

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.

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3 Department of Education Panel Members:

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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 Madzellan 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 bogged 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 **NICHELE 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 rated 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.]