences I
10 bring to the table. For students who are forced to
11 find paid work, there are few paying jobs that will
12 give them the leg up in the career field. The
13 student with a job at the campus recreation center
14 or the dining hall will not compare to the student
15 who has an unpaid internship at the Smithsonian
16 Institution or an undergraduate research position
17 with a professor.

18 I have been an undergraduate teaching
19 assistant for two government courses. I have co-
20 taught a freshman introductory course for two
21 years. I was a policy intern at an advocacy
22 organization in Washington, D.C. I was the
23 President of the Student Global AIDS Campaign on
24 campus for two years, and I served on the National

1 Steering Committee. I was the Vice President of
2 Academic Affairs for the SGA, and now I am the
3 Student Body President. These are educational and
4 leadership opportunities I have had because I have
5 not had to pay for college and because my parents
6 could afford the costs of education.

7 For many students, however, these
8 opportunities are not available. We pride
9 ourselves on providing equal opportunities, but I
10 can recognize the tremendous privileges I have had
11 because of my ability to go through college without
12 mounting debt, and my ability to take on unpaid
13 positions.

14 Thus, I am here today not to advocate on
15 my behalf, but on behalf of the 10,000 or so
16 students at Maryland who will graduate with debt.
17 I urge you to support the five-point plan for
18 making the cost of college more manageable. It
19 will have an incredible impact on these 10,000
20 students at Maryland, the students at numerous
21 other institutions, and society at large.

22 Thank you.

23 **DAVID BERGERON:** Thank you, Emma.

24 With that, we have concluded the list of

1 witnesses that we have for this morning. We will
2 reconvene at quarter to 1:00? 1:00? 1:00.

3 I am looking at my director over in the
4 corner. Thank you, Mary.

5 **DAN MADZELAN:** Always check with the boss.

6 **DAVID BERGERON:** So we will reconvene at
7 1:00. Thank you all.

8 [Recess for lunch at 11:54 a.m.]

9

1 AFTERNOON SESSION

2 [1:05 p.m.]

3 **DAVID BERGERON:** We are going to get
4 started in just a minute. Actually, we are about
5 three minutes late, which I hate to be three
6 minutes late when we start the afternoon, but I
7 think we are going to be fine.

8 We have witnesses signed up until about
9 3:50 at this point, so we actually may be done by
10 4:00, which, if you asked me at the start of the
11 day if would get that point by that time--but we
12 will be pretty close, I think, to completing at the
13 end of the day.

14 Our first witness this afternoon is going
15 to be Constantine Curris.

16 **CONSTANTINE CURRIS:** Thank you very much.

17 I am pleased, as President of the American
18 Association of State Colleges and Universities to
19 have this opportunity to comment on several issues
20 of major concern to our membership, which includes
21 430 public colleges and universities and higher
22 education systems.

23 Prior to assuming the ASCU presidency in
24 1999, I had the privilege to serve as a university

1 president at three institutions, beginning in 1973.
2 During my 33 years in higher education, many
3 changes, many of them good, have occurred, but none
4 has been more damaging to students and their
5 families, and, I believe, to the nation as a whole,
6 then the extraordinary rise in student
7 indebtedness.

8 Today, that indebtedness retards our
9 longstanding goal of ensuring access and
10 opportunity, as well as impacting the career
11 choices and economic opportunities for our
12 graduates. We have created a new debtor class, our
13 graduates, and its ranks are swelling.

14 The causes for this unfortunate
15 development are many, and there is no single or
16 simple solution, but several of the steps to
17 address the problem of excessive, onerous
18 indebtedness can be addressed by the United States
19 Department of Education through these negotiated
20 rulemaking procedures and the decisions that will
21 follow.

22 One of ASCU's major concerns on behalf of
23 borrowers in the loan program is the lack of
24 repayment provisions that allow borrowers maximum

1 flexibility relative to their incomes and the size
2 of their debt. We understand that, while graduates
3 from the past five years have, on average,
4 experienced extraordinary difficulty in repaying
5 their loans. Nevertheless, as college costs,
6 amounts borrowed, and interest rates have recently
7 increased and are increasing, a growing proportion
8 of borrowers will not be able to manage their debt
9 under traditional repayment plans.

10 We call attention to the proposals of the
11 project on student debt to make loan repayment more
12 manageable and equitable. We believe that the
13 income-contingent repayment program and economic
14 hardship deferments are solutions that should be
15 widely and easily available for borrowers whose
16 debt-to-income ratio has made it impossible for
17 them to repay on more traditional amortization
18 plans. We urge the Department to work with the
19 higher education and lending communities to make
20 information about these additional repayment plans
21 more widely available.

22 Secondly, as you may know, ASCU has
23 endorsed the recommendations of the Secretary's
24 Commission on the Future of Higher Education. We

1 are committed to accountability to the public as
2 emphasized in the Commission Report. That report
3 clearly asserts that continued public support is
4 not automatic, but would be contingent upon our
5 responsiveness to the educational needs of our
6 fellow citizens, and our assistance to the states
7 and the nation in this critical time of economic
8 and social readjustment.

9 Regardless of the data system used to
10 collect information about our students and our
11 institutions, we strongly urge the Department to
12 make much needed changes to the outcomes data now
13 collected in the form of graduation rates. The
14 definition of graduation rates mandated in the
15 statutes and regulations is outmoded, and has been
16 overtaken by changing student populations. The
17 number of part-time and older students on our
18 campuses has grown considerably during the last
19 generation. At the same time, alternative
20 attendance patterns related to life and career
21 choices have emerged, giving rise to terms such as
22 "stopping out," and to patterns such as students
23 attaining associate degrees after they completed
24 their baccalaureate. What is currently collected

1 has virtually no validity and, in truth, its
2 publication misleads the public.

3 We believe the Department has the
4 necessary authority to modify its current
5 requirements for institutional reporting in this
6 area, and still meet the minimum requirements of
7 the statute and regulations. ASCU believes that
8 colleges and universities have a responsibility to
9 communicate clearly and effectively about their
10 stewardship of the public's investment in them.
11 Policymakers and the general public need better
12 data and more meaningful information, not simply
13 more data.

14 ASCU supports amendments to the Higher
15 Education Act that would require public disclosure
16 and dissemination of findings from final
17 accreditation reports. Additionally, ASCU
18 encourages the regional accrediting agencies to
19 broadly communicate their initiatives in assessing
20 student learning. As you may know, ASCU, in
21 collaboration with our sister association has
22 embraced a voluntary institution accountability
23 project to measure student learning in the context
24 of what we add in terms of value, and how we can

1 strengthen the undergraduate process.

2 The Department has announced that the
3 first panel of negotiated rulemaking will be on the
4 Academic Competitiveness Grant and the National
5 SMART Grant Program. ASCU has joined with the
6 University of New York in submitting recommended
7 improvements to the final regulations, and we
8 believe those comments should inform the discussion
9 of the first panel, and have proposed in a separate
10 letter that Mr. George Chin, University Director of
11 Student Financial Aid at SUNY be selected as one of
12 the negotiators. We support the Department's
13 efforts to implement the programs quickly and with
14 needed revisions, as those that we have proposed.

15 Lastly, we commend to the Department's
16 recommendations from the Commission on the Future
17 of Higher Education, calling for significant
18 increases in appropriations for the Pell Grant
19 Program and for restructuring student aid programs
20 to focus resources on assisting those students with
21 serious financial need.

22 I appreciate the opportunity to share
23 these concerns with you, and pledge our continued
24 constructive engagement. Thank you.

1 **DAVID BERGERON:** Thank you.

2 **DAVID BERGERON:** Dina Zarella.

3 **DINA ZARELLA:** Good afternoon.

4 My name is Dina Zarella. I am a social worker at
5 the National Association of Social Workers, and serve there
6 as a senior field organizer in our Government Relations and
7 Political Action Department.

8 NASW is pleased to submit comments to the
9 Department of Education regarding this negotiated
10 rulemaking. Founded in 1955, NASW seeks to enhance the
11 well being of individuals, families, and communities
12 through its work and advocacy. NASW has long advocated for
13 client's rights, self-determination, and client-centered
14 care.

15 NASW urges you to address the issue of fair
16 student loan repayment. Reducing debt burden is both an
17 area where you have the authority to regulate, and it is an
18 issue that your Commission on the Future of Higher
19 Education identified as a priority.

20 As the world's largest association of
21 professional social workers, with 150,000, NASW has members
22 across the United States who struggle to maintain their
23 social work careers while repaying their burdensome loan
24 debt.

1 Social workers enter the profession to make a
2 difference in their communities, but too many of them have
3 to move away from this career in order to pay for their
4 schooling and raise their families. Social workers
5 experience loan debt in a way many other advanced degree
6 professionals do not. For many social work jobs, you need
7 a master's degree to even qualify. Bachelor's level social
8 workers in a study for 2004 and 2005 were shown to have an
9 average loan debt of \$18,609, master's level had an average
10 loan debt of \$26,777, and doctoral level social workers
11 have an average loan debt of \$32,841.

12 In 2001, the median salary of social workers with
13 2-4 years of experience was only \$35,600. Over 20 percent
14 of social workers make less than \$30,000 a year. As you
15 can see, comfortably repaying loans well over \$18,000 is
16 quite difficult for new and experienced social works who
17 may make less money than most equally educated
18 professionals in much more lucrative careers. Social
19 workers provide services to people of all income ranges and
20 in all communities across the country. If we want to
21 maintain a high level of training for these crucial
22 professionals, we need to find ways to remove the barrier
23 of burdensome loan debt so that they can serve their client
24 base.

1 Unfortunately, the tools that are supposed to
2 assist borrowers with payments on federal loans are
3 inadequate, confusing, and inconsistent--too often
4 providing the wrong incentives. Without improved
5 protections for borrowers, the nation may see an increase
6 in default and bankruptcies, rather than an increase in
7 more productive graduates who can contribute fully to
8 society.

9 After four years of undergraduate studies and two
10 years of graduate studies, I entered the social work
11 workforce with over \$40,000 in loan debt and a starting
12 salary of \$22,000 a year. With interest over ten years, I
13 would pay double that amount back. I lived in Philadelphia
14 at the time, and my monthly \$600 loan debt payments ate up
15 half of my take home salary. It was difficult to find
16 adequate housing and to cover my basic needs on the
17 remaining \$600 per month. Within six months, I moved back
18 in with my parents in Chicago to restart my job search
19 process. My first job in Chicago paid slightly more, at
20 \$25,000 a year. I lived at home for several months before
21 I was able to afford a studio apartment. I am one of the
22 fortunate ones, because my parents were able to help
23 support me during my early career, but for too many social
24 workers, particularly mid-career returning social workers,

1 this is not possible.

2 Over the years, NASW has collected stories from
3 social workers who are desperately trying to repay their
4 loans, and I have a few of them here I want to share.

5 "The \$700 a month that my wife and I paid to the
6 government for our student loans and will pay over the next
7 30 years is money that inhibits us from living better lives
8 for us and our own children. This is true even as we help
9 many others to live better lives. My wife and I both have
10 master's degrees, and we both rehabilitate people with a
11 degree of measurable success, and we still, for example,
12 live in a mobile home with our three children. We didn't
13 get the degrees in order to get a better financial life.
14 We got the degrees in our fields of expertise in order to
15 help make the world a better place."

16 Another social worker says:

17 "I am a child welfare social worker at a child
18 family and services agency. I received my MSW, master's
19 degree in social work, in 1997 from Howard University. My
20 student loan debt is now up to over \$70,000, and I am
21 struggling to repay."

22 A licensed social worker in the state of West
23 Virginia talks about having worked in the field for 13
24 years, and then completing her MSW degree. Social workers

1 work in many fields and many different positions, and I
2 don't know any social worker, be it a child welfare worker,
3 or geriatric worker, hospital social worker, et cetera, who
4 makes enough money to easily pay back the loans they have
5 incurred to further their education.

6 "I know that I am going to have a loan balance of
7 \$20-30,000 to pay off when I graduate next May from my
8 program, and I will not make enough money to adequately
9 address my bills, but I still plan on working in the
10 field."

11 Another social worker talks about being a
12 graduate of Temple University:

13 "I completed the social work program in 2002 and
14 earned a BSW, a bachelor's in social work degree. I have
15 worked in the child welfare system for four years, and am
16 currently seeking assistance with loan forgiveness programs
17 as I am struggling to pay my student loan. I have been
18 accepted into a master's program to obtain my MSW, but am
19 putting that off due to my current loans."

20 As you can hear from these individual stories,
21 these are the types of people we want and need to be
22 serving our children, our parents, and our communities.
23 They will better be able to do so if provided reasonable
24 loan repayment options.

1 NASW concurs with the five-point plan presented
2 to the Department of Education in May, including limiting
3 student loan payments to a reasonable percentage of income
4 to 10 percent, and never more than 15 percent of income,
5 recognizing that borrowers with children have less income
6 available for student loan payments, preventing added
7 interest from making the problem even worse when borrowers
8 face hardship situations, canceling remaining debts when
9 borrowers have made income payments for 20 years, and
10 simplifying the process of applying for hardship deferrals.

11 NASW urges you to include these proposals in the
12 upcoming negotiated rulemaking. Our nation's economic
13 future depends on the education of our citizenry, and
14 student loans have become an embedded part of the financing
15 system for training beyond high school. Given the
16 important role of loans in making it possible to attend and
17 complete college, it is incumbent upon us to ensure that
18 loan repayments are not unfairly excessive. If NASW may be
19 of additional assistance, please do not hesitate to contact
20 me.

21 Thank you so much for allowing me to present this
22 testimony and for examining this critical issue.

23 **DAVID BERGERON:** Thank you.

24 **DAVID BERGERON:** Brandon Lozeau.

1 **BRANDON LOZEAU:** Hello. I would like to thank
2 you for letting us come today.

3 My name is Brandon Lozeau. I am a student at the
4 University of Massachusetts at Dartmouth, and I am a senior
5 double majoring in political science and French, with a
6 minor in economics, and also working on a certificate in
7 international marketing in French.

8 My family and I are all too familiar with student
9 loans and the financial burden that they are placing on my
10 future and the futures of so many other students who can't
11 afford to self-finance a postsecondary education. As
12 difficult as carrying debt is for me, it is more
13 unfortunate that there are thousands of families out there
14 who do not have the financial means of even sending their
15 child to a college or university. The U.S. Government and
16 the Department of Education must work harder and implement
17 policies that will allow for easier loan repayment and more
18 affordable access to higher education in this country.

19 I will be graduating from my university with more
20 than \$50,000 in student loans, and I actually plan on going
21 to grad school, which is going to cost me another \$30,000.
22 The interest rates on my loans have added more than \$5,000
23 to the amount that I must repay when I exit school. For
24 years, I have been interested in government and the public

1 sector, because I have come to realize how much government
2 affects the daily lives of millions of people in this
3 country every day. I feel as though my knowledge and
4 skills would be so useful in the public arena, but the fact
5 remains that I will not be able to afford to take a job
6 that I would love because of the financial constraints that
7 student loans have placed on me over the last three-and-a-
8 half years in matriculation.

9 Just the other day, I read an article that
10 stated, "The average annual starting salaries for students
11 graduating with a four-year degree in political science
12 have increased only one percent in the last year, to a
13 little more than \$33,000 a year." If one subtracts housing
14 costs, transportation costs, and other survival costs,
15 there isn't much left over to pay off the crippling student
16 loans. It seems our system for paying for college is now
17 actively discouraging the next generation from using our
18 skills to get involved and give back to the community. I
19 think that runs against what a college degree should be
20 about.

21 In America, we put so much emphasis on attending
22 colleges and universities after attending secondary school
23 because it is supposed to be the gateway to opportunity and
24 advancement for our country as a whole. Like so many other

1 things, actions speak louder than words. Every student
2 should have equal access to higher education in this
3 country. The Department of Education can provide student
4 loan repayment incentives to enter jobs that do not
5 necessarily attain high salaries, but are a great social
6 benefit, like teachers, social workers, and positions in
7 other public service sectors. And, of course, you can
8 adopt the five-point plan for manageable debt that is
9 promoted by many student groups here today and other
10 coalition organizations.

11 In the realm of education, not enough emphasis is
12 placed on the importance of higher education and making it
13 a universal right. Every child in the United States has
14 the right to a K-12 education, but there should be a
15 similar guarantee for higher education, as well. Attending
16 a college or university should be something students see as
17 a natural next step in their development as a human being.
18 A person who wants to better him or herself, their career
19 opportunities, and their country by taking full advantage
20 of all the educational opportunities that this country has
21 to offer, should not view entrance into the realm of higher
22 education as financial suicide.

23 So many potential students could enter higher
24 education with more aid in the form of grants, repayment

1 incentives, and lower interest rates on student loans. I
2 strongly encourage the Department of Education to implement
3 policies that will grant the opportunity of a higher
4 education to all who want one, not to just those who can
5 afford one.

6 Thank you for your time.

7 **DAVID BERGERON:** Thank you, Brandon.

8 **DAVID BERGERON:** Nick Nuar--did I get anywhere
9 close to right with your name?

10 **NICK NUAR:** Pretty close.

11 Hi, I am Nick Nuar. I am here from Rutgers
12 University in Camden, coming on behalf of NJPIRG, and with
13 the support of the Student Government Association.

14 I am here to testify on the value of higher
15 education funding, what it means to me, and what it means
16 to the future.

17 This Administration and the President have a
18 vision when it comes to education. President Bush has
19 referred to reading as the new civil right. He understands
20 the impact of strong thinkers, accountable education, and
21 empowered market participants for the future of our
22 country.

23 There is a lot of positive talk, and we are here
24 today to suggest that you follow up with the right actions.

1 Many of us are concerned that the recent congressional cuts
2 to higher education loan programs are not a step in the
3 right direction. With globalization, especially, it is
4 important for America to have citizens that understand and
5 can compete in the global economy.

6 The past 200 years have been good to the United
7 States of America; however, we must work hard, think
8 creatively, and face emerging challenges to continue to
9 prosper. Getting more people into college and graduated is
10 the best chance we have for our country to remain durable.

11 My college story begins years ago. When I
12 started school, I had some family support. My family could
13 not continue to help me out after my first year at school,
14 and the financial aid I could qualify for was not enough.
15 I had to drop out at the beginning of my second year. I
16 worked full-time as a mechanic, a tow truck driver, and at
17 an insurance company. The next year I tried working full-
18 time while going to school. I have friends who have pulled
19 this feat off, but for me it did not work, and my health
20 suffered. In the end, it was not sensible to make money or
21 progress through school. I ended up moving back in with my
22 father and going to Rutgers in Camden. I have worked hard
23 and persevered, and now, several more years than I planned
24 on, I have \$30,000 in debt, but I also have a physics

1 degree.

2 My education has been great. Thanks to the
3 knowledge I learned and encouragement from professors, I
4 recently presented a poster at the American Association of
5 Physics Teachers. It was about 3-D scanners in high
6 schools as a fun way to interest kids in math and physics
7 concepts. A professor there asked me to modify my system
8 so that I could do a scan for armor dynamics, a new kind of
9 lightweight body armor that will protect troops and
10 civilians. I am still looking for a full-time job, and
11 this is a positive development for my career. Beyond my
12 career, many will benefit from this innovation.

13 I am convinced that physics has taught me how to
14 think keenly and solve hard problems. It is probably the
15 most difficult thing that I have done and, to me, a proper
16 right of manhood. As a result, I am ready to take on some
17 of the big challenges American society will be facing.

18 But you don't need a physics degree to recognize
19 that the 21st Century is being driven by productivity gains,
20 new medicines, energy-efficient technology, and other
21 innovations, like 3-D scanners. These are all possible
22 because of the educated pool of talent that we can draw on.
23 The future depends on solving hard technical problems and
24 backing it up with feasible political solutions.

1 Many high profile economists, like Samuel Keynes,
2 disagree on the specific role that government should play
3 and the ideal size of the government. They seem to be
4 unanimous, however, in the long-term economic benefits of
5 education. In its cost benefit analysis--if you will bear
6 with me as I share some very basic numbers, not as nuanced
7 as the Department already has, I am sure. The Texas
8 Commission on Higher Education, in its cost benefit
9 analysis, found a thirteen-fold return when the Texas
10 government invests extra dollars in college education.

11 When I consider all the other benefits like the
12 internal freedom of graduates, also that we become more
13 informed and engaged citizens, that we make local economies
14 stronger, and that we build a stronger tax base for federal
15 and state budgets through our income. I am even more
16 firmly in my belief that one place where the government
17 should invest is education.

18 Please enhance our investment by making
19 universities more accessible and costs more manageable.
20 Thank you for your time.

21 **DAVID BERGERON:** Thank you.

22 **DAVID BERGERON:** Kerrin Forgette.

23 **KERRIN FORGETTE:** My name is Kerrin Forgette, and
24 I am here on behalf of MassPIRG at the University of

1 Massachusetts, Dartmouth.

2 I am just beginning to figure out what the rest
3 of my life might look like, and, although it is sad to say,
4 money is a huge factor in the decisions that I make.

5 Ever since I can remember, it was always
6 understood that I would go to college. It was also
7 understood that, unless I won the lottery, or an equivalent
8 in scholarships, I would be attending a state school. I
9 could not understand why I should have to go to such an
10 expensive school and start my life with thousands of
11 dollars of debt. So I opted to go to the least expensive
12 school that would suit my needs. After only a year of that
13 my parents could not afford the costs, so we took out
14 student loans. My plan had backfired. I barely had one
15 foot into the so-called "real world," and I already owed
16 money, and I would owe a lot more before I would graduate.

17 My whole life I watched my parents struggle
18 through their debt. I don't even think student loans were
19 a factor in the money that they owed, which really scares
20 me. Their debt is just from the everyday living expenses
21 of raising a family. By the time I am their age, I will
22 probably be burdened by the same expenses, plus the cost of
23 my schooling. I don't want to have to fight through my
24 life to pay off the money I owe, and I know they don't want

1 that for me, either. I also know it pains them that I had
2 to take out loans for college because of their current
3 experiences with debt.

4 This thought plagues me every time I think about
5 career choices. I really wanted to be a teacher for a long
6 time, and I still do, but I want to teach because I love
7 the idea of talking about what I know for a living. I want
8 others to hear my ideas, and I want to influence people in
9 some way.

10 But the truth is I won't make a high salary as a
11 teacher, and I have to balance my deep debt from college I
12 will carry against that reality. So now I am not sure what
13 to do with my life. I don't want to enter a career I am
14 not crazy about, but I don't want to have a job I love with
15 nothing to show for it.

16 I know I am not the only one with these thoughts,
17 and that is a big problem. This country needs teachers and
18 other public service workers to sustain itself. If it is
19 not economically possible to go into these fields, then our
20 whole society suffers.

21 I read an article saying that education is a
22 right and not a privilege, and this really caught my
23 attention. Anyone should be able to learn in college if
24 they so choose to; it should not be reserved to those who

1 can afford to pay the most. But I understand, like
2 everything else in the world today, college costs money. I
3 also understand that there is nothing the Department of
4 Education can do about the rising cost of higher education,
5 but there is something you can do to help students deal
6 with this cost. You can adopt the five-point plan to help
7 ease the burden many are facing now, and countless others
8 are doomed to face.

9 I strongly agree that a person's income should be
10 taken into account when determining loan repayment. Those
11 people who are brave enough to enter a field of education,
12 social work, and other public service jobs should be able
13 to do those jobs without the constant burden of debt. Of
14 course, these loans need to be repaid in a reasonable
15 amount of time, but if you are not making enough to pay
16 them back, then everyone involved suffers.

17 Also, graduates with children should not have to
18 choose between giving their children what they need and
19 paying off their college loans. It costs a lot of money
20 these days to raise a family, and this should definitely be
21 taken into consideration.

22 So I ask you to keep these ideas in mind when you
23 are making your decisions. Please keep students like me in
24 mind. The five-point plan is just a small step to

1 improving the cost of higher education, but it is an
2 absolutely indispensable step that must be taken.

3 Thank you.

4 **DAVID BERGERON:** Thank you.

5 **DAVID BERGERON:** Sandrae Ban.

6 **SANDRAE BAN:** Good afternoon.

7 My name is Sandrae Ban, I have traveled from
8 North Shore Community College in Lynn, Massachusetts, to
9 speak to you today.

10 It is my honor to represent in the future of the
11 best country on earth. How did the U.S.A. get to become
12 the best? It was apparently the work of great business
13 leaders, scientists, politicians, and philosophers. Their
14 contributions are studied and taught by the best
15 universities not only here, but worldwide, but that legacy
16 is getting lost.

17 We have brilliant minds that are going to waste
18 on a daily basis due to the high cost of college. Our
19 colleges could develop the next Albert Einstein, Thomas
20 Jefferson, or great person of the century, but the next
21 generation is opting out of college instead.

22 As a people, we cherish the special moment when
23 our children reach the pinnacle of educational success. We
24 smile with joy as they stand at graduation, degree in hand.

1 That degree means so much more than a bigger paycheck, it
2 signifies the hope of everyone that our future will be
3 brighter and stronger because we trained the next
4 generation to take our society further.

5 So many parents and students dream of such
6 events. So many parents and students do what they can to
7 make this hope a reality, but guess what? A four-year
8 college is too expensive. Parents and students have to
9 take more and more loans to pay for it. Even though a
10 four-year degree is a path to independence and optimism, it
11 has become financially easier to start a job after leaving
12 high school rather than enrolling in a four-year college.

13 More and more students who make it through coming
14 to a college like North Shore don't have the resources to
15 continue further. The fact that students have to take so
16 much debt is a huge problem. I am here to tell you that
17 the reality of taking too much debt stops parents and
18 families from considering a four-year college, and this
19 stops hope and inspiration towards a better tomorrow.

20 A nation without relatively easy access to a
21 higher education is a nation without hope, a nation heading
22 for failure. With the current world order, can we afford
23 for our children to fail? We are all here with one aim,
24 one goal, one destiny.

1 This event reminds me of the pilgrims that
2 arrived in Virginia in 1607. They all had enormous
3 problems, and they looked to the North for hope. Their
4 cries were heard and addressed collectively. From such
5 acknowledgment evolved the "land of the free, and the home
6 of the brave." Can you imagine what we can achieve if our
7 cries are heard and addressed in the same manner? The
8 result would be the fastest growing country in relation to
9 educational, social, political, and economic advancement.

10 My mom is the main breadwinner of the household.
11 I can remember vividly applying for financial aid this
12 semester, which I was denied, because she made too much
13 money in 2004. However, in the process of applying, she
14 was diagnosed with lymphoma cancer, which reduced the
15 family income drastically. The fact that I was not able to
16 attain financial aid, which would make my expenses more
17 bearable, could easily deter my motivation in regards to
18 pursuing a higher education.

19 Among us, there are countless people who decide
20 to terminate their education hopes after receiving the
21 horrifying news from the Department of Education. It is
22 unfortunate, and this cannot be over emphasized, that the
23 tools that are supposed to assist borrowers with payments
24 on federal loans are inadequate, confusing, and

1 inconsistent.

2 One approach to make access to higher education
3 easier is to make loan repayment easier and more
4 affordable. Earlier this year, Congress went in the wrong
5 direction by making student loans more expensive. In
6 contrast, the Department of Education can give us back a
7 little hope by enacting the five-point plan to make student
8 loan more affordable. When I look forward, I see the
9 emblem with the Department of Education, and I see a green
10 tree, which simply means we should flourish, and with the
11 current debt, it is almost impossible for this generation
12 to flourish. So I am asking you to please just consider
13 what we have to say.

14 Thank you very much.

15 **DAVID BERGERON:** Thank you.

16 **DAVID BERGERON:** Sarah Flanagan.

17 **SARAH FLANAGAN:** Thank you.

18 I am Sarah Flanagan, Vice President for
19 Government Relations and Policy Development of the National
20 Association of Independent Colleges and Universities.

21 The approximately 1,000 NAICU members nationwide
22 reflect the diversity of private, not-for-profit higher
23 education in the United States. Our members include
24 traditional liberal arts colleges, major research

1 universities, church and faith-related institutions,
2 historically Black colleges and universities, Hispanic-
3 serving institutions, women's colleges, performing and
4 visual arts institutions, two-year colleges, and schools of
5 law, medicine, engineering, business, and other
6 professions.

7 Our institutions vary greatly in the missions
8 that they serve, but we are united in our commitment to
9 quality and student success. We educate more than 20
10 percent of college students, while awarding 30 percent of
11 all degrees. Since 1976, NAICU has represented our
12 institutions on public policy with the federal government.
13 Throughout our history, we have been closely engaged with
14 legislation affecting programs under the Higher Education
15 Act, and with the regulatory process that governs these
16 programs. We have participated in all past negotiated
17 rulemaking sessions, and welcome the opportunity to be part
18 of the upcoming meetings.

19 Our policy work has focused on two things of
20 particular relevance today: one, providing students with
21 access to the college of their choice; and two, taking
22 appropriate regulation that is sensitive to the diversity
23 and independence of our institutions while addressing
24 legitimate public policy needs.

1 We understand that the purpose of the public
2 hearings, which are concluding today, and NAICU has had at
3 least two staff at each of those hearings, is to identify
4 agenda items for the negotiated rulemaking session that
5 will begin in December. Clearly, there are many
6 implementation questions related to the newly enacted HERA,
7 particularly around Academic Competitiveness and SMART
8 Grants and loan program changes that should be addressed in
9 these sessions. These questions should dominate the
10 negotiated rulemaking because they will lay the foundation
11 for the operation of two new significant sources of grant
12 aid for students.

13 It is somewhat less clear to us which of the many
14 other topics raised in previous hearings are appropriately
15 addressed in the upcoming negotiated rulemaking session.
16 This is particularly true in those areas such as
17 accreditation and transfer credit where Congress has
18 discussed various changes, but has not yet amended the law.
19 We would echo the advice that has been given in previous
20 hearings, that negotiated rulemaking not be initiated in
21 these areas until after Congress has completed
22 reauthorization of the Higher Education Act.

23 Because accreditation is of particular interest
24 to our member institutions, I want to make a few comments

1 about our perspective in that area. Because no changes in
2 the accreditation law have been made since 1998, it is not
3 clear exactly what would be covered in the negotiated
4 rulemaking session on this topic. However, should such a
5 session be held, we would urge that it not be used
6 primarily to impose regulatory uniformity in areas such as
7 the evaluation of student learning outcomes.

8 Accreditation is a uniquely American institution.
9 In most other nations, quality reviews are generally
10 conducted by centralized government authorities. The
11 tradition of institutional autonomy by the United States
12 called for a different approach. It has an approach that
13 has been highly successful over the years, and one that
14 Europe is now trying to duplicate. It has a lot of
15 diversity in institutions to flourish, and it has helped
16 make American higher education the standard for the world.

17 As Duke University President Richard Broadhead
18 pointed out in a recent column in The Washington Post,
19 "High-rated officials in Asia continue to respect and
20 admire the creativity of the American system." Broadhead
21 acknowledges that American higher education must improve,
22 as we all do, but observes that making ourselves over in
23 the image of an imagined rival won't be the formula for
24 success. Even as we correct real deficiencies, we need to

1 recognize and nurture the strengths that are so evident to
2 others.

3 It is important to recognize that colleges and
4 universities are interested in ensuring their students
5 learning. As one would expect in a system as diverse as
6 our own, they are undertaking a variety of assessment
7 methods. Perhaps one of the most unusual and intense
8 efforts has been launched by Alverno College in Wisconsin,
9 recently highlighted in "Inside Higher Education." They
10 have abandoned grades many years ago in favor of
11 integrating assessment into every element of the
12 curriculum.

13 The Alverno system, and other innovative
14 assessment systems, would never withstand reforms made in
15 the name of accountability that call for standard measures
16 that allow for easy comparison of institutions that are not
17 alike. The drive to explore and innovate, the very
18 qualities that led to the development of the now highly
19 touted Collegiate Learning Assessment would be killed on
20 the vine through such efforts.

21 Accreditors have already been pushing
22 institutions to demonstrate how well they are achieving
23 their missions based on current statutory requirements
24 enacted in 1992 and strengthened in 1998. These efforts

1 need to be allowed to grow and develop, not to be
2 suffocated in an effort to achieve measurable and
3 comparable outcomes.

4 Accreditation has been used successfully by the
5 federal government for more than a generation to ensure
6 quality and diversity of educational product, without
7 inappropriate federal intrusion into matters of curriculum.
8 In this sense, accreditation has served as a barrier to
9 federal control. We encourage you to continue this past
10 practice of limited federal regulation over accreditation
11 to ensure that accreditation not become a tool for federal
12 intervention.

13 This is not just a belief in the central premise
14 that accreditation is first and foremost a system of peer
15 review. We also believe that excessive federal control of
16 accreditation would lead to a decline in the variation of
17 excellence that is the hallmark of American Education.

18 Thank you for allowing me to make these remarks
19 on behalf of American Independent Higher Education. We
20 look forward to the formal negotiated rulemaking sessions
21 in the weeks ahead.

22 **DAVID BERGERON:** Thank you.

23 **DAVID BERGERON:** Lamar Thorpe.

24 **LAMAR THORPE:** Well, I have to say, welcome to

1 the people from out of Washington, D.C. Thank you for
2 coming down and supporting this good cause.

3 Thank you, members, for the opportunity to be
4 here today.

5 My name is Lamar Thorpe. I am five-year veteran
6 of the United States Navy, and a senior double majoring in
7 sociology and women's studies at George Washington
8 University. Currently, I am also the Student Association
9 President, representing undergraduates, graduates, law,
10 medical, and professional students on all three of our
11 major campuses. I am a native of Los Angeles, California,
12 and graduated high school in 1999.

13 Today, I praise God every day for the opportunity
14 that so many people in my community did not have, a chance
15 to enter higher education. When my peers and I graduated
16 in 1999, most of us did not think about college loans,
17 application fees, or deadlines. Why? It is quite simple,
18 because there were always jobs that target--the military
19 recruiters were always in our neighborhood, and the local
20 community college, which most of us couldn't finish anyway,
21 never said, "no." The idea of higher education was far
22 beyond our reach and not a reality.

23 Recently, we all had the right to be upset with
24 John Kerry's botched joke, specifically saying that those

1 who don't get a good education end up in Iraq, but we were
2 upset for the wrong reasons. We should have been upset for
3 the fact that what he said actually has some truth to it.
4 I personally did not go to Iraq, but I did join the
5 military because I had no other place to go after I failed
6 out of my community college and could not find a job at the
7 local grocery store, because my reading and writings skills
8 were at a seventh grade level.

9 Many of the young men and women who I graduated
10 with enlisted in the Marine Corps. Most of them are still
11 there today, and some of them are in Iraq, never given the
12 chance at higher education.

13 My message is very simple. We all need to focus
14 on providing access and affordability to our children.
15 These are not students, and they are not just pupils, and I
16 think we forget that sometimes. These are our children.

17 The number that joined the military end up in
18 prison or with few opportunities are not statistics,
19 either; they are our children, whether they are Black,
20 White, Asian, Middle Eastern, Latino, or whatever category
21 they fit in. We are failing them by increasing student
22 loan interest rates, as the Congress did this past January,
23 and cutting back on funding for financial aid programs. We
24 are failing them by not increasing grant or aid, by not

1 expanding forgiveness in loans.

2 As a veteran, I am entitled to the Montgomery
3 G.I. Bill, as most of you know, but there are many
4 misconceptions about the G.I. Bill itself. I am always
5 amazed that people believe that I get a free ride for
6 college because I did five years in the Navy, and because
7 of the G.I. Bill, but I don't. Although I am grateful for
8 the G.I. Bill, \$8,000 a year does not cover my \$48,000
9 tuition bill. I rely heavily on Pell Grants, Stafford
10 Loans, and low interest rates, and other various forms of
11 financial aid, so those have always been important to me.

12 The five-point recommendations that were put
13 forth by the Committee are great and I support them, but
14 please focus on expanding higher education access, on
15 improving student preparation, addressing non-academic
16 barriers, and significantly increasing grant aid to low-
17 income students.

18 Thank you for your time.

19 **DAVID BERGERON:** Thank you.

20 **DAVID BERGERON:** Jarrett Kealey.

21 **JARRETT KEALEY:** Thank you for convening these
22 hearings, and thank you for the opportunity to speak.

23 My name is Jarrett Kealey, and I am a senior at
24 Marymount University in Arlington, Virginia. I am here

1 today not only to express my own views, but on behalf of
2 Marymount students as their Student Body President.

3 I am very fortunate. I am the first in my family
4 to attend college, and I am getting a quality education.
5 Scholarships and financial aid have helped make it possible
6 for me to pursue my dream of obtaining a college degree. I
7 am here to speak about the critical importance of financial
8 aid to millions of students like me.

9 For many first generation students, the reality
10 of achieving a college education is not easy. I personally
11 have found it necessary to take out more loans each year,
12 while I have seen my grant aid remain stagnant. You may be
13 saying to yourself, "Jarrett chose a private university
14 knowing that the tuition would be high. He could have
15 gotten a good education at less cost at a public college,"
16 and you would be right. I did know that private college
17 tuition would be higher, but I wanted the small classes and
18 personal attention that a place like Marymount delivers.
19 Some students need this kind of environment to succeed, and
20 are intimidated by large public universities.

21 It is also important to note that public colleges
22 in many states, including Virginia, cannot accommodate all
23 of the students who are seeking higher education. Private
24 institutions like Marymount help to ensure that all

1 college-bound students have access to quality higher
2 education.

3 Access to higher education must be expanded, and
4 one key to access is affordability. It is incumbent upon
5 colleges and universities to hold the line on tuition
6 costs, while providing quality programs and services, and
7 it is incumbent upon our government to ensure that the
8 funds and programs are available to assist deserving
9 students who want to become leaders of our society.

10 We always hear that colleges and universities
11 produce leaders, and that is true, but it is important to
12 note that higher education also produces people who serve.
13 At Marymount, for example, a large percentage of the
14 students are preparing for careers in nursing, teaching,
15 counseling, and public safety. These graduates will meet
16 critical needs in our society, and their chosen
17 professions, unfortunately, do not generate high salaries.
18 We should all be concerned about making college affordable
19 for individuals who want to pursue these types of service
20 careers, and for future workers and leaders in every field.

21 My own career goal includes working in student
22 affairs in a higher education setting. I want to be able
23 to work with young adults in some of the most important
24 years of their lives, but I worry about whether I will be

1 able to repay my loans, whether I will be able to go to
2 graduate school. I find myself asking, "Do I want to take
3 on more debt in order to attend graduate school?" I
4 sometimes wonder whether I should consider a higher paying
5 career, but no, I want to make a difference in the lives of
6 college students, and to do that, I will need the help that
7 strong financial aid programs provide.

8 In 2005, 71 percent of Marymount University
9 graduates had student loan debt, and the average loan
10 balance was \$24,950. And to think that many of these
11 people have begun careers as teachers, nurses, and police
12 officers. I wonder how difficult it will be for them to
13 continue on the path of service while repaying their
14 college loans.

15 Students need more grant aid, and graduates need
16 loan repayment programs that take into account the post-
17 college income level. Such programs would encourage young
18 people to pursue service careers and make it fiscally
19 feasible for them to do so.

20 In closing, I believe that the proposed five-
21 point plan would greatly benefit America's students and, in
22 the end, we would all benefit from the great leaders and
23 citizens that a quality college education produces.

24 Thank you for the opportunity to speak.

1 **DAVID BERGERON:** Thank you.

2 **DAVID BERGERON:** Matthew Johnson.

3 **MATTHEW JOHNSON:** Good afternoon, everyone.

4 My name is Matthew Johnson. I am a junior
5 journalism student at the University of Maryland. I
6 currently have a 3.84 GPA on 76 credits, and I am applying
7 for the prestigious Harry S. Truman Scholarship, which has
8 a public service requirement if I receive it.
9 Additionally, I am an educator, I tutor at Adelphi
10 Elementary, and I tutor for the Athletic Department at
11 Maryland.

12 Now, I will admit, I am a little better off than
13 some of the thousands upon thousands of college students
14 who are struggling with high tuition costs and boring
15 classes. I was fortunate enough to get my entire year paid
16 for because I fought hard and won two journalism
17 scholarships and got my FAFSA form in early. However, the
18 same cannot be said for my previous two years, where I was
19 forced to take out several loans, and am now stuck trying
20 to figure out how to consolidate them so that I can save
21 some money.

22 I really don't want to be in debt. I don't want
23 to have that lingering in my mind when I am deciding my
24 future. Almost my entire life is devoted to some type of

1 service or another, whether it is Marymount PIRG--I am
2 involved in a lot of student groups and other outside
3 projects--and whatever fortune is thrown my way, I try to
4 give at least some of it back, just in general. What's
5 left over is devoted to a princess in China, who I hope to
6 marry some time after getting my bachelor's. We are trying
7 to go to graduate school in the same region in the world,
8 it's pretty complicated. Thank God for the Internet,
9 right?

10 Now, I really hope I win the Truman Scholarship
11 because I don't think I will be going to graduate school on
12 loans. I might be the most educated man in debtor's
13 prison, but that isn't very satisfying.

14 Now, when I was in high school, I wanted to go to
15 Harvard, but one day it occurred to me, probably around the
16 time I was receiving ten college solicitations a week, but
17 none from Ivy League schools, that Harvard was out of my
18 mother's price range, and I would not be going despite my
19 4.0 and multitude of extracurricular activities. Why did
20 my mother ever decide to become a teacher? Why did my dad
21 decide to become an alcoholic and stop working and sending
22 child support? Why is college so expensive? All of this
23 was running through my head, even at that age.

24 The lucky thing is I am an only child. My mother

1 could not afford to send more than one kid to college on a
2 teacher's salary, but she did whatever she could to send me
3 something and I owe everything to her. She had loans of
4 her own to pay back to UMBC, not to mention house and car
5 payments, things like that. So when I heard, I think, last
6 year, that Congress voted to cut \$12 billion from aid, it
7 makes me wonder whether our government wants us to be
8 educated out of this generation. I feel that they are
9 threatened by a smart, young generation that could expose
10 their corruption and oust them from power.

11 It is like we are only born to work for Wal-Mart
12 unless our parents make six figures. This is not the
13 America we sell to tourists and travel guides. America is
14 the land of opportunity to those people, a place where
15 anyone, poor or rich, Black, Brown, or White, can achieve
16 their wildest dreams. Now, I hope that you will keep at
17 least some of those dreams alive by supporting the five-
18 point plan for manageable student loan debt.

19 Thank you.

20 **DAVID BERGERON:** Thank you.

21 **DAVID BERGERON:** Scott Peach.

22 **SCOTT PEACH:** Hello, my name is Scott Peach, and
23 I am a senior political science major at the University of
24 New Hampshire.

1 First of all, I would like to thank you for
2 hearing the student voice when deciding our future.
3 Unfortunately, not all of those who run our government are
4 listening to us, the students, which is why we are in dire
5 need of your help.

6 Attaining a college degree, I am sure, as you
7 know, is becoming increasingly difficult, if not
8 impossible, for more and more students. With the \$12
9 billion slashes to financial aid, tuition costs rising with
10 no end in sight, the expanding emphasis on loans, and the
11 ridiculous interest rates, many students are dismissing
12 college as an option in their future.

13 At UNH in 2004 and 2005, 72 percent of students
14 graduated with loan debt, at an average of \$21,459. For
15 me, I will be graduating with around \$25,000 in debt. In
16 April of 2007, I will be applying for the Peace Corps in
17 hopes to leave for South America right after I graduate.

18 So what will my reward be for attending college
19 and helping others in need? Well, it will be that \$25,000
20 bill waiting for me when I return home, along with the
21 interest rates that will add on to that, a bill that will
22 force me to work one or two other jobs, along with the
23 profession that I choose.

24 Working excessive hours at two or three jobs to

1 keep up with loans and the rising cost of living was not
2 what I imagined when I was applying for college. I had
3 imagined expanded opportunities, freedom to choose my
4 profession, and eventually being able to follow my
5 passions. Nowadays, it seems that attending college is
6 closing the doors to opportunity instead of opening them.
7 My strongest passions in life are activism, grassroots
8 organizing, and helping others better their living
9 situations.

10 Now, we all know that these things pay next to
11 nothing, and, with my loans and high interest rates, I am
12 not even sure if I will be able to pursue my passions, all
13 because I went to college, all because I wanted to better
14 my education and to better my chances in the workforce. So
15 what does this mean for our society?

16 Well, if things continue down this road, there
17 will be less teachers, less social workers, and less
18 college graduates. How did we get to a place in America
19 where only the super rich can attend college while they try
20 and send us poor folk off to war? So, when you are all
21 deciding our future, I hope you will remember us, the
22 students, and the hardships that we face every step of the
23 way of the college experience.

24 I thank you again for giving us the chance to

1 express our grievances with the whole system. Thank you.

2 **DAVID BERGERON:** Thank you, Scott.

3 **DAVID BERGERON:** Shelley Saunders.

4 **SHELLEY SAUNDERS:** Good afternoon.

5 My name is Shelley Saunders, and I am the Vice
6 President of Strategic Services with American Student
7 Assistance. I am here today on behalf of ASA and my fellow
8 guarantors in the National Association of Student Loan
9 Administrators.

10 NASLA is a private, non-profit, voluntary
11 membership organization that represents the interests of
12 guarantors. NASLA is organized to ensure consistent and
13 reliable delivery of student loan services to America's
14 students, parents, and postsecondary institutions. NASLA
15 is committed to working cooperatively with all
16 postsecondary industry participants and representative
17 organizations in fulfilling the promise of educational
18 access and choice.

19 Over the last several years, many factors have
20 impacted student loan borrowing, including the rising cost
21 of education, increasing borrower indebtedness, and the
22 rapid growth of private loan borrowing, and the popularity
23 of loan consolidation. These changes underscore the need
24 to review several areas of potential improvement, several

1 of which I will describe in a brief moment, and the
2 additional details, which are in the written testimony that
3 I just gave you.

4 Because of the importance of these turns and
5 changes to student loan borrowing, and the fact that FFELP
6 is, by far, the largest source of federal student aid,
7 NASLA believes that it is important that guarantors
8 participate as both a lead and a backup negotiator on the
9 loan issues team in the negotiated rulemaking process.

10 A core focus of guarantors is to maximize the
11 success of borrowers in repaying their loans. As an
12 administrator of the FFELP, a guarantor works closely with
13 the Department, students and families, schools, lenders,
14 and loan servicers throughout the life of the loan.
15 Inclusion of a guarantor voice in the negotiations will
16 promote broad-based, well-informed rules.

17 NASLA proposes the following list of issues for
18 negotiation for both the FFELP and Direct Loan Program:

19 First, simplification of obtaining and granting
20 deferments. NASLA feels that the process of a borrower
21 obtaining a deferment from more than one loan holder is
22 unnecessarily cumbersome and could be streamlined. NASLA
23 recommends changes to the regulations that would permit a
24 lender to grant any type of deferment to a borrower who has

1 another loan deferred for the same timeframe and the same
2 reason by another holder. The lender could use NSLDS or
3 another authoritative database to determine that the
4 borrower is in deferment status for a particular reason and
5 a particular timeframe.

6 With respect to access to economic hardship
7 deferment, the overly complicated process of applying for
8 an economic hardship deferment results in the
9 underutilization of the deferment entitlement, and makes it
10 much more attractive for the lender to offer a less
11 beneficial, particularly in the long run, discretionary
12 forbearance.

13 We recommend that Congress reevaluate the HEA
14 provisions to simplify the eligibility criteria. In the
15 meantime, we suggest that the Secretary exercise her
16 authority to simplify existing regulations. In particular,
17 we would like the Secretary to examine the eligibility
18 criterion that allows a borrower to qualify for the
19 deferment if the borrower is receiving or has received
20 payments under a federal or state public assistance
21 program. The Department should consider developing a
22 comprehensive list of federal and state qualifying public
23 assistance programs, and placing that list on a Web site to
24 enable loan holders to consider the eligibility of all

1 applicants for the deferment in a consistent manner.

2 In addition, we would like the Secretary to allow
3 the lender to use either the borrower's original loan debt
4 or current outstanding balance, whichever is more
5 beneficial to the borrower, in determining a borrower's
6 eligibility for the economic hardship deferment on the
7 basis of the borrower's debt-to-income ratio.

8 While various repayment options exist in the
9 federal loan programs, the effectiveness of those options
10 is limited, especially with the increasing debt burden
11 experienced by student borrowers. Although borrowers have
12 an income-based, income-sensitive repayment option, this
13 option does not take into account other debt or family
14 size, or prevent situations in which a loan balance is
15 increasing, even if payments are being made. We feel that
16 these factors should be considerations in determining a
17 borrower's repayment amount.

18 With respect to utilization of a discretionary
19 forbearance, forbearance can be a useful tool in preventing
20 default; however, guarantors are finding that there is
21 little they can do for a borrower to resolve mid- to late-
22 stage delinquencies and prevent defaults because of the
23 heavy use of discretionary forbearance early in loan
24 repayment. More care should be taken to ensure that the

1 application of forbearance, and the subsequent interest
2 that accrues and is capitalized, does not impair the
3 borrower's long-term ability to achieve successful
4 repayment.

5 We also recommend that the Department reevaluate
6 exit-counseling requirements to include the new graduate
7 and professional Grad PLUS for borrowers, as well as
8 borrowers who are exiting school who have obtained in-
9 school consolidation loans. Providing exit counseling for
10 all student loan borrowers is extremely important to ensure
11 that they have the information necessary to make informed
12 choices that impact subsequent life decisions, and to allow
13 them to establish successful repayment habits and lifelong
14 fiscal responsibility.

15 With respect to financial literacy, the Treasury
16 Department and Congress have indicated that a lack of
17 financial literacy is a significant issue in the U.S., and
18 have gone so far as to establish financial literacy month
19 annually in April.

20 NASLA strongly advocates developing a financial
21 literacy program that is available as an elective course to
22 all students attending secondary and postsecondary
23 institutions. Such programs would assist students in
24 achieving the level of financial literacy necessary to

1 succeed.

2 With respect to total and permanent disability
3 discharge requirements, the conditional discharge
4 provisions have been in place since 2002. NASLA feels that
5 a sufficient amount of time has passed for the Department
6 to take a step back and review and evaluate the conditional
7 discharge process. While we understand the Department's
8 obligation to protect the integrity of the discharge
9 program and not allow for abuse or fraud, we are not
10 convinced that the current process is as streamlined and
11 efficient as it could be. The current process is
12 duplicative and redundant, and we feel a more definite
13 separation of duties between the Department and guarantee
14 agencies is needed.

15 We assert that guarantors should be allowed to do
16 the job they were charged with, determining borrower
17 eligibility. On the other hand, if the analysis
18 demonstrates the value of the current process, then we
19 suggest the following revisions to current regulations:

20 We request that the Secretary reconsider
21 simplifying the eligibility requirements of a disability
22 discharge. While we understand that the Department's
23 position is not to rely on disability determinations made
24 by other agencies, such as the Social Security

1 Administration, as these determinations are less stringent,
2 we feel there is validity to reevaluating this position.
3 We understand that, when receiving SSA disability benefits,
4 if a borrower's condition improves, the agency stops
5 providing benefits. However, the Social Security
6 Administration's definition of disability could be used to
7 place a borrower in the first year of conditional status
8 where, in part, the borrower's annual earnings and
9 continued disability status is monitored and re-verified
10 for an additional two-year period.

11 Additionally, a borrower in a conditional
12 discharge status should be permitted to make loan payments
13 and resolve delinquency or default status, if possible,
14 prior to a final discharge determination. The Department's
15 premise that a borrower who is able to make a loan payment
16 during a period of conditional discharge is unlikely to be
17 truly, totally, and permanently disabled is unfair to
18 disadvantaged individuals.

19 Additionally, taking the issue of the disparity
20 between the standard for meeting the definition of
21 "disability" between the HEA and the Social Security
22 Administration a step further, the Department's policy that
23 allows it to garnish disability benefits is a policy that
24 ought to be rescinded. Borrowers whose disability payments

1 are garnished are frequently in the most extreme financial
2 circumstances, and resolutions of garnishment complaints
3 are difficult, if not impossible to resolve.

4 Lastly, current regulations state that a
5 discharge of a loan based on the death of a borrower or a
6 student in the case of a PLUS loan must be based on an
7 original or certified copy of the death certificate. We
8 recommend that regulations be revised so that if one loan
9 holder obtains an original or certified copy of the death
10 certificate, other holders are allowed to discharge the
11 deceased borrower's loans based on the same death
12 certificate.

13 In conclusion, NASLA appreciates the Department's
14 consideration of this testimony and offers itself as a
15 resource to the Department on these and other issues.

16 Thank you.

17 **DAVID BERGERON:** Thank you.

18 **DAVID BERGERON:** Ellen Frishberg.

19 **ELLEN FRISHBERG:** Thank you. It is really nice
20 to be here among all of these students. It makes me feel
21 like I am back at work.

22 I have spent 30 years in a financial aid career.
23 This has been a really exciting year for us because we have
24 a new grant program. We have not implemented a new grant

1 program in a very long time, and it has been a really good
2 feeling to be able to offer new grants to students this
3 year.

4 I have three things that I want to mention here
5 today. While I know that they may be statutory rather than
6 regulatory, I know that you have the ability to influence
7 the statute, as well, so I would like to talk to those
8 three points.

9 The first one has to do with those new grants.
10 When we evaluated our student population, we thought that
11 we really had a significant group of students, because we
12 do teach all the STEM courses where I work. What we
13 discovered, in fact, is that 18 percent of our students who
14 would have been eligible for National SMART were eliminated
15 because they were permanent residents. These are students
16 who will become citizens, but because they are 17 and
17 cannot become citizens yet, or they are 18 and they are
18 juniors and they have not had time to go through that
19 process, they have lost out on significant grant funding.

20 It was very disconcerting to us--it was a very
21 happy occurrence to find out that, in fact, we had so many
22 students who are new immigrants to this country, who have
23 taken up being excellent in those subjects, in engineering
24 and in technologies, but that we would not be able to help

1 with additional grant funding. So if there is any way we
2 can change that statute to include other than just citizens
3 in permanent residence, which we include for all other
4 programs, that would be a wonderful boon to the promise of
5 the American Dream.

6 I, too, along with the students, support the
7 five-point plan, but that is not why I am here. But I do
8 support it, partially because I am a student loan repayer
9 myself, and also because I have two teenage children who
10 are about start applying to college--it is kind of scary.

11 The thing that I most want to talk about, though,
12 is the Spellings Commission, and how they found that
13 students see paying for college as an unattainable task.
14 The misinformation that is out there in the community about
15 what college costs is pretty much the norm. Even in rich
16 communities in Maryland people think that there are very
17 few options out there and that it is going to cost \$40,000
18 a year to go to school, which we all know is not true, but,
19 in fact, people don't see the options.

20 So I think it is time that we start thinking
21 outside of the box, in terms of the system that we use to
22 determine a family's need for financial aid, and get
23 outside of the system that was designed by the College
24 Scholarship Service back in 1954 to serve a very elite

1 group of schools that has now become embedded in the Higher
2 Education Act. That system had an elaborate application
3 form with a lot of confusing and arcane questions, and
4 those financial aid programs, because of the application,
5 are not reaching poorer first generation college students
6 and their families. And I know this because I was a first
7 generation college student--quite a few years ago, but I
8 was a first generation college student, and I didn't know
9 about the form and the programs, and I know that is still
10 the case.

11 We also know from the data that it is ten times
12 more likely that you will get a BA if you come from the
13 highest income quintile than if you come from a family from
14 the lowest income quintile, all other things being equal,
15 that's grade point average and SAT scores, and that is
16 pretty damning on this nation and the promise.

17 So money would help, of course, money always
18 helps, but the process of applying is also part of the
19 problem. So I propose a process that would improve
20 awareness of the options that are available, and ease
21 delivery without a large federal cost. Every year, in the
22 mail, you get from the Social Security Administration, a
23 statement of your year's previous earnings, and that is
24 taken from data that the Social Security Administration

1 gets. That document lays out how much you can expect to
2 receive in Social Security benefits when you retire. It is
3 a government form, it is filled with basic verifiable and
4 free information, and it tells a story. People read it and
5 they say, "Oh, no, I will never be able to retire at that
6 rate," or they say, "I think I am going to start saving for
7 retirement." It gives them some incentive to act. And, as
8 citizens, you have information and you can act on it, you
9 can work or you can save, or you can decide, "No, I can
10 live on that." So why not clone this type of statement and
11 use it to tell families a different type of story?

12 How about a story about how much financial aid
13 one of their family members could receive if they went to
14 college now, or even in ten years in the future? You could
15 use the same data that the Social Security Administration
16 uses to generate these reports, based on who earns income.
17 And each year families could be asked, when they file their
18 taxes, if they would like a college benefits statement, we
19 can even give it a federal name.

20 [Laughter.]

21 **ELLEN FRISHBERG:** The data could then be
22 transmitted to the Department of Education, which would, on
23 the basis of earned income information alone, generate a
24 statement that would say, "You are eligible for X number of

1 Pell Grant dollars, student loan dollars," and even, if you
2 know the residency, state aid money, because much of that
3 is formula driven.

4 It could illustrate different scenarios of how
5 much aid a student in a family could receive, based on
6 different costs of schools, so that you would take care of
7 the issues of segments. And that way a family could learn
8 when their children are young that either they won't
9 qualify for need-based dollars or, more importantly, that
10 they will qualify for all of the money that they need, and
11 then they can act on that information. They can encourage
12 their kids to go to school, they can plan a savings
13 strategy, they can motivate them and make them think that
14 college is possible.

15 You could also do this with people who don't have
16 taxable income, but are recipients of untaxed federal or
17 state benefits like SSI or TANF. The agency that they work
18 with, we just send their names in with their information
19 and they could request a similar statement, and then the
20 application becomes easy. When a family member decides to
21 go to college, you fill in the back with the schools you
22 plan to attend, you send it to a processor, and then they
23 send back-verified eligibility information to the school.

24 I know that some of my colleagues are going to be

1 shocked by the idea that we could take such subtle
2 information as the need analysis calculation and do it
3 based on a couple of data elements, but we toss out
4 complexity to reach a reality. The system we have is
5 complicated, the Commission said so it is flawed. The
6 analysis currently is based on income, not on true wealth.
7 Families' most significant assets, their homes and their
8 retirement accounts, don't count in the current system, so
9 why put a complex application in front, as a barrier, to
10 college attendance? Why not make it a piece of information
11 that people have?

12 Congress could design a formula that would use
13 actual income, and the data reported on the tax return may
14 give some other indicators of a proxy for wealth, so that
15 you can determine need. You just use that as an index so
16 that it does not cost anymore to distribute financial aid.
17 The present system we have is imperfect, it's complicated.
18 This may not be perfect, some colleges may still want more
19 information, but it certainly would get more information
20 out to people, and it is simplicity, and it would be a
21 statement to get people to enroll.

22 The last issue I wanted to mention is that we are
23 under a lot of pressure to spend our Perkins Loan funds on
24 campus. We have had a number of years where variables have

1 mitigated against that. Perkins Loans were higher interest
2 rate than Direct Loans, so students were turning them down
3 to take Direct Loans. Consolidation loans have increased
4 repayments significantly, so we are trying to figure out
5 ways to make a sustainable level of repayment. Right now,
6 the regulations don't allow us to keep cash on hand, and
7 yet we are trying to figure out ways to level out our
8 repayments.

9 There is also some threat of losing those
10 dollars, and since we are all looking for new grant money,
11 it would be our hope that if, in fact, we ever ended the
12 Perkins Loan Program because we want to get to simplicity
13 of one loan, that you would all institutions that have
14 managed these programs for 30 or 40 years to keep the
15 corpus of the repayments, turn it into endowed scholarship
16 funds that we can then offer to needy students as grants.

17 I thank you very much for your attention.

18 **DAVID BERGERON:** Crystal Calarusso.

19 **CRYSTAL CALARUSSO:** Good afternoon.

20 My name is Crystal Calarusso, and I am the
21 Academic Director of the National Association of Schools of
22 Public Affairs and Administration.

23 We are the specialized professional accreditor of
24 the master of public administration, the master of public

1 policy, and other professional degrees for public service
2 at the graduate level.

3 I appreciate the opportunity to speak with you
4 today from the perspective of a specialized, professional
5 accreditor.

6 NASPA is also a voluntary accreditor. A
7 voluntary accreditation process denotes that our graduate
8 programs seek accreditation for reasons other than federal
9 funding or obtaining professional licensure for graduates.
10 Graduate programs specifically participate in our
11 accreditation process for three main reasons: to facilitate
12 quality improvement within the program, to join the
13 national peer review community that makes policy for the
14 MPA and MPP degrees, and to provide an extreme signal of
15 their commitment to assessment and improvement.

16 Our programs, and those of many other
17 professional accreditors, have a distinct and established
18 voluntary commitment to quality assurance and assessment.
19 NASPA is not a Title IV gatekeeper, but changes in policies
20 regarding the national governance structure of
21 accreditation will affect our practice.

22 Recent policy suggestions from the Commission on
23 the Future of Higher Education regarding national data
24 systems and accreditation reforms could have some

1 unintended impacts on the systems of quality assurance for
2 programs. Communications from the Commission have affirmed
3 that diversity of programs is a strength of American
4 postsecondary education. However, some policy
5 recommendations may have the potential to homogenize
6 program assessment, specifically in the case of
7 professional programs. If not carefully designed, some
8 national data system and accreditation reform efforts could
9 effectively move the policymaking focus for professional
10 degrees away from the professions, where the knowledge and
11 expertise to address quality within their own context
12 resides, and into a national system that provides a basic
13 template for all, but a good fit for few.

14 To maintain the hallmark diversity of
15 professional education, the profession should be recognized
16 for their valuable role as a public in determining the
17 style and scope of assessment. In fact, only the idea of
18 increased accountability to the public is mentioned.
19 Professional accreditors frequently ask, "Which public?"
20 We have an established responsibility not only to students
21 making a buying decision, but also very importantly to the
22 professions we serve.

23 Professional accrediting bodies have provided a
24 valuable service, not only to students seeking degrees, but

1 also to the professions and to the public at large by
2 ensuring that we will have competent nurses, lawyers,
3 engineers, and other professionals to lead our communities.
4 This is accomplished through a variety of both outcomes and
5 input standards appropriate to prepare students for
6 practice in a given profession.

7 Comparability data, both quantitative and
8 qualitative are useful to the consumer of the education
9 product. However, data recommendations and assessment
10 requirements not designed by the profession, or not based
11 on quality indicators specific to that profession can lead
12 to rankings and decisions that are marginally relevant to
13 program quality. Popular indicators, for better or worse,
14 can have the effect of motivating policy and curriculum
15 shifts within individual programs, as programs attempt to
16 compete for the best students.

17 If these decisions are based on indicators that
18 carry little relevance to program mission, national
19 assessment requirements and data systems that include
20 professional programs may have the unintended consequence
21 of slowing improvement and development of professional
22 programs. It could impede the very innovation that the
23 Commission seeks to support.

24 To avoid these unintended consequences from the

1 results of the negotiated rulemaking process, and to
2 respect the diversity of programs and accreditors, I hope
3 the Department of Education will consider including a
4 representative from specialized professional accreditation
5 on commissions and rulemaking bodies wherever possible. I
6 also hope that the process will move forward with the goal
7 of recognizing the value of program diversity, allowing the
8 professions to determine, with their many publics, the
9 types of assessments to perform, and the information to
10 present to the public.

11 Thank you.

12 **DAVID BERGERON:** Thank you.

13 **DAVID BERGERON:** Nick Christianson.

14 **NICK CHRISTIANSON:** Thank you very much for
15 allowing me to testify on the issue of student debt. It is
16 not every day that we, as students, are granted the
17 opportunity to share our side of the story with our
18 government, and I can tell you, as you can see, we have a
19 lot to say on this and many other issues.

20 My name is Nick Christianson. I am a senior at
21 the University of New Hampshire, and I study politics and
22 justice studies. My experience dealing with debt from
23 student loans, at this point, is very limited, although I
24 know that will certainly change the day I graduate.

1 Back when I was applying to colleges and
2 universities across the country four years ago, after being
3 rejected by my top choice, I narrowed it down to American
4 University, here in Washington, D.C., and the University of
5 New Hampshire. Both of these schools fit my requirement of
6 being close to national politics, but when I received my
7 financial aid packages from each institution, I could not
8 really afford either of them. So I went to the one that my
9 family would have the least trouble financing, which was,
10 naturally, the state school, albeit the second most
11 expensive state school in the country.

12 My dad was a journalist and my mom was a school
13 counselor, until we opened our small retail shop in North
14 Hampton, Massachusetts the year I went off to college,
15 where they now both work full-time. I was fortunate enough
16 to have most of my college expenses paid for by my parents
17 each year, and I know that many do not have that financial
18 support, but my family learned that a small business is
19 neither cheap to start up, nor quickly profitable, so I
20 will be on my own to pay off the loans I took out to get my
21 education.

22 The national average loan debt for a four-year
23 state college is \$18,000. The average student loan debt in
24 New Hampshire is \$24,000. Many of my friends will have

1 \$30,000 or more of debt. Luckily for me, I will only have
2 close to the national average of \$18,000, plus interest, to
3 pay back. Although, thinking about that, it sounds pretty
4 ridiculous for me to say, "only \$18,000," especially
5 considering that I am looking for a career in non-profit
6 advocacy organizations, or as a political campaign
7 organizer, neither is known for its salary, particularly
8 for those of us just starting out.

9 The same goes for many other professions, like
10 teachers or social workers, as many have mentioned today,
11 and for no reason that I can comprehend, the cost for the
12 education to learn the skills and knowledge that these jobs
13 require is hardly paid off by accepting the position in
14 these incredibly important fields. Student loan repayments
15 become a burden that so many of us will have to factor into
16 our major life decisions. What job can I afford to take?
17 Where can I afford to live? When can I afford to start a
18 family? These questions become amplified by anxiety when
19 the everyday costs of living accrue to form a barrier of
20 payments and bills. Student debt is just a beginning, and
21 it is a shame that it exists at all.

22 Having taken out \$18,000 in loans, people tell me
23 that I better be smart enough to have a plan to pay them
24 back. Well, I don't have a plan, few students do when they

1 graduate, and I do know that a plan has been suggested to
2 you containing five core points lessening the financial
3 burdens for those of us who may be hamstrung by our student
4 debt.

5 I know this five-point plan for manageable
6 student loan debt will not get me out of the red, nor will
7 it lower tuition costs or raise funding for grants, but the
8 plan certainly serves to round off the rough edges in the
9 student loan program, and it is a plan that you can put
10 into action now, because the truth is, despite what people
11 say, student debt is not a question of stupidity versus
12 planning. We are forced to take on these costs to complete
13 our educations, and we invest in our educations for the
14 very reason that we are planning for our future. There are
15 so many valuable skills for life and career that can only
16 be learned and perfected at college. Unfortunately, they
17 are all too frequently accompanied by something else that
18 can only be found at college, student debt for life.

19 I thank you again for taking the time to consider
20 my story and others, and I strongly urge you to help
21 students repay their loans successfully and fairly by
22 adopting the five-point plan for manageable student loan
23 debt that has been presented.

24 **DAVID BERGERON:** Thank you.

1 **DAVID BERGERON:** Anthony Daniels.

2 **ANTHONY DANIELS:** Thank you.

3 My name is Anthony Daniels. Thank you for
4 allowing me the time to testify today.

5 **DAVID BERGERON:** Are you picking that up in the
6 back?

7 **COURT REPORTER:** Not really.

8 **DAVID BERGERON:** We need you a little closer to
9 the mike for our transcriber.

10 **ANTHONY DANIELS:** My name is Anthony Daniels. I
11 want to thank you for allowing me the time to testify on
12 behalf of me and my colleagues.

13 Thank you for convening these hearings about how
14 to make college affordable. I am both professionally and
15 personally concerned about the issue for management of
16 student loan repayment rules.

17 Professionally, I serve as the Chairperson of the
18 National Education Association Student Program, where I
19 represent over 60,000 college students over 1,100
20 universities across the nation preparing for careers in
21 education.

22 The rising levels of student loan debt threatens
23 their ability to pursue successful careers in education
24 without being committed to lengthy student loans plagued by

1 rising interest rates. We are all concerned about the
2 levels of student loan debt. As a recent graduate with an
3 outstanding level of student loan debt, I am affected
4 personally by the costs and concerns of the repayment plan.

5 I received my bachelor's degree in elementary
6 education in the spring of 2005 from Alabama University,
7 and I am currently pursuing a master's degree in special
8 education at that same institution. As I completed my
9 bachelor's degree in four years, I find myself in over
10 \$30,000 in loan repayment debt. At that time I wondered,
11 "Could I possibly survive as a first-year teacher off of
12 \$28,000 in Alabama?" I even asked myself, "Was college the
13 best way to go, or should I have looked for a regular job?"
14 Working a regular job did not seem so bad after all. At
15 least I would be making a better living without the stress
16 of loan repayments, but the decision had been made. I had
17 to look at the situation I was in after graduation. I
18 looked at my \$30,000 of debt, extremely low teaching
19 salary, and decided that my only option was to further my
20 education so I will be able to get more money.

21 I saw this as my best option, because having just
22 finished my student teaching two weeks earlier, I could not
23 see how I could possibly afford to travel to another state
24 for an interview or pay relocation fees should I actually

1 have been offered a job.

2 Folks, the teaching profession is a calling. I
3 went into teaching because it was the most rewarding
4 profession in the world. There was nothing more exciting
5 than helping students discover things that fascinate, and
6 nothing is more rewarding than seeing a child grasp an idea
7 and develop an idea of his or her own. But how can I
8 purchase a car or a home when I am in debt over \$30,000?
9 This is a major concern of all of my colleagues.

10 More than 8 million postsecondary students
11 receive student aid, with 30 percent of this support coming
12 from the federal government. In the next decade,
13 undergraduate enrollment in colleges and universities will
14 increase by 14 percent, with 80 percent of these new
15 students coming from minority backgrounds, and 1 in 5
16 living in poverty. Federal aid is already insufficient to
17 allow us to want to pursue higher education to do so.

18 Recent studies have indicated that typical
19 student borrowers leave school with almost \$20,000 in debt,
20 and that many young Americans face such significant college
21 debt that they will defer home ownership and starting a
22 family. Students are not able to take careers in teaching,
23 social work, or other public interest fields.

24 I have attached to my written testimony a table

1 taken from the state higher education project report,
2 "Paying Back, Not Giving Back: Student Debt's Negative
3 Impact on the Public Service Center Career Opportunities."
4 The table shows the percentage of college students who
5 would have manageable debt if they took a teaching job in
6 the state. Nationally, nearly a quarter of the graduates
7 from public four-year institutions would have unmanageable
8 debt on a starting teacher's salary, and figures rising to
9 almost 40 percent of the graduates from private
10 institutions. Higher education remains a critical
11 investment for young people to make it themselves, for
12 families to make a success of their children, and for the
13 nature to make it in the future.

14 Current projections are that financial barriers
15 will prevent 4.4 million high school graduates from
16 attending a four-year public institution over the next
17 decade, and will prevent another 2 million high school
18 graduates from attending college at all. I recognize that
19 this is a complicated problem, and that much of the
20 responsibilities lie within the purview of the President,
21 Congress, and states.

22 Folks, the federal government has not been doing
23 its part to help make college affordable. Last February,
24 Congress passed a measure that removed almost \$12 billion

1 from the student aid programs, and in the first year of the
2 2007 budget, the President proposed \$1.2 billion in
3 additional cuts from the higher education program. The
4 latest cuts have further exacerbated the affordability of
5 college education, leaving many lower income students
6 unable to complete their education. As we look for a
7 solution to this problem, we are proud of the
8 recommendations in the recent report of the Secretary's
9 Commission on the Future of Higher Education to highlight
10 access and affordability, especially the recommendation to
11 increase the nation's commitment to the need-based aid.

12 However, as NEA President Weaver said, "To give
13 the proposal teeth, we need a commitment from lawmakers to
14 provide adequate funding." In order to meet broader higher
15 education goals, NEA also calls for improving student
16 preparation and providing more high schools with programs
17 on adolescent literacy and dropout prevention, as well as
18 counseling, smaller learning communities, and expansion of
19 the AP courses.

20 President of the National Council of Higher
21 Education added, "The benefit of higher education are much
22 more than bigger paychecks for the graduate or a stronger
23 economy, higher education is the key to promoting an
24 informed citizenry and protecting our democratic society."

1 NEA hopes to continue working with the Department
2 in this area, and looks forward to the next spring summit
3 on higher education announced in Secretary Spellings'
4 speech last September. The Department can do its part on
5 the issue by taking some concrete steps, but it cannot do
6 it alone. The NEA will be working to increase grant aid
7 and other student aid programs in order to increase college
8 affordability.

9 As Chair of the NEA Student Program, I pledge to
10 contribute to that effort. Cutting interest rates in half
11 for student and parent loans, as well as increasing grant
12 aid are important steps toward reversing the recent cuts of
13 higher education assistance. One step the Department can
14 take is to make changes in loan repayment terms that will
15 provide more fair and manageable circumstances for college
16 graduates once they begin loan repayments. This will be a
17 welcome result from the round of negotiated rulemaking.

18 I thank you for your time, and I look forward to
19 continuing to develop the development of this process.

20 Thank you.

21 **DAVID BERGERON:** Thank you.

22 We are going to take a ten-minute break. Then we
23 will reconvene at quarter till 3:00.

24 Thank you.

1 [Brief recess.]

2 **DAVID BERGERON:** Okay, we're going to reconvene.

3 Our next witness is David Baime.

4 Good afternoon, David.

5 **DAVID BAIME:** Good afternoon. This is a little
6 bit like being on trial, here.

7 My name is David Baime. I am Vice President for
8 Government Relations for the American Association of
9 Community Colleges, and we represent virtually all, or over
10 95 percent, of all the nation's two-year public
11 institutions of higher education. We also have, as an
12 affiliated council, the Student Association for Community
13 College Students.

14 I would like to thank you for convening this
15 group and for giving me a chance to speak.

16 I did want to inform you that my organization
17 will be submitting nominations for two individuals in the
18 negotiated rulemaking process, and, in general, I would say
19 that the reason why we like to have people involved in the
20 neg. reg. process, as we have a number of times in the
21 past, is because our student financial aid officers are
22 sometimes less resourceful than we would like them to be,
23 and the administrative burden issues are perhaps more
24 important for our colleges than they are for other sectors

1 of institutions.

2 I want to just talk very briefly about two major
3 issues that were raised in the notice about these sessions.
4 First relates to the Spellings Commission Report and the
5 issue about whether or not some of the recommendations of
6 that report ought to be incorporated into the neg. reg.
7 process, and my organization's general perspective that
8 that's not a good idea. The recommendations in the Report
9 are very far reaching, have a lot of policy implications,
10 and these are the kinds of issues that are best mediated
11 and decided upon in the Congress rather than through the
12 regulatory process. I think in some areas it would be
13 possible to create or adopt some of the Spellings
14 Commission recommendations by the regulatory process, but
15 we don't think that it is a good idea. Negotiated
16 rulemaking, and rulemaking in general, is a fairly closed
17 process once the negotiators are selected, and we think
18 that in a more open process of legislative process, it is
19 probably a better venue for deciding these. And also,
20 particularly in the area of outcomes, these are very
21 complicated and very contentious that, again, we think
22 would be better off discussed at a different level.

23 I want to just mention that the negotiations over
24 the Student Right to Know Law, and implementation of that

1 took a number of regulatory revisions, and quite a long
2 time at the negotiated rulemaking table. So that is just
3 an example of what you might be getting into if you decide
4 to move forward, say, in the area of student outcomes and
5 Student Right to Know by the regulatory process.

6 Another area that relates to the Spellings
7 Commission report is accreditation. We have the same
8 caution to you as we do about, more generally, the
9 Spellings Commission recommendations. Accreditation,
10 statutory language, particularly the standards of
11 recognition for the agencies, have been subject to a lot of
12 discussion, and negotiation, and parsing of language in the
13 legislative process, and, in general, it has been my
14 organization's position that the regulatory process should
15 hew as closely as possible to the statutory language. For
16 that reason, we see going off into new areas of regulation
17 of accreditation without statutory--a premature direction--
18 it is probably a bad idea, given the sensitivity that our
19 presidents have to the accreditation process, and the
20 implications it has for their institutional operations. So
21 that is just very briefly about the Spellings Commission
22 Report.

23 We did want to talk a minute about the Academic
24 Competitiveness Grants, where we will be explicitly

1 nominating a negotiator. We would like to be involved with
2 this because of its importance to our students. I just
3 mentioned for your information, generally, that our
4 campuses have told us that the numbers of students who are
5 coming in with ACG eligibility are lower than they would
6 have expected them to be or would like them to be. Some of
7 our narrower issues are related to transcripts--these are
8 all things that we did mention in our comments in August,
9 but just quickly--in terms of the transcripts that are
10 required for documentation of the completion of the
11 rigorous course of study at the secondary level, many of
12 our colleges don't collect transcripts. That is not
13 because they are not interested in the academic
14 qualifications of their students; it is just that they use
15 up-front diagnostic testing for them rather than their
16 transcripts. So this is a significant additional
17 regulatory burden for them in many cases, when they have to
18 go back and procure the transcripts.

19 Another point on the rigorous secondary school
20 program, I just wanted to point out to you that the dual or
21 concurrent enrollment programs are growing across the
22 country, over 75 percent of community colleges offer them
23 now with their high schools. They are designed to
24 encourage students to pursue a postsecondary education, to

1 get them oriented towards college and making them really
2 see and feel that college is an option for them. So, to
3 the extent that they are designed specifically to motivate
4 students to go on to postsecondary education and achieve in
5 it, we would just recommend that you look at those
6 carefully as you consider approving the secondary programs
7 for ACG eligibility.

8 The last item on the Academic Competitiveness
9 Grants I wanted to mention, and you will notice that we do
10 remain very concerned about the decision department to not
11 allow certificate students for eligibility. The impact on
12 our students is perhaps not as great as you might think it
13 would be. There is sometimes a perception that there are
14 just scores of certificate programs offered at our
15 colleges. In fact, there is fewer than one certificate
16 award for every associate's degree that our colleges grant,
17 so it is not like there is a huge proliferation of them.
18 Many of our certificate students do go on to get an AA
19 degree, and then go on to get the BA degree. But most
20 importantly, we are absolutely convinced that the statute
21 makes those programs eligible, and it bothers us when we
22 believe that the statute is not observed, particularly when
23 it is to such detriment to our colleges.

24 Finally, I just want to mention that the project

1 on students' debt recommendations are something that are
2 looked at favorably. Our students, obviously, have lower
3 debt levels than students attending four-year colleges, but
4 for the over 20 percent of our students that do have debt,
5 the debt is over \$6,000 now, on average, and debt burden is
6 a big issue for our students. Our students have had
7 relatively high default rates in the past compared to other
8 sectors, so we are very interested in these issues and
9 trying to look at ways to ameliorate repayment burdens for
10 our lower income students.

11 Thank you.

12 **DAVID BERGERON:** Thank you, David.

13 **DAVID BERGERON:** Barbara Salt. Barbara, you
14 have been very patient.

15 **BARBARA SALT:** Oh, thank you.

16 I want to thank you for your attentiveness and
17 patience through a long day, as well.

18 I am Barbara Salt, a Ph.D. social worker, a
19 recent 2003 Ph.D. graduate of the Catholic University of
20 America. I am a member of the National Association of
21 Social Workers, and Senior Program Associate for the
22 Institute for the Advancement of Social Work Research.

23 I speak today from personal experience as a late
24 career returnee to higher education to pursue a doctorate

1 in social work. This testimony addresses several issues,
2 which that decision has made on my current and retirement
3 financial status.

4 First, I want to note that my early career was
5 facilitated by a government funded resource no longer
6 available, but which was important in setting me and others
7 on a course of public service and, I believe, has provided
8 to this government a substantial return on its investment.

9 The now defunct National Institutes of Mental
10 Health Grants of the 1960s provided tuition and living
11 expenses to build the workforce necessary to launch the War
12 on Poverty. This child of a railroader and factory worker
13 would not otherwise have been able to attend graduate
14 professional school of social work at that time. I am
15 eternally grateful for the privilege, and regret that this
16 opportunity is no longer available to others like me, nor
17 to the profession. I believe that this also is a loss to
18 our nation's service provider workforce.

19 Regarding student loan repayment, I want to
20 encourage regulation, indeed, future legislation, as well,
21 that would reduce the burden of higher education to social
22 workers who serve this country's abused and neglected
23 children, its mentally ill homeless, its returning
24 traumatized veterans, and its elderly citizens navigating

1 complex medical care systems at a time when their cognitive
2 abilities are declining or impacted by serious health
3 debilitation.

4 I want to raise another issue that merits
5 attention. Not only does the returning mid-life or later
6 career student thus enter a time of considerable tuition
7 outlay and reduced income, whether attending school full-
8 or part-time, this absence from the full-time workforce
9 adds a further burden to retirement income. Reduced income
10 during these later years of schooling impacts the level of
11 Social Security income. Mid- and late-life students, known
12 as the sandwich generation, often also face support for
13 their children's schooling, as well as support for their
14 elderly parents in assisted living facilities or nursing
15 homes.

16 In my case, I found that, as an only child, my
17 parental care responsibilities preclude my working full-
18 time at the very time when my income should be highest to
19 maximize my own retirement Social Security income. In
20 addition, upon graduation three years ago, after four years
21 of no earned income, I had incurred almost \$40,000 in
22 student loans, so you can see the impact on retirement
23 income.

24 Most private social agencies do not have programs

1 to support advanced education. Burgeoning social work
2 education programs have created a deficit in doctoral-level
3 social work faculty. Despite that, entering doctoral
4 faculty in the field face salaries well below mid- to late-
5 career incomes in the practice arena. Thus, one who seeks
6 to serve the profession through research and educating
7 future generations faces not only reduced incomes, but also
8 burdensome student loans, as well as a reduced base on
9 which the retirement funding of both private and Social
10 Security is predicated.

11 While I do not wish to imply that I am
12 impoverished, I do want to emphasize that the service of
13 social workers to our nation's most vulnerable, where work,
14 at times, involves high personal safety risk, should be
15 supported by governmental recognition of this value to our
16 country through the forgiveness of student loans for
17 providing service, education, and research.

18 I am providing information to link to additional
19 information on the burden of student loans to social
20 workers in my written testimony. We have also heard that
21 from the NASW. I have in my written testimony two
22 websites, one of which provides information about loan debt
23 in proportion to social work salaries by state. It should
24 be noted that starting salaries in a master's and doctor of

1 social work faculty appointments are well below that of
2 senior social work practice salaries in federal agencies.
3 That is, beginning social work faculty may be \$45-55,000,
4 which is, if you worked through a fair career, you are
5 probably a little bit beyond that, so you are taking a cut
6 just to move into the education workforce. Another website
7 is on the need for loan forgiveness for social workers, and
8 that gives a number of personal examples that you heard
9 earlier in earlier testimony.

10 I basically want to conclude by thanking you
11 again for your attention, and for addressing this part of
12 the solution to meeting the needs of social work first
13 responders to our citizens in need. Thank you.

14 **DAVID BERGERON:** Thank you, Barbara.

15 **DAVID BERGERON:** Roger Williams. Good
16 afternoon, Roger. You have been another patient soul.

17 **ROGER WILLIAMS:** Indeed. Well, no one has been
18 more patient than the three of you, and you are to be
19 commended for it.

20 My name is Roger Williams. I am the Executive
21 Director of the Accrediting Council for Continuing
22 Education and Training, ACCET, it goes by the acronym,
23 ACCET. We accredit approximately 243 institutions that
24 operate about 650 schools across the country, and a few

1 overseas. I am also the Chair of the Council of Recognized
2 National Accrediting Agencies, which consists of six
3 agencies. The vast majority of the schools accredited,
4 about 3,100 in number, are in the proprietary sector, and
5 range from certificate level up through the master's
6 degree.

7 A counterpoint to David's comment to you all
8 suggesting caution, I would suggest that you need to throw
9 caution to the wind, and I truly believe that negotiated
10 rulemaking is appropriate in this case. In fact, if you
11 look back at the last two HEAs, which the last one is so
12 far back, we can hardly remember it anymore, a great deal
13 of patience has been demonstrated, and perhaps too much.

14 When I reflect back on one of the issues that I
15 would like to touch on, which is accountability, recalling
16 that, in 1992, when the recognition criteria, for the first
17 time, included outcomes on it--in 1998, and I speak from
18 some experience, I served at the negotiated rulemaking at
19 the time, and would never submit myself to that again, but
20 it is commendable work, of course--that recognition
21 criteria was moved up to number one. And yet, here we are,
22 in 2006, still talking about pilots, and models, and things
23 that we are going to do, and it makes me wonder how either
24 Congress or the Department of Education has been that

1 patient.

2 From ACCET's perspective, we created a set of
3 outcome policies back in 1990, primarily focusing on
4 completion of placement. Prior to which, there was a
5 single standard in ACCET that had placement listed and the
6 word "optional" next to it, which is rather odd, when you
7 think that the vast majority of ours are vocational
8 programs. It wasn't until 1997 that we finally passed
9 benchmarks, and we have utilized those benchmarks.

10 We even have a subcommittee of the Commission
11 called the Completion of Placement Subcommittee that helps
12 to focus on those particular outcomes. We have benchmarks
13 of 77 percent placement, and 67 percent completion, and we
14 have found those very important tools. They aren't--and I
15 think outcomes, in general, are not simply about trying to
16 find what the institution does, but rather inspiring them,
17 and inspiring often requires some difficult decisions.

18 In fact, we place a number of institutions on
19 "show cause" each year as a consequence of not meeting
20 those benchmarks. Many programs are removed because they
21 can't demonstrate that they are really productive. So we
22 really believe that outcomes are a very important measure.

23 While it is perhaps in the vocational area, and
24 it is simple to look at the training-related job

1 placements, it is difficult for us to understand why those
2 wouldn't be used for associate degrees, as well. We have
3 occupational associate degrees, and most certainly would
4 think are fully applicable to them.

5 With regard to completion, which I think is going
6 to be a very tempting outcome that many people will not
7 look past, in the coming of the negotiated rulemaking, and
8 I hope that is not the case, because, while I believe
9 certainly that retention, completion, and graduation rates
10 are very important, if they are left to stand on their own
11 without further outcomes, either in terms of job placement
12 rates or in terms of learning outcomes, particularly those
13 that might actually have some quantifiability to them, much
14 as I know that word upsets people, I think we are going to
15 be in even greater danger of grade inflation, because if
16 you push with an incentive on completion rates, you are
17 going to push the process for people to do things that,
18 perhaps, they would not ordinarily do. While there isn't
19 much talk about it, save the occasional article in The
20 Chronicle about grade inflation, I think it is a very
21 serious problem that no one has bothered to look at very
22 carefully.

23 So, relative to outcomes, in general, I think the
24 time is long overdue, and we really need to get serious

1 about it, and may even take some radical approach in
2 negotiated rulemaking. I hope it will provide some of
3 that.

4 With regard to transparency, again, if you
5 reflect back in the late 1980s and early 1990s, for the
6 Department of Education to even get a letter of
7 accreditation, it had to subpoena accrediting agencies. I
8 have distinct recollections back in those times, and the
9 1992 regulations really were an improvement on that. It
10 pushed us all, which is probably a theme here--it requires
11 some pushing occasionally, to get the agencies to begin
12 publishing information. ACCET publishes some of the
13 actions that the Commission takes--"final actions," of
14 course, is really the keyword on our website.

15 We send all of our letters out, the actual
16 letters themselves--out to the state agencies and to the
17 U.S. Department of Education. We also include "show cause"
18 action, which some would call "probation," others,
19 "warning." It is not a requirement, but we do believe that
20 is an important component of communication out to the
21 federal and the state so they have a better picture of what
22 status an institution is run with accreditation at any
23 given time.

24 Having said all that, and really being a believer

1 in transparency, I do worry that there are those who are
2 suggesting disseminating team reports, which I think would
3 be a disaster. The peer review process does require a
4 certain level of comfort that requires a certain level of
5 respect--confidentiality between accrediting agency and the
6 institution. If you remove that, I do believe that the
7 peer review process would begin to collapse, because you
8 will end up with reports that people know are going to be
9 published, and therefore will be more filled with
10 platitudes and anecdotes than any helpful information, and
11 I would warn against taking that approach.

12 The last issue is relative to transfer of credit.
13 I served with the CHEA Committee back in, I think, around
14 1990, working on what became a framework for transfer of
15 credit, which I think is a very commendable piece. It has
16 the great pitfall, of course, of not having any teeth in
17 it, and that is, of course, similarly found in our
18 recognition criteria. While I am not at all in favor of
19 forcing institutions to merely accept transfer of credit,
20 the fact of the matter is that there are very serious
21 implications to the current system. It is often argued
22 that it is too expensive, and I find that rather odd from
23 the fact that tuition rates are what they are. I have two
24 kids in college as I speak, so I am speaking with great

1 authority here.

2 I would note, incidentally, that my kids' current
3 student fees are what I used to pay for tuition back in the
4 1960s and 1970s. If cost is really the factor that is
5 holding back transfer of credit, I would suggest that
6 somebody should look at fees, perhaps, as a way to get
7 around that. But the biggest issue, really, I think, is
8 one of providing an incentive that says, "This is
9 important." And probably the only way that will take place
10 is if, in the recognition criteria, it says that
11 institutions must indeed craft and publish whatever their
12 transfer of credit policy is. At least it would be seen,
13 and I think that would be an important step forward.

14 Finally, I think it is very important to take
15 note that accreditation really holds great promise, and I
16 think it doesn't quite realize that promise, often, because
17 it tends to be a bit timid. I think it is a great
18 enterprise. I think that the real measure of accreditation
19 is not the fact that an institution, or an agency, rather,
20 has prestigious institutions with great reputations. The
21 real question is, "Is it because of accreditation?" I
22 think if we really want accreditation to do its job better,
23 we need to challenge accreditation to do a little better
24 job.

1 Thank you very much.

2 **DAVID BERGERON:** Thank you.

3 **DAVID BERGERON:** Devin Ellis.

4 **DEVIN ELLIS:** Good afternoon.

5 Thank you all very much for hearing from
6 us today.

7 My name is Devin Ellis. I am a first-year
8 master's in public policy student at the University
9 of Maryland, College Park, and I am also the
10 Director of Academic Affairs for the University of
11 Maryland System Student Council, which represents
12 all of that state's public higher education
13 institutions.

14 I was going to read from this, but I see
15 that you are out of coffee, so I will just try and
16 come to the point.

17 **DAVID BERGERON:** We know where to get
18 more.

19 **DEVIN ELLIS:** As a first-year master's in
20 public policy student at a public higher education
21 institution, I have already incurred almost \$18,000
22 in loan debt, and I do not anticipate that I will
23 make it through the remainder of my program without
24 incurring more.

1 You have heard from a lot of undergraduate
2 students this morning and this afternoon, and also
3 some graduates, as well, but I wanted to emphasize
4 the fact that the debt burden problem is a plight
5 that is shared by graduate students, as well. And
6 I don't need to tell you that this applies
7 particularly to those graduate students who seek to
8 use their higher education for public service, or
9 for work in the private or the public sector, which
10 does not pay well enough to make taking on tens of
11 thousands dollars of debt an attractive prospect.

12 Social workers, nurses, educators, and
13 also many other graduate degree-holding
14 professionals who work in the public arena cannot
15 expect to make the kind of salaries that doctors
16 and lawyers have traditionally been able to make in
17 the private arena that is used as an excuse to
18 offset the cost of attaining a graduate degree.

19 I, myself, am not looking forward to the
20 beginning of my interest payments, because, seeking
21 to go into the field where I will most likely be
22 employed as a public servant, I don't need to tell
23 any of you today that the federal government is not
24 known for its lavish pay packages. I think that it

1 is vitally important that the Department, in
2 seeking to fulfill the mission that has been
3 spelled out, of making public and private higher
4 education in this country accountable to the public
5 by producing more, better highly educated
6 professionals in engineering, in the sciences, in
7 leadership, and in academia, that steps be
8 undertaken to make that possible for people.

9 I am very much in favor of the five-point
10 plan that you have heard about today. I think most
11 of its provisions very soundly support lightening
12 the debt burden on students, graduate as well as
13 undergraduate, but I think that the federal
14 government also has to undertake longer term
15 thinking about this issue.

16 I would like to share with you very
17 briefly, to highlight my concern, a couple of
18 statistics from my own campus, the University of
19 Maryland, College Park, which has over 10,000
20 graduate students distributed across its
21 departments.

22 In 1999 and 2000, the University of
23 Maryland conducted a survey of all of its graduate
24 students, in which one of the series of questions

1 that they asked concerned debt and affordability.
2 When asked if they thought that they would incur
3 debt in the course of their degree, 1 in 4
4 respondents to the survey believed that they would
5 need loans of \$20,000 or more in the course of
6 their education, and only 2 in 5 believed that they
7 could complete their degree with no recourse to
8 loans.

9 When students were asked to rank their
10 most important source of funding for their
11 education, loans came in fourth out of thirteen
12 categories, beat out only by university
13 assistantships, fellowships, and income from
14 outside employment.

15 When graduate students were asked to list
16 the greatest obstacle to their academic progress,
17 financial difficulties was the single largest
18 category, with over 60 percent of respondents
19 listing that as the greatest obstacle to their
20 completion of their degree.

21 Contrary to what our automatic assumptions
22 might be in thinking about the distribution of
23 graduate student population at a large public
24 university, the single largest percentage of

1 respondents to this survey were actually from
2 engineering, computer, and the life sciences, the
3 second largest category were from the social
4 sciences and education, the third were from
5 business and management and the humanities, and
6 then it goes down steeply from there.

7 So, bearing that in mind, I would like to
8 close by urging you all to recommend and support
9 the five-point plan that you have heard about
10 today, and also strongly encourage the Department
11 to include students in any future neg. reg. process
12 that is undertaken.

13 Thank you very much for you time.

14 **DAVID BERGERON:** Thank you.

15 When we conduct a negotiated rulemaking,
16 it is a statutory requirement that we include
17 students. So even if we didn't want to, we would
18 have to.

19 [Laughter.]

20 **DAVID BERGERON:** And from all of the
21 comments that we have heard from students over the
22 course of these hearings, any of us who would have
23 thought about not including students have long
24 since thrown that notion out the window.

1 We thank you. And also, my niece is a
2 medical student at Johns Hopkins, and her brother
3 was just accepted to medical school this week. So
4 my niece and nephew are both going to medical
5 school, and they would take issue with issues that
6 would be concerned about student debt for medical
7 students, as well, out of graduate students.

8 **DAVID BERGERON:** Sarah Levin.

9 **SARAH LEVIN:** Hi, I am Sarah Levin. I am
10 here on behalf of Elizabeth Marques, who is
11 President of the Laboratory Institute of
12 Merchandising. She wanted to be here and she
13 couldn't, which is why I am, clearly, here.

14 I am here to talk about the standards for
15 determining the financial viability of college.
16 The third committee on the negotiated rulemaking
17 process will consider these institution eligibility
18 issues, and we recommend that this third committee
19 review the process under which there are exceptions
20 that institutions can prove their financial
21 stability.

22 The Department of Education should,
23 indeed, set strict standards to ensure the
24 financial health of an institution. We encourage

1 rigorous financial guidelines to protect our
2 students and our college communities, but we do not
3 agree that these standards are infallible. While
4 the Department's current standards most often
5 indicate a college's financial stature accurately,
6 there are inherent faults and flaws in the ratio
7 testing that unfairly burden colleges that are,
8 indeed, financially sound.

9 Currently, the Department determines
10 financial viability through ratios calculated using
11 the financial statement data using GAAP, or
12 generally accepted accounting principles. While
13 these statements prepared by GAAP generally
14 indicate the financial status of an institution,
15 they do include unfair biases against institutions
16 that hold appreciated real property assets. With
17 this in mind, the Department should consider giving
18 the Secretary discretion of reviewing and taking
19 into consideration the fair market value of these
20 assets.

21 Colleges may be financially stable, while
22 failing the ratio test using the GAAP-based
23 financial values. GAAP does not adequately value
24 appreciated assets. Since assets are reported at

1 book value, book value does not always represent
2 the fair market value of an asset in cases where
3 real property has significantly appreciated over
4 time, the GAAP standards present a severe
5 undervaluation of the asset.

6 For example, at LIM, a building they
7 purchased was valued at \$500,000; they purchased
8 that in 1964. Right now, it is valued at between
9 \$18- and \$20 million, and on the books for GAAP
10 standards it is only valued at \$100,000, which is a
11 severe undervaluation.

12 In these extraordinary circumstances where
13 GAAP-based financial statements exponentially
14 undervalue assets, the Secretary and the Department
15 of Education should have the discretion to review
16 these cases and to grant exemptions to the ratio
17 test. It is detrimental for the financially secure
18 institutions to obtain these costly letters of
19 credit in order to maintain financial aid for their
20 needy students.

21 Currently, if an institution fails the
22 required ratio tests using the GAAP standards, it
23 can remain fully certified by making available a
24 letter of credit in the amount of 50 percent of the

1 student aid provided. Also, an institution can be
2 provisionally certified by making a letter of
3 credit in the amount of 10 percent of student aid
4 available. We suggest that the Secretary of the
5 Department of Education have the discretion to
6 allow an institution to remain fully certified by
7 providing a letter of credit in the amount less
8 than 50 percent after reviewing a full review of
9 the institution's financial statements using the
10 current fair market value of the assets of the
11 institution. We are not suggesting changing the
12 regulations or allowing financially unstable
13 institutions to harm students' educations, but we
14 are advocating that the negotiated rulemaking
15 committee have the opportunity to discuss these
16 standards, and recommend that both the Department
17 of Education and the Secretary have the ability to
18 consider, and have the discretion to review, these
19 exceptional cases.

20 Thank you for your time.

21 **DAVID BERGERON:** Thank you.

22 **DAVID BERGERON:** Jennifer Pae.

23 **JENNIFER PAE:** Speaking of students on the
24 committees, my name is Jennifer Pae, and I am the

1 elected President of the United States Students
2 Association. We are the country's oldest and
3 largest national student association, representing
4 millions of students nationwide.

5 As a coalition of student governments and
6 statewide student associations, we are here today,
7 again, from Berkeley, and Chicago, and Orlando to
8 once again express our concerns in high hopes that
9 the Department will adopt for the negotiated
10 rulemaking process.

11 As students have organized across the
12 country for this year's midterm elections, they
13 have used issues such as divestment from higher
14 education as a driving force to turn out to the
15 polls. In the past two months, USSA has registered
16 more than 40,000 students in five targeted states,
17 and so many students turned out in record numbers
18 over the 2002 numbers. The University of Michigan
19 at Ann Arbor--they stated their numbers were over
20 160 percent.

21 Today's students are committed to securing
22 access to higher education, and we urge you to
23 consider ways to reduce student debt burdens,
24 increase grant aid, and increase access to higher

1 education as you begin negotiated rulemaking. The
2 newly created ACG and SMART Grants can provide an
3 additional 500,000 students with funds necessary to
4 pursue a college degree, but existing regulations
5 have made the grants confusing to students, and
6 difficult to allocate for financial aid
7 administrators. At a time when it has become more
8 difficult to access higher education due to costs
9 and opportunity, we should be providing these
10 grants for the most needy students in order to
11 achieve success in this country.

12 In addition, restricting these grants to
13 only full-time college students who recently
14 graduated high school excludes many non-traditional
15 students and part-time students. As our
16 organization represents millions of students across
17 the country, these grants clearly do not create
18 access for them. Furthermore, students who are
19 eligible for the Pell Grant, but are not
20 recipients, should be allowed to receive these
21 grants. The current regulations only allow Pell
22 Grant recipients to benefit from this award. While
23 we applaud the Department for creating these new
24 grants, we hope that you will consider amending the

1 regulations to ensure that more students have the
2 opportunity to receive them.

3 An additional concern for students include
4 the need to make college more affordable, of
5 course, by limiting student loan repayments to a
6 reasonable percentage of a borrower's income.

7 Recent graduates who pursue careers as teachers or
8 in the non-profit sector will have the ability to
9 successfully manage their student loan repayments.
10 We would also like the Department to recognize that
11 borrowers with children have less income available
12 for student loan payments. Family status should be
13 taken into account when determining their loan
14 repayments.

15 Finally, we urge the Department to protect
16 student borrowers from high interest charges when
17 they face hardship situations. Due to the recent
18 cuts in the student loan program, students are
19 facing much higher burdens, and we must ensure that
20 students are protected from unmanageable levels of
21 debt. It is important for students to not only be
22 able to afford the repayments of their loans, but
23 there should be safeguards in place to help them in
24 times of financial instability.

1 Research shows that 40 percent of students
2 do not pursue graduate school because of their
3 student loan debt. Each year, millions of
4 graduates delay some of life's most important
5 decisions, as you may know, including purchasing a
6 home, getting married, and starting a family simply
7 because they are burdened with student loan debt.

8 As college costs continue to skyrocket,
9 the average family is continually finding it harder
10 to afford college. Just yesterday, while I was in
11 the state of Michigan, they passed an extremely
12 harmful ballot initiative, similar to a proposition
13 in California ten years ago, which has dramatically
14 affected the higher education system, which will
15 eliminate Affirmative Action programs, not only in
16 education, but the job market, as well.

17 Unfortunately, this will target many first
18 generation, low-income students of color, and will
19 close the doors of higher education for many
20 qualified individuals. We must provide for the
21 success of today's students, and for future
22 students, in order for our country to succeed in a
23 global economy, especially for those that have the
24 most potential.

1 The Spellings Commission Report concluded
2 that 90 percent of the fastest-growing jobs in the
3 new information and service economy would require a
4 postsecondary degree. If our nation intends to
5 compete in this changing global economy, we need an
6 educated workforce, and, sadly, many of those
7 students who are shut out from pursuing a higher
8 education are low-income and minority students.

9 We urge for the Department to provide a
10 higher educational system that is affordable and
11 accessible to all. Twenty years ago, anyone who
12 wanted to pursue a college degree was granted that
13 opportunity. Unfortunately, students today do not
14 have that luxury. Millions of students are working
15 full-time, raising families, and drowning in
16 unmanageable debt, just to put themselves through
17 school.

18 Increasing grant aid and making loans more
19 manageable will allow more students an opportunity
20 to access the doors of higher education. While we
21 know that it is not within the Department's
22 jurisdiction to increase appropriations for these
23 federal programs, we ask that you do whatever you
24 can to make college a reality for students across

1 the country, and not simply a dream.

2 We are eager to work with the Department,
3 and truly represent students from across the
4 country throughout the negotiated rulemaking
5 process and the table, as we have in the past. So,
6 look forward to our nominations, not only for
7 myself and the Vice President, but our Legislative
8 Director. And we hope through all the testimonies
9 for the Commission on the Future of Higher
10 Education, as well as these public hearings for the
11 Department, that you take these testimonials to
12 heart, because they are true stories of what is
13 going on in today's higher educational system.

14 Thank you for the time and the
15 opportunity, and we look forward to talking to you
16 again soon.

17 **DAVID BERGERON:** Thank you, Jennifer.

18 I would note, as I said earlier, we can't
19 change statute; full-time is a requirement of the
20 statute for Academic Competitiveness Grants and
21 National SMART Grants. We did make a change in the
22 final rule to address one of your issues related to
23 Pell recipients.

24 **DAVID BERGERON:** Jesse Fenner.

1 **JESSE C. FENNER:** Good afternoon.

2 **DAVID BERGERON:** Good afternoon.

3 **JESSE C. FENNER:** My name is Jesse Fenner,
4 and I am an alumnus of the Upward Bound Program
5 from the University of Chicago, and I am here today
6 to voice my support for Upward Bound, and to ask
7 that the Department ensure that its proposed
8 priorities take into account, reflect upon, three
9 things that I think make the Upward Bound Program
10 that I participated in a successful program.

11 Those three things are: establishing
12 trust, a partnership, and a safe haven. Many
13 Upward Bound participants or potential Upward Bound
14 participants have, at some point in their life--
15 they have been failed, either by schools that did
16 not adequately prepare them for high school and
17 college, by family that did not adequately support
18 them in their endeavors, or by their community that
19 failed to provide them with safe schools or safe
20 neighborhoods.

21 These things create barriers to reaching
22 out to students. I don't think that the Upward
23 Bound Program needs any more barriers. I would ask
24 that the Department make sure that its proposed

1 priorities give the Upward Bound Program the
2 flexibility not only to reach out to the students
3 who fall within the four corners of your proposed
4 priorities, but those students who come to Upward
5 Bound.

6 I was one of the students. I wasn't a
7 poor student, I was just poor. There were a lot of
8 factors pulling at me, and pulling at my family.
9 Among my brothers and sisters, there are six of us.
10 All of us were excellent students up through the
11 eighth grade, but three dropped out of high school,
12 two graduated from high school with no college, and
13 then myself. With partnership with Upward Bound, I
14 was able to go to Harvard University, and am now an
15 attorney today.

16 So I think that Upward Bound--in the
17 program that I participated in, it has to engage in
18 a trust-building process with the participants, and
19 it needs the flexibility to do that. I think,
20 because of that, that the students or the
21 participants who come to the program won't
22 necessarily fit in the four corners of the proposed
23 priorities, and I would ask for flexibility in
24 that.

1 The second thing is partnership. I was
2 able to achieve the things that I was able to
3 achieve in partnership with Upward Bound, and I
4 would ask that the proposed priorities enable all
5 participants, all students enrolled in Upward
6 Bound, to be full partners with Upward Bound in
7 mapping their educational achievement. I don't
8 know what I would have done if I were in a control
9 group. I don't think I would be standing here
10 today, but I would ask that the Department include
11 some flexibility that, if a student wants to be a
12 full partner with Upward Bound, that they are not
13 rejected, and that they are able to get the
14 resources that they request.

15 And the last thing, a safe haven. I know
16 my neighborhood was not safe. I spent as much time
17 as I could at Upward Bound and, at times, I brought
18 people with me who were there, and none of them got
19 rejected; none of them were asked what their grade
20 point average was, what their test scores were,
21 they were just provided with help. I would ask
22 that the Department, in its proposed priorities for
23 Upward Bound, ensure that the program remains
24 inclusive, that it is not restrictive or exclusive,

1 and that the students who come to seek help from
2 the program can actually get it.

3 Thank you.

4 **DAVID BERGERON:** Thank you.

5 **DAVID BERGERON:** Alys Cohen. How are you?

6 **ALYS COHEN:** I am great, and I am
7 impressed that you pronounced my name correctly.

8 **DAVID BERGERON:** It's been one of those
9 days that I have had good success and bad success
10 with pronouncing names, but thank you. You are our
11 last scheduled witness. There may be others that
12 may want to say something, but they are not on our
13 list.

14 **DAN MADZELAN:** So take your time.

15 **DAVID BERGERON:** Take your time. You have
16 half an hour.

17 **ALYS COHEN:** I am Alys Cohen. I am a
18 staff attorney at the National Consumer Law Center.

19 Twenty years ago, I was a member of NYPIRG
20 and USSA, so I would like to associate myself with
21 all those students who made wonderful remarks
22 today.

23 As a public interest lawyer, I will be
24 paying back my student debt until my three and

1 four-year-old are starting to enter college, and I
2 am the sister of a social worker.

3 But today, I am here on behalf of members
4 of the legal assistance community who represent
5 low-income students and borrowers. We support the
6 lawyers and the borrowers directly in their effort
7 to deal with their student loan problems, and we
8 get calls every week from lawyers, and not all
9 borrowers have lawyers, trying to parse through the
10 situations that their clients have. Most of the
11 time the answer is, "The regulations don't go far
12 enough for your client."

13 Let me talk about some of those regulatory
14 issues. We urge you to address the issue of
15 student loan repayment burdens in the negotiated
16 rulemaking. Debt has become a primary way that
17 Americans pay for college. Borrowers are
18 increasingly, through no fault of their own, faced
19 with payments that are simply unaffordable. It is
20 important for students to understand the importance
21 of fulfilling their obligations; however, these
22 obligations must be balanced against other
23 important interests, including encouraging access
24 to education and providing relief for vulnerable

1 borrowers and victims of fraud.

2 Unfortunately, the current federal
3 protections are poorly designed, and fail to
4 provide a functional safety net for student loan
5 borrowers. Fortunately, you have the legal
6 authority to improve their safety through the
7 upcoming rulemaking. We ask you to adopt the five-
8 point plan, about which you know very much, and we
9 especially ask you to give special consideration to
10 some additional recommendations that particularly
11 affect the lowest income borrowers.

12 Number one, we ask you to expand the
13 availability of income-contingent repayment plans
14 by offering these plans through rehabilitation, in
15 addition to consolidation, and by allowing
16 borrowers in default to reconsolidate defaulted,
17 Direct, and FFEL consolidation loans in order to
18 access the ICRP.

19 Number two, we ask you to strengthen the
20 safety net for the most vulnerable borrowers by
21 tying the definition of disability for purposes of
22 canceling loans to the standards set by the Social
23 Security Administration, by restoring the seven-
24 year grounds for discharging student loans in

1 bankruptcy, and by repealing the bankruptcy non-
2 dischargability provisions that apply to private
3 loans.

4 Number three, we ask you to develop and
5 support programs that can provide objective, in-
6 depth assistance to borrowers experiencing problems
7 with student loan debt.

8 Number four, improve monitoring of private
9 collection agency activity, and relieve other
10 collection burdens by only charging collection fees
11 that are bona fide and reasonable by re-imposing a
12 statute of limitations for student loan
13 collections, and by creating a rigorous training
14 program for collectors that includes regular
15 oversight and an accessible system to handle
16 borrower complaints.

17 And number five, since it is a companion
18 to the five-point plan, ensure that borrowers can
19 enforce their rights by creating an explicit
20 private right of action to enforce key provisions
21 of the Higher Education Act. As a former
22 government lawyer myself, I appreciate the power of
23 government enforcement, but there is nothing like a
24 private cause of action to get actors to do the

1 right thing.

2 One other thing that is not on here that I
3 would like to add. Right now, in Congress, they
4 are looking at FHA modernization. What they are
5 trying to do is make the FHA program for low-income
6 homeowners be relevant. The biggest challenge to
7 that is the abuse in the private loan market. As
8 the private loans expand in the student loan
9 market, I don't want to see the same thing happen
10 because of the heaviness, and the complexity, and
11 the limitations of the government student loan
12 programs.

13 On the subject of who participates in the
14 rulemaking, we nominate Deanne Loonin, staff
15 attorney with NCLC, and Bob Shireman, Executive
16 Director of the Project on Student Debt, to
17 represent legal aid organizations and their low-
18 income clients in the upcoming negotiated
19 rulemaking process. We appreciate the
20 consideration of our nomination.

21 When I was coming in here today, I came to
22 the first building with the little red school house
23 and it said, "Door closed. Try the next entrance."
24 And I came to the next door and it said, "Door

1 closed. Try the next entrance." I hope that we
2 won't have a lot of doors closed for those that are
3 trying to better themselves.

4 Thank you.

5 **DAVID BERGERON:** Thank you.

6 That is the last witness we have
7 scheduled. We will stay here for the next 25
8 minutes if there are other people who want to say
9 something.

10 But while there is no one here at the
11 microphone to do that, let me just say--I have said
12 my thanks to students at various times during the
13 day. As we have gone around the country, we have
14 been tremendously impressed by our students. They
15 have provided, in every case, something unique and
16 special associated with that particular student,
17 but also, they have spoken for their friends and
18 colleagues on the campuses, and we have appreciated
19 that. I appreciate everybody's patience who stayed
20 all day today, and there have been a number of you
21 listening with us as we have listened to testimony.

22 So, with that, we are just going to sit
23 here and hang out for the next 24 minutes, unless
24 there are others. If there are others that are

1 here that want to speak, they can do that.

2 **DAN MADZELAN:** We are considering this
3 open mike time.

4 [Open microphone from 3:38 to 4:00 p.m.]

5 [Whereupon, at 4:00 p.m., the hearing was
6 adjourned.]

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