

U.S. DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION

PUBLIC REGIONAL HEARING FOR
NEGOTIATED RULEMAKING

U.S. Department of Education
FB-6 Auditorium
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U.S. Department of Education
Public Hearing
Washington, D.C. – November 8, 2006
Panelist

Representing the Office of Postsecondary Education:

David Bergeron
Director, Policy and Budget Development Staff

Dan Madzellan
Director, Forecasting and Policy Analysis Staff

Representing the Office of General Counsel:

Lisa Kanter
General Attorney
Division of Regulatory Services

P R O C E E D I N G S

1
2 **DAVID BERGERON:** Good morning. I am
3 trying to get these things started, and I always
4 start a minute before it is time for us to really
5 begin the hearing. I do that because I know it
6 always takes about a minute for folks to get
7 organized and ready to start these proceedings.

8 This is our fourth in a series of regional
9 hearings in preparation for negotiated rulemaking.
10 We have been fortunate at our hearings at Berkeley
11 and Chicago to be hosted by institutions of higher
12 education, University of California at Berkeley and
13 Loyola University of Chicago. Those were very good
14 hearings, very productive hearings, and we are very
15 pleased that they went as well as they did.

16 We had our third hearing in Orlando as
17 part of the Federal Student Aid's Fall Conference,
18 so we did have that last week. We had a number of
19 witnesses at that hearing that had been part of the
20 conference, so they brought things that they heard
21 and concerns that they had, as a result of what
22 they heard, to us, that was also very productive.
23 One of the things that has been striking as we have
24 gone around and had these hearings is the

1 remarkable students who have testified for us on
2 issues of concern to them, and I am sure, during
3 the course of the day, we will hear from more
4 students, and I think you will be as impressed as I
5 have been--their remarks at each of these hearings.

6 Let me introduce the people who are
7 sitting up here, and, during the course of the day,
8 folks may change. Lisa Kantor is with our Office
9 of General Counsel, and she will be with us, and
10 others may join us during the day from the Office
11 of General Counsel as their schedules permit.

12 Dan Madzelan, you all know, because I
13 think anybody who has been around negotiated
14 rulemaking knows that he is our federal negotiator
15 par excellence, except for one little thing: His
16 sessions tend to go long. I have a feeling that
17 will be an indicator of the day, because we have
18 many folks scheduled to speak, which is why I want
19 to try to get done with this introductory stuff
20 very quickly. Dan is the Director of Forecasting
21 and Policy Analysis in the Office of Postsecondary
22 Education where I am his colleague and peer.

23 I am David Bergeron. I am Director of
24 Policy and Budget Development in the Office of

1 Postsecondary Education.

2 This is, as you all know, the Department's
3 headquarters building, and I don't work here. I
4 work across town at K Street, and so I had to go
5 exploring because I knew one thing everyone needs
6 to know when they come to a building they are not
7 familiar with, and that is where the restrooms are,
8 and they are that way--the men's room is on the
9 right side; the ladies room is on the left--and I
10 think that is all of those logistical things.

11 Let me talk a little about negotiated
12 rulemaking and the process we are engaged in.
13 While doing the public hearings, we are still
14 accepting public comment in written form through
15 tomorrow. At the same time, we are accepting
16 nominees for federal negotiators for that process.
17 Once we get all of the public comments and get the
18 nominees, we will do two things, we will develop a
19 negotiating agenda that takes into account the
20 public comment we received and allows us to
21 identify issues that we believe we can reach
22 agreement on, and negotiate through to notice of
23 proposed rulemaking early next year.

24 Our plan right now is to begin

1 negotiations in mid-December, have about a six-week
2 break between the first and second negotiating
3 sessions, a little longer than we have typically
4 done, and really try to get this process a little
5 bit earlier on our schedule than we have had in
6 recent years. As I said, this process is really
7 going to be driven by the public comment that we
8 received, and will receive, today and tomorrow.

9 So we will be taking very seriously the
10 concerns that folks have expressed about our
11 regulations and the things we need to change, and
12 we will do that. The only thing, going in, we knew
13 we would first be doing for certain and absolutely
14 was to negotiate around Academic Competitiveness
15 and National SMART Grants, and these--we knew that
16 those two new programs really did impact and
17 influence our change of direction of our programs
18 in ways that are fundamentally different from what
19 we have done before, and really did warrant
20 negotiated rulemaking, even though we will have
21 operated the programs first under interim final
22 rule, and then a final regulation that we issued
23 most recently--the final regulation on November
24 1st.

1 Is that all of the introductory things
2 that I needed to say?

3 **DAN MADZELAN:** We just have to remind
4 them--

5 **DAVID BERGERON:** Yes.

6 Danny reminded me that, as you come
7 forward, if you could identify yourself and state
8 your name and your organization so that the
9 recorder can have that information and make sure
10 that it is correct in the record. She is going to
11 work from our list. If necessary, if you are
12 running too long, we will hold up a stop sign.

13 [Laughter.]

14 **DAVID BERGERON:** We have not had to use
15 the stop sign in our other three hearings; I hope
16 and expect that we will not today. We will keep
17 track of time, and we will try to keep the
18 witnesses to five minutes. Sometimes we run a
19 little long, but what we have experienced,
20 particularly when we have students testify, or
21 people who are just nervous to speak in public like
22 I am, they tend to speak faster than normal and
23 they get done more quickly. One of the benefits of
24 that is that we will bring in students throughout

1 the day that maybe were not scheduled first thing
2 in the morning because their schedules did not
3 allow them to do that. So we will be flexible to
4 accommodate those and try to stay on time.

5 With that, we will start.

6 **DAVID BERGERON:** Jean Morse, the
7 microphone is behind you.

8 **JEAN MORSE:** Good morning.

9 **DAVID BERGERON:** Good morning.

10 **JEAN MORSE:** I am Jean Morse, and I serve
11 as President of the Middle States Commission on
12 Higher Education, a regional accreditation body
13 serving over 500 institutions in the Middle
14 Atlantic region of the United States and the
15 Caribbean. I also appear today as the Vice Chair
16 of the Council of Regional Accrediting Commissions,
17 know as C-RAC, that is composed of all of the
18 regional higher education accrediting commissions
19 in the United States.

20 My remarks are meant to compliment those
21 of my colleagues in C-RAC who have testified at
22 prior hearings held in their regions. Thank you
23 for the opportunity to participate in the
24 consideration of new regulations that will affect

1 the seven regional accreditors, their 3,000 member
2 institutions, and the 17 million students served by
3 those institutions.

4 C-RAC supports many of the constructive
5 suggestions in the report by the Commission on the
6 Future of Higher Education convened by the
7 Secretary of the U.S. Department of Education. Our
8 position is outlined in responses to the
9 Commission's draft reports, and messages to our
10 members, all of which are posted on our Web sites.

11 The following additional five comments
12 address the new regulations that might affect
13 accreditation, and the first relates to timing.

14 Although C-RAC welcomes improvements,
15 certainly, of the regulations that implement the
16 Higher Education Act of 1965, it supports waiting
17 to adopt new regulations until Congress has
18 completed the required reauthorization of the
19 Higher Education Act. C-RAC has worked with
20 congressional representatives on reauthorization,
21 and we will continue to do so. Reauthorization
22 should clarify congressional requirements, and
23 those requirements may require different
24 regulations from those which might be under

1 consideration now.

2 As explained in a prior hearing by my
3 colleague, Dr. Crow, it is really difficult for our
4 institutions to implement frequent changes in
5 direction. It is an evaluation process that is
6 continuous that started way in advance, and it is
7 very hard to change in midstream.

8 The second point has to do with
9 transitions to new regulations. Again, C-RAC
10 promotes continuous changes and improvements in
11 practices mandated by the Department's regulations,
12 but we support the use of pilot projects to test
13 the usefulness of new approaches. We also support
14 gradual and careful transitions. All of the C-RAC
15 regional accreditors and their member institutions
16 are already in the midst of major initiatives to
17 define and assess student learning and, just as
18 importantly, to do so in a manner that is supported
19 by faculty and students and that produces
20 information that can be used for continuous
21 improvement. We recommend that regulatory
22 initiatives support shared goals of improving
23 student learning without derailing the important
24 work of regional accreditors to improve student

1 learning that is already under way. There is a lot
2 of work going on in campuses now, and we want the
3 transition to take that into account.

4 The third point had to do with current
5 regulations. The report by the Commission on the
6 Future of Higher Education criticizes processes
7 that stifle innovation, emphasize inputs and
8 processes over outcomes, and impose unnecessary and
9 time-consuming burdens. C-RAC regional accreditors
10 have all adopted new standards that promote the
11 primary importance of learning outcomes over
12 processes. I would like to emphasize that, because
13 I am not sure that has been clear in some of the
14 discussion that is going on. We are very much
15 committed to emphasizing learning outcomes.
16 However, we do believe in the continuing value of
17 ensuring the public of the ability of accredited
18 institutions to continue to provide promised
19 results by reviewing certain resources and
20 processes.

21 We have many ideas to improve our
22 processes. Increasing the flexibility of the
23 Department's regulations would aid us considerably
24 in these initiatives. Many of those regulations

1 constrict us, in terms of the kinds of processes
2 and inputs that we must require of our institutions
3 and that are required of us. We will welcome the
4 opportunity to work with the Department to identify
5 regulations that govern those inputs and processes
6 of accreditors and, indirectly, those of accredited
7 institutions. We think that could go far to
8 implementing some of the suggestions in the
9 Spellings Report.

10 The fourth point has to do with
11 transparency. Again, C-RAC supports current
12 initiatives under consideration by the Department
13 to reduce and revise the data it collects from
14 accredited institutions so that results can be
15 publicized in a manner that is useful to the
16 public, to institutions, and to policymakers. C-
17 RAC welcomes the opportunity to work with the
18 Department to clarify what types of data are
19 practical and useful, and to consider what
20 processes would respect the needs of students, the
21 diversity of institutions, and the role of
22 accreditation in helping institutions to improve
23 through peer review, that is a balancing act.

24 Finally, there has been concern expressed

1 about the regional nature of institutional
2 accreditation. Through C-RAC, all of the U.S.
3 regional accreditors have spoken with a single
4 voice throughout the process of reauthorization of
5 the Higher Education Act, and the deliberations of
6 the Futures Commission. We wish to assure the
7 Department of our continuing ability to implement
8 changes consistently across the country, as we have
9 already done with respect to policies and practices
10 created by C-RAC, and adopted by all of its
11 members.

12 Thank you again for the opportunity to
13 offer comments.

14 **DAVID BERGERON:** Thank you.

15 **DAVID BERGERON:** Barbara Briltingham.

16 **BARBARA BRILTINGHAM:** Good morning.

17 **DAVID BERGERON:** Good morning.

18 **BARBARA BRILTINGHAM:** My name is Barbara
19 Briltingham, and I serve as Director of the
20 Commission on Institutions of Higher Education of
21 the New England Association of Schools and
22 Colleges, also referred to as NEASC.

23 The Commission is the regional accrediting
24 body for 226 colleges and universities in the six

1 New England states.

2 I appear today on behalf of the Council of
3 Regional Accrediting Commissions, known as C-RAC,
4 and I offer these comments to complement those of
5 my colleagues, Dr. Barbara Beno, Chair of C-RAC;
6 Dr. Steven Crow, past Chair of C-RAC; Dr. Belle
7 Wheelan, who heads the Commission for the Southern
8 Association of Colleges and Schools, all of whom
9 have previously testified at regional hearings; and
10 Jean Morse, from whom you just heard.

11 Thank you for this opportunity to talk
12 about issues important to the Department of
13 Education and to C-RAC.

14 My comments today reflect my experiences
15 with accreditation. Before joining the staff at
16 NEASC, I served as a team chair, or member, for
17 five of the seven regional accrediting commissions,
18 and on the board of five national accreditation-
19 related organizations, including CHEA. And also,
20 before joining the NEASC staff, I served as a
21 member and Chair of the NEASC Commission.

22 I join my colleagues and others in
23 supporting the requested delay in negotiated
24 rulemaking as it applies to accreditation until the

1 Higher Education Act has been reauthorized. As
2 Steve Crow and others have testified, changes in
3 regulations that come too frequently are disruptive
4 and confusing to our institutions. Regional
5 accreditors are all engaged in important work
6 focusing on our standards, policies, and processes,
7 increasingly on the effectiveness of institutions
8 in ensuring student learning. Absorbing two rounds
9 of new rules into our processes within a short
10 period of time has great potential to represent a
11 counterproductive distraction from our focus on
12 student learning assessment and institutional
13 improvement.

14 The past 30 years has arguably seen more
15 change in higher education than the previous 300.
16 We are now well into a powerful shift within
17 colleges and universities, as the focus is
18 increasingly on what students are learning and not,
19 simply, on what faculty are teaching. A large and
20 growing proportion of faculty think differently
21 about their work than they did just a few years
22 ago. Why is this?

23 To a very large extent, the changes are
24 due to research on how students learn and how

1 institutions can promote their success. Just last
2 week, the Department's National Postsecondary
3 Education Cooperative Meeting here in Washington,
4 D.C., focused on much of this research. The paper
5 presented by George Koo of Indiana University and
6 his colleagues provided a vivid and useful summary
7 of what we now know. In the 40-page bibliography
8 of the paper, it is rare to find a reference from
9 before the early 1980s, and stunning to see how
10 much of the research has been accomplished just in
11 the past decade.

12 The standards and policy of C-RAC reflect
13 much of this research. A portion of the research
14 has also begun to improve how student learning is
15 assessed, and regional accreditation has been a
16 major champion of advances in research and practice
17 in the areas of assessment. Indeed, most
18 regionally accredited institutions will freely say
19 that accreditation has been the constant instrument
20 of increasing expectations for colleges and
21 universities in the area of assessment.

22 As our accreditation system continues to
23 change, we should ensure that it keeps an
24 appropriate balance on ensuring the quality of the

1 education and assessing the results of that
2 education. Surely they go together. Just as
3 surely, testing alone will not give us the
4 improvements we all want. There is much exciting
5 work on our campuses as higher education
6 institutions learn how to assess students in the
7 light of their own mission and goals, and use the
8 results for improvement. At the same time,
9 regional accreditation has an increasingly
10 important role to play in ensuring that the public
11 has the information that it expects and needs
12 regarding our institutions.

13 While asking that negotiated rulemaking on
14 accreditation be delayed until after the Higher
15 Education Act is reauthorized, C-RAC is also
16 committed to working with the Department to ensure
17 the effectiveness of our processes. Indeed, we are
18 currently engaged in conversations around
19 substantive change and how accreditation ensures
20 proper oversight of branch campuses.

21 We appreciate the opportunity to work
22 together in these complex and important areas.
23 Through this cooperation, we look forward to
24 ensuring that our accreditation system serves the

1 increasingly complex system of higher education in
2 the interests of the public good.

3 Thank you very much.

4 **DAVID BERGERON:** Thank you.

5 **DAVID BERGERON:** Patricia Kapper, good
6 morning.

7 **PATRICIA KAPPER:** Good morning.

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

12 I joined CEC in 1997, as Director of
13 Education and Placement, when the company had 18
14 campuses. CEC has grown significantly since then,
15 both in size and stature. We are focused on five
16 high-growth fields, visual communication and design
17 technologies, information technology, business
18 studies, culinary arts, and healthcare.

19 We welcome the Commission's report and the
20 challenges that it presents. We commend Secretary
21 Spellings for having the courage to ask for
22 concrete and bold solutions to the problems facing
23 students in postsecondary institutions today.

24 I am here to highlight three issues raised

1 by the Commission: number one, remedial and
2 developmental course work for incoming students,
3 secondly, barriers to the transfer of credit
4 between institutions, and thirdly, recording and
5 tracking individual student progress and outcomes.

6 First, the students who are falling
7 through the cracks of the existing system often
8 find a place at a CEC school. 70 percent of our
9 students are over the age of 21, and 39 percent are
10 minorities. Many of our students are the first in
11 their families to attend college. Our schools are
12 often the first step to new lives for countless
13 students.

14 Like other colleges and universities
15 across the country, CEC schools must address the
16 deficiencies of an educational system that
17 graduates students from high school without the
18 basic skill competencies required for postsecondary
19 education. To bridge the chasm between these
20 student skill levels and college work, our schools
21 offer an array of remedial and developmental
22 courses.

23 For instance, our schools offer a two-
24 tiered system of developmental courses in the

1 subjects of math and English. It is our belief
2 that the improvements that we have made to our
3 developmental curriculum have produced more
4 successful students who are actively engaged in
5 their education.

6 In an effort to replicate the success of
7 students enrolled in these types of programs, we
8 have designed a developmental curriculum to be
9 rolled out to over 70 campuses across the country
10 this year. Every student will participate in a
11 core content course each term designed specifically
12 to improve student skill levels, while also
13 engaging them in their program or degree subject
14 matter. We are committing time and resources to
15 programs such as these to help students succeed
16 throughout their education experience, and to
17 enhance their confidence and their mastery of basic
18 skills in areas such as math, reading, and writing.

19 Secondly, another obstacle for our
20 students is the one the Commission identified as a
21 problem for students nationwide, barriers to the
22 transfer of credit between institutions. Our
23 students have found the obstacles to transferring
24 their hard-earned credits to be two-fold. First,

1 they experience bias toward our operation as
2 proprietary institutions. Second, they encounter
3 administrators and faculty who object to our
4 national accreditation, and reject transfer credits
5 without an objective evaluation. If the
6 accreditation, be it national or regional, meets
7 the standards of the Department of Education, it
8 ought to be sufficient for the institutions our
9 students would like to attend.

10 We are encouraged by the Commission's
11 serious look at the shortcomings of the existing
12 accreditation process. We support the development
13 of a regulatory framework that is neutral to
14 whether an institution is accredited by a national
15 or regional body.

16 Third, another way to increase
17 opportunities for students is to rectify the
18 problem of capturing performance outcomes. The
19 reality today is that many students attend multiple
20 schools and complete their education in a non-
21 linear way. There is a critical need to capture
22 performance outcomes so that parents and students
23 have reliable, accurate data to consider when
24 making college decisions.

1 We support the Commission's efforts to
2 address this problem, including its recommendation
3 to develop a privacy-protected higher education
4 information system that collects, analyzes, and
5 uses student-level data. We agree that the
6 proposed system should be designed in such a way as
7 to ensure absolute student privacy.

8 We also urge the Commission not to
9 implement this higher education information system
10 as an unfunded mandate on institutions. The
11 Commission recognized this potential financial
12 burden on institutions and students, and we fully
13 support its recommendation that the federal
14 government provide incentives for states' higher
15 education associations, university system, and
16 institutions to develop inter-operable, outcomes-
17 focused accountability systems. We look forward to
18 working with Secretary Spellings and others in the
19 Department, not only on designing this proposed
20 system, but also on implementing other solutions to
21 the problems facing students in postsecondary
22 institutions today.

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

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

2 **DAVID BERGERON:** Is Luke Swarthout--thank
3 you.

4 **LUKE SWARTHOUT:** Swarthout, but very
5 good--most people mangle it.

6 My name is Luke Swarthout. I am the
7 Higher Education Advocate for the State Public
8 Interest Research Group, or the State PIRGs.

9 The PIRGs are a nationwide network of
10 state-based, non-partisan, non-profit
11 organizations. We work with students in about 30
12 states and about 200 campuses. We work on federal
13 issues on behalf of college students, which is why
14 I am here today.

15 I would like to begin by thanking the
16 Department for beginning this negotiated rulemaking
17 with such an open process. In response to your
18 openness, students, citizens, and organizations
19 around the country have responded by asking for
20 meaningful reforms to the student loan programs.

21 Tomorrow, the public comment period will
22 end for this rulemaking, but, by then, 150 students
23 from 14 states will have testified before public
24 hearings, more than 1,000 students and parents will

1 have commented to the Department, and dozens of
2 organizations will have sent letters in support of
3 the five-point plan to fix student loan repayment.

4 Now, American colleges and universities
5 play a pivotal role in training our nation's
6 citizens, leaders, innovators, public servants, and
7 educators. In today's economy, a college education
8 is more desirable than ever before. Millions of
9 high school students strive for its promise and the
10 benefits it brings for both the individual and
11 society. While college education has grown over
12 the past two decades, state appropriations and
13 federal aid have failed to keep pace. As a result,
14 tuition and fees have increased, grants have failed
15 to keep pace, and, as costs continue to swell,
16 students are taking on more and more debt to pay
17 for their degrees. Two-thirds of all four-year
18 college graduates in 2000 left school with debt,
19 compared to about 46 percent in 1993.

20 Many graduates comfortably repay their
21 loans, but an increasing number of borrowers face
22 difficult repayment burdens. Our student loan
23 repayment system should give struggling borrowers
24 incentive to pay what they can to work and to avoid

1 default. Unfortunately, the tools that are
2 supposed to assist borrowers with payments on
3 federal loans are inadequate, confusing, and
4 inconsistent, too often providing the wrong
5 incentives. Without improved protection for
6 borrowers, the nation may see an increase in its
7 default, its bankruptcies, rather than an increase
8 in more productive graduates who can contribute
9 fully to our society.

10 To solve the challenges of student debt,
11 we urge you to adopt the five-point plan for fair
12 loan repayment. The five points, and I am sure you
13 have heard them before and will hear them later,
14 are, in brief:

15 First, limit student loan payments to a
16 reasonable percentage of income, 10 percent in most
17 cases, no more than 15 percent. That would cap the
18 amount that the borrower would repay, and ensure
19 that student loan payments don't prevent borrowers
20 from covering other basic costs, like housing or
21 food.

22 Second, acknowledge that borrowers with
23 children have less available income for student
24 loan repayment. Currently, the formulas do not

1 include dependents in their calculation, even
2 though parents with children have less available
3 income to put towards debt repayment.

4 Third, prevent added interest from making
5 the problem even worse for borrowers in hardship
6 situations. Students who enter hardship can be
7 subject to ballooning interest payments that drive
8 up the size of debt and make it harder to pay down.
9 The effort of piling interest we actually believe
10 is counter-productive, and, in fact, discourages
11 rather than encourages on-time repayment.

12 Fourth, cancel the remaining debts when
13 borrowers have made income-based payments for 20
14 years. For most students, college will be a
15 worthwhile investment that results in higher income
16 and the capacity to manageably repay. For some
17 small percentage of students, however, the
18 investment will not yield financial rewards. For
19 these students who make good faith efforts to repay
20 the loans, we believe it is in the best interest of
21 the government and the borrower to retire the debts
22 after 20 years.

23 Fifth and finally, simplify the process of
24 applying for hardship deferral. The process should

1 be easy. We want to encourage students to take
2 advantage of the opportunities afforded them by the
3 Department, and simplifying the process is critical
4 to make sure the implemented reforms take hold.

5 With these five changes taken together, it
6 will make it easier for students to repay their
7 loans on time. Furthermore, based on the analysis
8 by public advocates, we believe it is fully within
9 the authority of the Department to make these
10 changes.

11 I want to take one moment before I finish
12 to acknowledge that there are other steps the
13 federal government must take to make college more
14 affordable, including increasing student aid like
15 the Pell Grant. However, we believe that the
16 Department can, through this rulemaking, make
17 important improvements that help students and
18 graduates manage their loans.

19 As a nation, we value college education
20 because it strengthens our society and supports the
21 individual. A college education presents students
22 with new opportunities, be they economic, social,
23 or intellectual. If we allow the way that we
24 finance college to undermine these core

1 opportunities, we have done a great disservice to
2 our nation and to our citizens. We believe the
3 Department can help strengthen higher education by
4 implementing these meaningful reforms.

5 Thank you so much.

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

7 **DAVID BERGERON:** Judith Eaton, please.

8 **JUDITH EATON:** Good morning.

9 I am Judith Eaton. I am the President of
10 the Council for Higher Education Accreditation. We
11 are an institutional membership organization of
12 some 3,000 degree-granting colleges and
13 universities, and we also carry out an analogous
14 function to that carried out by the Department of
15 Education, the recognition of accrediting
16 organizations. At present, we recognize 60
17 institutional and programmatic accreditors,
18 including the regional accreditors from whom you
19 heard earlier today.

20 I want to offer a few comments with regard
21 to accreditation and the anticipated negotiated
22 rulemaking. To do this, we will focus a bit on the
23 Spellings' Commission Report. There are a number
24 of places in the Spellings Commission where,

1 indeed, the value of accreditation is acknowledged.
2 The importance of its role ensuring quality, the
3 importance of its role in providing access to
4 federal funds, state funds, and private funds, the
5 role that it plays with regarding to easing, not
6 guaranteeing, transfer of credit. On the other
7 hand, the Report is, at times, rather critical of
8 accreditation, raising questions about the level of
9 quality, raising questions about the capacity to
10 encourage innovation, and raising questions about
11 public accountability.

12 What, from our perspective, is going on
13 here is not a matter of right or wrong about
14 accreditation. Clearly, institutional and
15 programmatic accreditation in the U.S. has
16 demonstrated its important value, but rather we
17 have got some disconnects. We have got a clash of
18 expectations around some very important issues.
19 Specifically, the issue of, "for whom does
20 accreditation exist"; who is served by
21 accreditation.

22 The Report's expectation is that the
23 public is, first and foremost, the audience of
24 accreditation. Accreditation practice over the

1 years--institutions and programs have been the
2 primary audience, the primary recipients of the
3 work of accreditation.

4 I think we have a clash of expectations
5 with regard to student learning outcomes. The
6 Report expects student learning outcomes to provide
7 major and central evidence to judge quality,
8 evidence that is easily and publicly available. As
9 you have already heard this morning with regard to
10 accreditation practice, all accreditors call for
11 evidence of student learning outcomes, they have
12 been doing this for a number of years. They do it
13 in a broader context of calling for various types
14 of information by which to judge quality, and they
15 expect and, indeed, respect the institutions and
16 programs that they review with regard to making
17 this information about student learning outcomes
18 available.

19 We have a third clash around the issue of
20 comparability. The expectation in the Report is
21 that information on quality would be presented so
22 that students and the public can quickly make
23 comparisons among institutions. Accreditation
24 practice, historically--information about quality

1 is judged in relation to the goals established by
2 an institution and program, first and foremost,
3 across institutions or programs to a lesser extent.
4 Comparability is a very, very complicated judgment.

5 A fourth clash that we have relates to
6 transparency, or the extent to which information is
7 provided to the public. The report calls for a
8 comprehensive array of information, even on the
9 results of accreditation reviews, an end to what
10 some people call "the black box of accreditation."
11 Accreditation practice is a mix of public
12 information and private information. It is not
13 simply everything is public.

14 So there is no, as I said earlier, right
15 or wrong, here. We do have a clash of
16 expectations, and these are very, very important
17 issues to all of us in higher education today and,
18 indeed, to this society. We are talking about who
19 is the audience, outcomes comparability, and
20 transparencies. And these clashes are coming at a
21 challenging time in our society, generally. They
22 are undermining, to some extent, the longstanding
23 accreditation-federal government relationship that
24 has been very, very successful going back to 1952,

1 when the federal government began publishing a list
2 of nationally accredited institutions. We have had
3 a very, very successful public-private partnership
4 accreditation in the federal government.

5 So, given the clashes, and given the
6 history of our successful relationship, how do we
7 end the clashes? How do we bridge the gap? How do
8 we maintain the successful partnership? CHEA has
9 offered a number of thoughts and an action plan, a
10 framework, for doing just this.

11 First, I think it is important, as you
12 have already heard from earlier presenters, that we
13 all acknowledge that the issues raised by the
14 Report are fundamental, they are key, they need to
15 be addressed. That acknowledged, CHEA has put
16 together what we call an accountability agenda, it
17 has four key elements. We do think more needs to
18 be done with regard to evidence of student learning
19 outcomes. We do think that we can provide more
20 information to the public about institution and
21 program performance. We can move toward greater
22 transparency, and we at least have to engage, as
23 difficult as it is, this comparability issue. Our
24 emphasis is on accreditation serving the public

1 interest. We are concerned to strengthen the
2 quality of higher education. We want to further
3 enhance the credibility and trust in accreditation
4 that we have long enjoyed. Our agenda is a program
5 for action. We have a series of recommendations.
6 We are a forum in which we are bringing
7 accreditors, institutions, and the public together
8 to address this.

9 A vital significance from our perspective
10 is that this agenda needs to be realized through
11 our longstanding partnership with institutions,
12 programs, accreditors, and the government--a
13 cooperative effort, not an effort where we, in the
14 higher education and accreditation enterprise, find
15 ourselves simply responding to various
16 prescriptions.

17 Again, the issues are important. We thank
18 you for undertaking this effort, and we look
19 forward to working with you.

20 **DAVID BERGERON:** Thank you.

21 **DAVID BERGERON:** Constance Kelly Rice.

22 As you come in, Constance, I remind you to
23 state your name and the organization you are
24 affiliated with, please.

1 **CONSTANCE KELLY RICE:** Good morning, Ms.
2 Lisa Kantor, Mr. David Bergeron, Mr. Dan Madzellan,
3 and fellow audience.

4 I am Constance Kelly Rice, the Director of
5 the Upward Bound Program, St. Paul's College,
6 Lawrenceville, Virginia.

7 Thank you so very much for the opportunity
8 today to speak before you.

9 My colleagues and I are here to address a
10 notice of absolute priority for the classic Upward
11 Bound Program. We both have substantial procedural
12 problems with the proposed priority. We especially
13 object to the fact that this process effectively
14 changes a congressional priority for an
15 administrative one, a practice we view as
16 precedent-setting and disturbing.

17 When authorizing the Upward Bound Program,
18 Congress specifically did not include these
19 additional eligibility requirements in the
20 statutory language. This reflects congressional
21 intent to provide flexibility to local programs in
22 determining the students who would benefit most
23 from these services. This flexibility is
24 particularly important because Upward Bound seeks

1 to serve a population of students who are difficult
2 to reach. These students tend to be highly mobile,
3 and many may be forced to change schools due to a
4 parent's job loss, housing needs, or other factors.
5 The proposed eligibility requirements could create
6 additional barriers to higher education for these
7 students.

8 The priority asserted is such a marked
9 departure from existing program design that it
10 effectively substitutes a new program for the one
11 that Congress authorized and provided the funds to
12 operate. The proposed priority discards the
13 current flexibility to vary the program in
14 accordance with local needs, substituting in its
15 place a monolithic federal edict about whom to
16 serve.

17 By establishing a priority for a cohort of
18 ninth grade students, the proposal would
19 disenfranchise all the tenth and eleventh graders
20 that Congress intended to be served by the Upward
21 Bound services. We all know teenagers who mature
22 slowly, and only late in high school realize that
23 they want to go to college, they could no longer be
24 served.

1 The requirement that 30 percent of newly
2 admitted students be at high academic risk for
3 failure would deprive certain ninth grade students,
4 those who may do well in school, from receiving the
5 Upward Bound services they may require.

6 This bureaucratic brainstorm is deeply
7 flawed. First, it substitutes local educators'
8 judgments about who should be served, reducing
9 local flexibility to manage programs effectively.

10 Second, it automatically deprives some
11 students that are not failing academically from
12 receiving services. I personally have a problem
13 with this as being a director. It overlooks the
14 fact that some excellent Upward Bound candidates
15 may be surviving in school, but may be at risk at
16 failing in life.

17 Finally, the proposal creates a troubling
18 gray area between congressional intent, as
19 expressed in statutory language, sometimes
20 amplified by report language, and the Department's
21 constitutional obligation to carry out that intent
22 in a straightforward manner.

23 We appreciate that the Department is
24 engaged with the problem of reducing the

1 unacceptable high numbers of high school students
2 who drop out prior to graduation. We, however,
3 strongly urge you to discard this proposed priority
4 setting effort in favor of working with Congress
5 and the higher education community to develop
6 promising approaches to solving this problem.

7 Thank you so much for your attention and
8 giving me the opportunity to speak.

9 **DAVID BERGERON:** Thank you, Dr. Rice.

10 **DAVID BERGERON:** Janice Satterthwaite.

11 **JANICE SATTERTHWAITE:** Good morning.

12 **DAVID BERGERON:** Good morning.

13 **JANICE SATTERTHWAITE:** I am Janice
14 Satterthwaite, President for the Virginia
15 Association of Educational Program Personnel.

16 On behalf of the 16 Upward Bound programs
17 in the great Commonwealth of Virginia, I bring you
18 greetings.

19 How great this America is, because last
20 night I stayed up, probably until about 12:30
21 watching the returns, and then I got in my car and
22 drove at 1:30 this morning so that I could take a
23 train to be here, because it is that important.

24 Now, although I am not a director of

1 Upward Bound, I am passionate about TRIO and, as I
2 said, I am the President for the State Association.

3 This morning, I want to specifically
4 address the evaluation process proposed under the
5 priority that Mrs. Rice just spoke about. Under
6 this evaluation process, the Department is
7 proposing that Upward Bound recruit twice as many
8 students as can be served to create a control
9 group. You want us to recruit students into Upward
10 Bound, and then tell them that they are being
11 studied, not that they will be able to utilize the
12 services as our other classic Upward Bound
13 students, not that they will have those
14 opportunities to go to college. For me, that is a
15 bit inhumane and unethical, accepting those who
16 meet the criteria and treating them as if there are
17 a placebo.

18 I am a retired Air Force officer. I truly
19 understand accountability. Evaluate me, evaluate
20 the programs, evaluate all the TRIO staff, but
21 don't bring in a control group of students, those
22 at-risk students, that need every opportunity and
23 every chance--that we may be the only chance that
24 they have to go to college--don't bring them in as

1 a control group, and then tell them, no, they can't
2 be a part.

3 To quote David Ward, who is President of
4 the American Council of Education, "If this
5 priority-setting approach is adopted, it is easy to
6 imagine that many other programs administered by
7 the Department will be subject to a wholesale
8 redesign outside the normal legislative and
9 regulatory processes."

10 TRIO really does work. We can look at
11 Senator Mamie E. Locke from the state of Virginia.
12 She was a product of Upward Bound out of Tupelo,
13 Mississippi. So these programs are all over, not
14 just local. She was the first African-American
15 female mayor in the city of Hampton. Or we could
16 check with Richard Wright, who is an Upward Bound
17 of Hampton University's Upward Bound program, and
18 who is the youngest administrator in the school
19 system in the city of Hampton.

20 So, on behalf of the Commonwealth of
21 Virginia, I strongly urge you to discard the
22 proposed priority-setting effort in favor of
23 working with the Congress and the higher education
24 community to develop promising solutions to solve

1 this problem.

2 I thank you all this morning for giving us
3 the opportunity to bring our concerns.

4 **DAVID BERGERON:** Thank you.

5 **DAVID BERGERON:** Trea McPherson.

6 **TREA MCPHERSON:** Good morning.

7 My name is Trea McPherson. I am a student
8 at the University of Connecticut, and I am the
9 State Board Chairman of ConPIRG, and the National
10 Student Higher Education Task Force Leader.

11 When I graduate, I will accumulate about
12 \$20,000 in debt. To give you a perspective about
13 that, it is about three years of in-state tuition
14 at the University of Connecticut, it is about one
15 year out-of-state for the University of
16 Connecticut, and it is about one year in-state for
17 room and board.

18 Spring 2006 was a hard year for my wallet.
19 The federal budget cut of \$12 billion hurt, and my
20 little sister chose to go to private school. It is
21 very difficult to finance college today. My
22 parents were prepared, they started saving when I
23 was in elementary school, but they were not
24 prepared for the rising costs from then until now.

1 College is seemingly becoming less and
2 less affordable as the college degree seems to be
3 more essential for decent employment. Due to the
4 amount of debt, students have to take jobs during
5 school to pay for student debt after they graduate.
6 They also have to take jobs which they are over-
7 qualified for because of the deteriorating job
8 market they face when they graduate.

9 It also seems required that students have
10 to put off their debt for graduate school, for
11 marriage, and for home ownership, because they
12 accumulate too much debt to afford such things.
13 The life-changing decision that students will have
14 to make for student loan debt is actually changing
15 their major to a more lucrative job. It is not
16 just students that are going from an abstract
17 profession to a more practical one, students who
18 want to be teachers and social workers are forced
19 into the world of business and engineering because
20 of the immediate payout that they receive when they
21 graduate from school.

22 If they want to go into teaching or social
23 work, they must set aside a good portion of their
24 salary to pay for student debt. They can only

1 really afford such things as basic shelter, food,
2 and transportation to their job every day, and the
3 rest of it has to go to pay for student debt.

4 Paying off debt is one of the first
5 valuable lessons you learn as a college student.
6 You learn how to budget your money and you learn
7 how to be fiscally responsible, while also paying
8 off the debt that you owe. It builds character,
9 and muscle, and it also builds credit, so it helps
10 us a lot--how to learn in life. But students are
11 starting to become more--the debt that they are
12 accumulating is becoming more and more
13 unmanageable.

14 Students have to fall into practices, such
15 as using their credit card to pay for student
16 debt--which is a horrible, horrible practice. They
17 have to fall into bad habits like that in order to
18 pay for student debt that they will accumulate
19 after school.

20 The five-point plan would help students
21 like this to help repay their loans in an
22 affordable fashion, because students that take in
23 little income, it helps them--it puts a cap on how
24 much they have to pay back in a certain amount of

1 time. They will still pay back the debt; it will
2 just be a lot easier on them.

3 As Higher Education Task Force Leader for
4 the National Student Forum, I would like to thank
5 you guys for having hearings in Washington, D.C.,
6 Berkeley, Chicago, and Orlando. I just heard from
7 all the students that went to all of those
8 hearings, they said it was great. We appreciate
9 you guys taking the time to listen to us, because
10 it is really important for students to have a voice
11 about their opinion, especially for student debt.

12 Thank you.

13 **DAVID BERGERON:** Thank you, Trea.

14 **DAVID BERGERON:** Jeff Ticehurst. Good
15 morning, Jeff.

16 **JEFF TICEHURST:** Hi, my name is Jeff
17 Ticehurst, and I am Senator in the Undergraduate
18 Student Government and a student at the University
19 of Connecticut.

20 All my life I have been told to work hard
21 and opportunities would present themselves. So,
22 during high school, I was a student leader, held a
23 part-time job, and eventually graduated in the top
24 five percent of my class. I worked hard during

1 high school, so I went for opportunities in
2 college. What I found were student loans. After
3 raising three children and paying for higher
4 education for other family members, my parents
5 imposed the responsibility of financing my college
6 education on me. I thought I had everything under
7 control until the end of my freshman year.

8 Although I saved some money during high
9 school and received local scholarships, I still had
10 a hefty student loan after my first year, and
11 realized my dream of college education, the
12 American Dream, the dreams of so many other college
13 students, might be slipping away because of
14 overwhelming student loans. I decided to enroll in
15 a community college full-time over the summer while
16 also holding a full-time job. By taking summer
17 classes, I was able to trim a year off my college
18 career and, consequently, prevent an extra \$15,000
19 in student loans.

20 Yet, even by attending a community college
21 over the summer and attending a state school for a
22 shortened time, I will owe roughly \$50,000 after
23 graduation. To translate, this means that, for ten
24 years after graduation, I will owe roughly \$500 a

1 month in student loans. I think about this
2 overwhelming financial burden every day as it
3 strains my financial capabilities now, and for the
4 rest of my life. Yet, my financial struggles are
5 microscopic in comparison to thousands of other
6 students. Many low-income families, including
7 those of both hard-working students and parents,
8 cannot even consider college, be it a community
9 college, state university, or other university,
10 because there are insufficient funds in student
11 loan programs.

12 Although funds are understandably tight,
13 student loan programs, programs that directly aid
14 in financing a college education and lead to
15 opportunity, should not be cut. What is a better
16 investment than helping thousands of students gain
17 financial resources to pursue their aspirations, to
18 open up future employment opportunities, and to
19 expand the knowledge of the next generation through
20 higher education? The future of thousands of
21 families relies on their ability to fund higher
22 education.

23 I strongly urge the Department of
24 Education to enact the five-point plan to help make

1 students obtain a loan program that is affordable
2 and manageable.

3 I thank you for your time to speak today.
4 Thank you.

5 **DAVID BERGERON:** Thank you.

6 **DAVID BERGERON:** Rebecca Fritz. Good
7 morning.

8 **REBECCA FRITZ:** Hello.

9 My name is Rebecca Fritz, and I am Student
10 Undergraduate Senator for the University of
11 Connecticut.

12 If the number of loans becomes more
13 expensive and harder to pay, then few students will
14 have the money to go to school. We are the next
15 generation, and we need to be given a way we can
16 pay for college so we can become great doctors,
17 lawyers, journalists, and other professionals who
18 will, in turn, improve society.

19 For those who do receive financial loans,
20 it can lead them into great debt, which can take
21 half their life to pay off. Raising the student
22 loan interest rates hurts students when they get
23 into the real world. It will be hard enough to
24 survive in a non-college environment, but when you

1 add on the debts they have acquired even before
2 they start, this gives them a disadvantage.
3 Raising the interest rates may not seem like a big
4 deal, but it is to students who need as much money
5 as they can get in order to get themselves on their
6 feet.

7 I ask you to help out the next generation
8 and enact a five-point plan for manageable debt. I
9 will be asking Congress to cut loan interest rates,
10 too, but I feel the Department of Education should
11 do its part.

12 Thank you.

13 **DAVID BERGERON:** Thank you, Rebecca.

14 **DAVID BERGERON:** Jennine Clark, please.

15 **JENNINE CLARK:** Good morning.

16 **DAVID BERGERON:** Good morning.

17 **JENNINE CLARK:** My name is Jennine Clark.

18 I am a sophomore at the University of Connecticut,
19 and I am studying pharmacy. I am a Senator of the
20 Undergraduate Student Government, and I am on the
21 External Affairs Committee.

22 Last year, funding for student loan
23 programs was cut by \$12.7 billion. This, along
24 with rising tuition, makes it more difficult for

1 students to pay for education beyond high school.
2 I urge you to adopt the five-point plan and make
3 college more affordable and realistic for students.

4 I am one of five children. My parents
5 encouraged my older brother to go to school
6 wherever he wanted, so he chose Carnegie Mellon
7 University in Pittsburgh. This university is
8 nearly \$40,000 a year, but my parents wanted him to
9 do whatever he wanted. So he is now a junior, and
10 I am a sophomore, so we are in school at the same
11 time, and when I was choosing college, I was forced
12 to take price into consideration, because my
13 parents were already in debt. So I am at the
14 University of Connecticut, and the pharmacy program
15 that I am going through is six years--and when you
16 get into the pharmacy school, the tuition rises
17 even more, so the extra two years of college plus
18 the rising tuition is definitely going to put my
19 parents over the edge.

20 I also have three younger siblings, one is
21 14, one is 13, and one is 10. So they are all
22 going to be in school around the same time, as
23 well. So, as soon as I get to start paying back my
24 student loans, my little sister is going to be

1 entering college, putting my parents in debt more.

2 It is hard enough to pay off college debt
3 for one student, and most families do have more
4 than one child--these days, students need to go to
5 college in order to find a job to help them pay
6 their loans back. No matter how bright the student
7 could be, without college, the chances of finding a
8 job are pretty slim, while finding a good job are
9 getting slimmer every day, and college is becoming
10 more and more a necessity in life.

11 Thus, I urge you, once more, to rethink
12 funding for college loans, and to adopt the five-
13 point plan to make college more affordable and
14 realistic for students.

15 Thank you for your time.

16 **DAVID BERGERON:** Thank you.

17 **DAVID BERGERON:** Jackie Herseman.

18 **JACKIE HERSEMAN:** Good Morning.

19 I am Jackie Herseman, Director of the
20 Upward Bound Program for Marsh University in
21 Huntington, West Virginia.

22 I am with my two colleagues from a few
23 moments earlier, and I thank you for allowing us
24 these moments today.

1 I am here to protest the absolute
2 priorities that have been mandated for the Upward
3 Bound Program. I appreciate the name of this
4 meeting being negotiated rulemaking. It seems more
5 fair than absolute priorities, which seem a little
6 like an oxymoron to me.

7 I am first concerned that the Upward Bound
8 Program, since 1965, has taken students in ninth,
9 tenth, and eleventh grades. This absolute priority
10 says that we can only take ninth graders and a few
11 tenth graders. Well, number one, the law is very
12 clear on this. Number two, we all know that ninth
13 graders don't know what they want to do this
14 weekend, much less with the rest of their lives.

15 [Laughter.]

16 **JACKIE HERSEMAN:** So it is frequently a
17 difficult sell to get them to come to a six-week
18 program in the summer that is about school.

19 Tenth graders tend to be a little more
20 focused and reasonable. We don't often take
21 eleventh graders, we realize that the longer kids
22 are in Upward Bound, the better they do, but this
23 has been a decision that has been left at the local
24 level for years between the director and the

1 project to decide, because every student in every
2 school district is different.

3 The second absolute priority that we have
4 a problem with is the taking of high-risk students
5 only--where a large portion of whom are going to
6 have to be high-risk. The definition of "high-
7 risk" is a concern. Number one, it is only
8 students with less than a 2.5 GPA. This may be
9 difficult--I am from Appalachia--for folks to
10 believe we are from out of there, but I know this
11 is not just us, several of our rural schools, if
12 you go to school everyday, you get a 3.0. I have
13 kids with 3.0s in my high school who make 16s on
14 the ACT. There is no college prep curriculum. I
15 have a school with no foreign language.

16 Now, I can't fix that system. Is it
17 right? No. That school has been taken over by the
18 state of West Virginia twice. I can't fix that
19 system, but I can serve those students there, but I
20 can't under this priority, because they are making
21 over a 2.5--that's crazy. While those who came up
22 with the system might say, "Fine, go to the No
23 Child Left Behind standardized test criteria."
24 That says that the student must have not met

1 proficiency level in one of the areas on the No
2 Child Left Behind test. We have a problem in West
3 Virginia, again. Our test is called the West Test,
4 because it is only given in West Virginia, and it
5 has come under high criticism lately for being
6 highly inflated.

7 When a sample of students took the
8 national standardized test, less than 30 percent
9 made proficiency levels, almost 65 percent make it
10 on the West Test. So those scores are grossly
11 inflated. Those students look like they are doing
12 much better than they are, but yet we have to take
13 students who have not met that proficiency level.

14 So these criteria do not work in West
15 Virginia. I have talked to colleagues; they do not
16 work in many, many other places, and I think,
17 particularly, are unfair to the rural students.

18 I implore you to stay with what the law
19 clearly says, which is, first generation and low-
20 income are the students we serve, and that they
21 show some academic need. We have an academic need
22 in each program, but it is based on that area, and
23 the needs in that area, and that is defined by the
24 director in that project. It is what the law says,

1 and it is what we really want to stay with.

2 Our students design our shirts each
3 summer, and last summer this one said, "We're all
4 stars in Upward Bound." She did not say, "Unless
5 you are in the eleventh grade, or unless you have
6 higher than a 2.5 GPA." Please let us stay with
7 the law.

8 Thank you.

9 **DAVID BERGERON:** Allan Carlson.

10 **ALLAN CARLSON:** Good morning.

11 **DAVID BERGERON:** Good morning.

12 **ALLAN CARLSON:** My name is Allan Carlson.

13 I am the President of the Howard Center for Family
14 Religion and Society in Rockford, Illinois.

15 I am a social historian, interested
16 particularly in the interplay of public policy with
17 family formation, family stability, and fertility.

18 From 1988-1993, I served via appointment
19 by President Reagan on the National Commission of
20 Children, and I am the author of ten books on
21 family questions.

22 A defect in most analyses of the effects
23 of student loan debt is that they view student
24 borrowers only as individuals, some discrete

1 examples of homo economicus, rational actors moving
2 through their lives alone.

3 In fact, most young adults are in real, or
4 face potential, new family relationships, notably
5 as a spouse or parent, which do or may complicate
6 their lives, and which require a more complex
7 calculus. Moreover, such relationships are not
8 only individual concerns. The future of every
9 human society rests on the successful creation of
10 new families. So in my allotted time, I would like
11 to explore briefly the impact of student loan debt
12 on family relationships.

13 Notably, the National Student Loan Survey
14 conducted in 2002 finds 14 percent of student
15 borrowers reporting that their debt burden has
16 delayed marriage, up from 7 percent in 1991. Also
17 in 2002, 21 percent of student borrowers have
18 reported that their debt burden has resulted in
19 delays in having children, up from 12 percent in
20 1991. Research in both Australia and the United
21 States shows a correlation between student loan
22 debt and a rising propensity by persons, ages 20-
23 29, to continue living with their parents.

24 A study reported in the Journal of

1 Marriage and Family finds student debt burden among
2 young adults linked to a growing preference for
3 cohabitation rather than marriage. A 2005 inquiry
4 by the Rochester Institute of Technology reports
5 that nearly half of the young singles interviewed
6 "Indicate that their current debts will probably
7 delay their plans to start a family."

8 A recent survey of so-called "marital
9 strengths" closely associates debt burden with the
10 quality of marriage. 76 percent of self-described
11 "happy couples" report that major debts are not a
12 problem for them. However, 56 percent of self-
13 described "unhappy couples" state that "Major debts
14 are a problem for us."

15 Creighton University Center for Marriage
16 and Family provides a detailed study of 42
17 potential problems facing young, married couples.
18 For respondents in their 19-20's, debt brought into
19 marriage is rated the biggest problem they face,
20 bigger, even, than in-laws.

21 [Laughter.]

22 **ALLAN CARLSON:** Respondents married one
23 year or less also report debt brought into marriage
24 as their biggest problem.

1 We could also chart some preliminary
2 numbers that reflect the impact of student debt on
3 subsequent family behaviors. The sharp decline of
4 the marriage rate between 1984 and 2003 is
5 concentrated among persons ages 20 to 24, where the
6 burden of undergraduate debt would be the most
7 pronounced. As indicated earlier, the marriage-
8 discouraging pressures of student debt may be a
9 factor in driving up the number of cohabitating
10 couples by over 200 percent since 1980.

11 Finally, during the 1980s and 1990s, there
12 was a dramatic fall in the relative fertility of
13 American women with four-year college degrees, that
14 is, when compared to all other American women.
15 This relative decline by nearly 25 percent isolates
16 a special, new, anti-natalist, anti-child force
17 found only among college-educated women. As cause,
18 the evidence points to student loan debt.

19 Those who crafted the federal loan program
20 intended to stimulate investment in education, and
21 to improve what economists call "human capital,"
22 that is, the existence, skills, and knowledge of
23 individuals. In practice, the system appears to be
24 contributing to the postponement of marriage, to

1 the postponement or the prevention of the birth of
2 children. In short, the existing system is anti-
3 marriage and anti-family.

4 So what should be done to relieve these
5 unintended consequences? On behalf of my
6 organization, I want to endorse the five-point plan
7 for more manageable student loans. I think you all
8 know the five points. I want to underscore, in
9 particular, point number two, recognize that
10 borrowers with children have less income available
11 for student loan payments, and adjust repayment
12 rates accordingly.

13 I urge the Department to implement these
14 provisions for regulatory reforms.

15 Thank you.

16 **DAVID BERGERON:** Thank you.

17 **DAVID BERGERON:** Mary Jane Harris.

18 **MARY JANE HARRIS:** Good morning.

19 **DAVID BERGERON:** Good morning.

20 **MARY JANE HARRIS:** My name is Mary Jane
21 Harris. I am the Director of the Department of
22 Accreditation at the American Physical Therapy
23 Association, and in that capacity I serve as the
24 primary staff liaison to the Commission on

1 Accreditation in Physical Therapy Education,
2 commonly known as CAPTE.

3 CAPTE is a specialized programmatic
4 accrediting organization that has been recognized
5 by the Secretary since 1977. CAPTE is not a Title
6 IV gatekeeper. CAPTE currently accredits 209
7 entry-level education programs for physical
8 therapists at the post-baccalaureate level, and 233
9 education programs for physical therapist
10 assistants at the associate degree level.

11 In the interest of full disclosure, I
12 should also say that, in my free time, I currently
13 serve as the Chair of the Board of Directors of the
14 Association of Specialized and Professional
15 Accreditors, though I am not here today as a
16 representative of ASPA.

17 I would like to thank you for the
18 opportunity to respond to the Secretary's
19 announcement of negotiated rulemaking related to
20 the Higher Education Act, particularly as it might
21 be affected by the report of the Commission on the
22 Future of Higher Education.

23 It is my understanding that the purpose of
24 this hearing is to gather information that will set

1 the agenda for the planned negotiated rulemaking,
2 and to that end I would like to make the following
3 comments.

4 Let me begin by adding my support to the
5 comments made by other accreditation colleagues at
6 this, and previous, hearings regarding negotiated
7 rulemaking about Subpart H, in the absence of
8 legislative change in that portion of the Higher
9 Education Act. I, too, believe that negotiated
10 rulemaking about accreditation at this time is
11 premature, if only because it may have to be
12 repeated after legislative action that now appears
13 to have been postponed until next year. Negotiated
14 rulemaking is not an inexpensive undertaking, so to
15 do it twice does not seem to be in the best
16 interest of the accrediting community, the
17 educational community, the Department, or the
18 taxpayer.

19 If, however, it is the Department's
20 determination to engage in negotiated rulemaking
21 about accreditation as announced, then there are
22 three issues that I would like to place on the
23 record for consideration as that process occurs.

24 First, though it never says so, the

1 Commission Report appears to be directed at
2 undergraduate education and at institutional
3 accreditation, yet any changes that might be made
4 in the expectations for accreditation will affect
5 all accreditors that seek the Secretary's
6 recognition. Currently, of the 60 accrediting
7 organizations recognized by the Secretary,
8 approximately 40 of them are specialized
9 programmatic accreditors and, of those, somewhere
10 between 15 and 20 primarily accredit programs at
11 the post-baccalaureate level.

12 Where institutional accreditors are
13 engaged in the review of a wide variety of
14 institutions with diverse missions, many degree
15 options, and a plethora of possible expected
16 outcomes, specialized and programmatic accreditors
17 are discipline-specific, and typically review
18 programs with similar missions and more focused
19 expected outcomes. So accreditation is not a
20 monolithic enterprise, and therefore consideration
21 must be given to identification of those issues
22 that rightly pertain to all accrediting
23 organizations, and those that may be more directly
24 related to institutional accrediting organizations,

1 or to specialized and programmatic accrediting
2 organizations. Further, care must be taken to
3 minimize any unintended consequences of a one-size-
4 fits-all approach to the regulation of accrediting
5 organizations.

6 Second, the Futures Commission Report
7 speaks to the need for accreditation to serve the
8 public interest, but I would submit that there is
9 no single public interest. Indeed, there are many
10 publics, and many interests, and accreditation must
11 address numerous and often competing elements of
12 the publics, and the interests of those publics.

13 For example, it is in the public interest
14 to preserve conditions that enable institutions and
15 programs to reveal their weaknesses to accreditors
16 without fear of public relations consequences, and
17 then let accreditors supervise the improvements
18 needed to address those weaknesses. This feature
19 of accreditation has enabled accreditors to promote
20 improvements in education that have benefited
21 millions of students.

22 On the other hand, it is also important
23 for accreditors to provide accurate and timely
24 public information, but my accreditation colleagues

1 and I would ask, "What information is the public
2 seeking?" And, more importantly, "do accreditors
3 have the information being sought?" Or, put
4 another way, "is the information that accreditors
5 have about institutions and programs really what
6 the public wants?" It seems to me that we should
7 have answers to these questions before enacting
8 regulations that place added burden, both in time
9 and cost, on accrediting organizations,
10 institutions, and programs to provide information
11 that may create more problems than it solves, and
12 may not be what the public needs or wants.

13 Which brings me to my third comment. The
14 Commission Report calls for, among other things, a
15 significant increase in the transparency of the
16 accreditation process, and goes so far as to
17 recommend that accreditation be made public in
18 their entirety. As a programmatic accreditor, I do
19 believe that there can be, and should be,
20 additional information available to the public
21 about accreditation decisions and findings. I
22 disagree, however, with the notion that making
23 reports available to the public would be good
24 public policy.

1 The prime reason for this position is that
2 not all institutions and programs are undergoing
3 accreditation scrutiny at the same time. Indeed,
4 depending on the length of the accreditation cycle,
5 as few as one in ten institutions and programs are
6 being reviewed at any one time. Herein lies the
7 potential for unintended consequences, when, for
8 example, there are a number of programs in a given
9 discipline in a given city all competing for the
10 same students, and only one of them is in the
11 position of having its "dirty laundry" out for all
12 to see.

13 Aside from the potential for students to
14 misinterpret the information in an accreditation
15 report, where is the good public policy in having
16 an accreditation decision become the catalyst for
17 imbalances in the local education marketplace,
18 should the other programs choose to exploit the
19 situation in their recruitment practices?

20 Further, at what point should the
21 information no longer be considered current, and
22 therefore need to be removed from public
23 availability? And, if it is removed at some
24 reasonable time, it is likely, given the cycles,

1 that most of the time there will be no information
2 available for the public to view.

3 In summary, the issue of transparency in
4 the accreditation process raised by the Commission
5 Report may be valid, but it is significantly more
6 complicated than it may appear. Any negotiated
7 rulemaking about this issue must be done with the
8 full recognition of all of the issues, and it must
9 be done in a manner that respects the diversity of
10 accrediting organizations, and that eliminates, to
11 the extent possible, any unintended consequences.

12 Thank you.

13 **DAVID BERGERON:** Thank you.

14 **DAVID BERGERON:** Rolf Lundberg, please.

15 **ROLF LUNDBERG:** Good morning.

16 My name is Rolf Lundberg. I am Senior
17 Vice President of Congressional and Public Affairs
18 at the United States Chamber of Commerce.

19 The Chamber is the world's largest
20 business federation, representing more than 3
21 million businesses across the country.

22 Thank you for the opportunity to appear
23 today.

24 I am here today because of the priority

1 that the U.S. Chamber places on improving the
2 quality of education and investment in the
3 workforce. Numerous indicators tell us that our
4 educational system at all levels is not producing
5 enough individuals with the skills to meet
6 employers' needs. Our members consistently tell us
7 that deficiencies in the education and training of
8 those that they need to hire and advance are among
9 the most serious problems that they face.

10 To address these problems, the U.S.
11 Chamber is undertaking a number of initiatives.
12 One of them is a coalition that we have formed, the
13 Coalition for a Competitive American Workforce,
14 with providers of postsecondary education that have
15 a record of innovation and success in workforce
16 education, they are Corinthian College, Capella
17 University, DeVry, and Kaplan.

18 We are very pleased that the Department
19 has announced its plans to conduct a negotiated
20 rulemaking, and we would like to participate. The
21 Federal Register notice indicates a willingness to
22 address regulatory changes suggested by the final
23 report of the Commission on the Future of Higher
24 Education. The Chamber and the Coalition agree

1 with many of the findings and conclusions in the
2 Commission Report.

3 Beginning with the observations in the
4 preamble that, quote, "Not everyone needs to go to
5 college," but "everyone needs a postsecondary
6 education," and that too many college graduates
7 "enter the workforce without the skills employers'
8 say they need." The Commission has laid out a road
9 map for reform. The Chamber and the Coalition
10 support a wide-ranging negotiated rulemaking that
11 considers the recommendations in the Commission's
12 final report.

13 With that, we propose that the negotiated
14 rulemaking agenda include the following subjects.

15 First of all, transfer of credit. One of
16 the areas the Commission rightly emphasizes is
17 transfer of credit. This is a problem because of
18 changes in the needs of today's postsecondary
19 students and employers. The Commission Report
20 calls for reducing barriers to transfer, and
21 allowing students to move more easily between and
22 back into institutions. As the final report notes,
23 this would reduce costs, expand access, reduce time
24 to completion, and improve institutional

1 transparency. It would also improve the ability of
2 the postsecondary educational system to respond
3 efficiently to workforce and employer needs.

4 Two regulatory reforms would begin
5 significantly to address these problems, in our
6 view. First, institutions of higher education that
7 participate in the Title IV student financial aid
8 programs should be required to establish clear
9 policies on transfer of credit and to make those
10 policies public. Secondly, such institutions
11 should not be permitted to deny credit transfers
12 based solely on the accreditation of the
13 institution from which the student is seeking to
14 transfer credits, provided that the institution is
15 accredited by an agency recognized by the
16 Secretary.

17 Many institutions refuse even to evaluate
18 the credits earned by students at other
19 institutions, based solely on those institutions'
20 accreditation. There are no legitimate reasons for
21 these practices. We believe that the Department
22 has sufficient existing statutory authority to
23 adopt regulatory changes to facilitate transfer of
24 credits in the conditions for institutional

1 participation in the Title IV programs and the
2 accrediting agency recognition requirements.

3 A second subject to address is
4 transparency and accountability. These are also
5 major themes in the Commission's final report. As
6 the Commission finds, students and parents lack
7 good information on the value that colleges will
8 provide them, and policymakers lack data to help
9 them decide whether the national investment in
10 higher education is paying off.

11 The Commission proposes the creation of a
12 consumer-friendly information database that would
13 protect the privacy of students, but still be a
14 vital tool for accountability, policymaking, and
15 consumer choice. The U.S. Chamber and our
16 Coalition endorse these concepts. The members of
17 the Coalition already live with a great deal of
18 transparency and objective accountability--measures
19 for what matters most, student achievement.

20 We support the Commission's interest in
21 exploring how accreditation can better measure
22 quality through the use of student outcomes, and
23 improve access to innovative learning methods, such
24 as online education, while ensuring quality.

1 Higher education institutions and accrediting
2 agencies can do more in this area. We believe that
3 the Department already has sufficient statutory
4 authority to develop and adopt regulations
5 embodying these proposals in Sections 485 and 486
6 of the Higher Education Act.

7 The next subject the negotiated rulemaking
8 should address, in our view, is reform of the
9 financial aid delivery system. The Commission
10 found that the current financial aid system is a
11 maze, confusing, complex, inefficient, and
12 duplicative. Even more crucially, the system
13 frequently does not direct aid to students who
14 truly need it. The Chamber supports the
15 Commission's call for reform in this area.

16 One area for the Department to examine is
17 the system for the delivery of Pell Grants to
18 students who wish to accelerate progress toward
19 their educational objectives by attending on a
20 year-round basis. The financial aid system remains
21 geared to traditional students on a conventional
22 nine-month academic calendar. The negotiated
23 rulemaking presents a good opportunity to determine
24 the extent to which, under the current statute,

1 Pell Grant disbursements can be made available
2 year-round.

3 And finally, we propose that the
4 negotiated rulemaking agenda involve 90/10 Rule.
5 The Commission's final report makes a number of
6 points that support regulatory reform of the 90/10
7 Rule. The preamble to the Commission's report
8 states that distinctions based upon ownership
9 structure are irrelevant, except to an academic
10 establishment preoccupied with them, and that for-
11 profit institutions are one of the new paradigms
12 that have developed to adapt to the challenges that
13 are at the heart of the Commission's concerns. The
14 Chamber wholeheartedly agrees.

15 In addition, one of the central themes of
16 the Commission's report is access to postsecondary
17 education, how to promote it for under-served and
18 non-traditional groups, especially low-income,
19 minority, and adult students. The Commission
20 focuses on the purchasing power of the Pell Grant,
21 yet it notes that the value of the Pell Grant can
22 be undercut by tuition increases. All of these
23 points suggest that reform of the regulations
24 implementing the 90/10 Rule would further the goals

1 of the Commission. Experience under the Rule shows
2 that it measures not institution integrity and
3 quality, but the socio-economic status of students,
4 that is, how much they qualify for need-based aid
5 like Pell Grants. The Rule thus incentivizes
6 institutions either not to serve the most needy
7 students, or to raise their tuition, results that
8 are contrary to achieving the goals of access and
9 affordability.

10 Leaving to the side the congressional
11 debate over repeal of the 90/10 Rule, the
12 Department can and should, in our view, revise its
13 current regulations to lessen their
14 counterproductive impact, and thus the degree to
15 which they single out institutions on the basis of
16 an irrelevant factor like ownership structure.
17 There are a number of anomalies in the current
18 regulations that impede access and affordability.
19 The negotiated rulemaking offers an opportunity to
20 correct these problems.

21 Thank you again for the opportunity to
22 present our views on the negotiated rulemaking that
23 the Department is planning. We do hope to work
24 closely with the Department to make progress on

1 these important issues.

2 Thank you.

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

4 **DAVID BERGERON:** Cynthia Littlefield.

5 **CYNTHIA LITTLEFIELD:** Good morning.

6 **DAVID BERGERON:** Good morning.

7 **CYNTHIA LITTLEFIELD:** My name is Cynthia
8 Littlefield. I am the Director of Federal
9 Relations of the Association of Jesuit Colleges and
10 Universities.

11 In this capacity we represent the 28
12 Jesuit colleges and universities across the United
13 States, and we are also affiliated with over 100
14 international Jesuit colleges and universities.

15 I might add that today I think it is
16 remarkable that our nation's students have been
17 participating in this process. I want to commend
18 them for their efforts to come here today. I think
19 that is the right thing to do.

20 AJCU appreciates the opportunity to
21 comment before the Department of Education,
22 particularly on the implementation of ACG and SMART
23 Grants, because we know that there is some
24 confusion on our campuses across the country

1 concerning regulatory guidelines. Our main
2 priority is to ensure that regulatory complications
3 for the ACG and SMART Grant programs do not
4 interfere or limit student participation. AJCU
5 hopes that our comments will assist in these
6 efforts.

7 The first group of issues are related to
8 the definition of "academic year." Recent
9 colleague letters have started to improve that
10 definition, but clarification needs to be
11 supplemented related to class progression. Several
12 areas of confusion are the following:

13 Number one, the institutional definition
14 of "class progression" does not always coincide
15 with the Stafford Loan definition of "academic
16 year."

17 Number two, refinement of the utilization
18 of non-classroom credits, i.e., advanced placement,
19 international baccalaureates, and life learning
20 credits to encourage advanced course work, and
21 include full eligibility for grant funding.

22 Number three, the encouragement defined by
23 the regulations to support two full years of study
24 for the SMART Grant, as related to bachelor's and

1 master's programs, and students eligibly for the
2 accelerated programs degree conferment.

3 The next set of issues that we would like
4 to discuss are the transfer credits for transfer
5 students. These issues are similar to the first
6 set of issues, but they are complicated by the
7 variety of external factors related to transfers of
8 credit, such as:

9 Number one, timing related to the posting
10 of transfer credit varies by the completion of the
11 necessary documentation. Class standing can be
12 impacted by the late arrival of this documentation,
13 and cause great complications for the universities.

14 Number two, some internal and external
15 transfer students will regress in their class
16 standing due to the new program academic
17 requirement. We need to encourage transfers to the
18 targeted major without the risk of penalty due to
19 regression.

20 Also, if a student has received an ACG at
21 a previous institution, does the new institution
22 need to document a rigorous high school curriculum?
23 We ask that question.

24 Number three, the calculation of GPA, as

1 related to transfer credits and international
2 study, needs to be expanded to assist students in
3 retaining eligibility and foster exploration.

4 And finally, number four, NSLDS procedures
5 need to be fully documented and integrated into the
6 regular transfer monitoring process.

7 It is especially true that additional
8 efforts need to be expanded related to the process
9 of awarding the ACG. To encourage students and
10 institutions to maximize the impact of the ACG,
11 easy identification of eligible students need to be
12 established. The process of student self-
13 identifying, or the financial aid office being
14 responsible for documenting that information is
15 somewhat flawed. A centralized clearinghouse,
16 possibly, could be responsible for determining that
17 eligibility that would best serve our students.

18 With the issue of GPAs, it has been
19 mentioned earlier in the transfer discussions,
20 there are additional aspects of GPAs that need to
21 be explored. Number one, the exploration and
22 expansion of academic curriculum needs to be
23 encouraged and not limited by GPA requirements.
24 Students need to be able to take demanding course

1 work without fear of losing need-based funding.
2 This includes the proper utilization of pass/fail
3 options in some cases and other similar programs.
4 And number two, the timing of the regulations of
5 GPAs, as related to the disbursement of funds,
6 needs to be reasonable and manageable.

7 The SMART Grants also have a student major
8 requirement. We have suggested adding on a few of
9 new, other requirements that fall under the broader
10 definitions, science, math, technology, et cetera,
11 such as environmental science, digital
12 communications and multimedia technology,
13 biophysiology, gerontology, nutrition sciences,
14 psychopharmacology, anthropology, and physical
15 anthropology, to cite but a few.

16 We also believe that clarity and expansion
17 of the distinction between intended declared majors
18 and the required progression of course work between
19 double, triple majors is also critical for a smooth
20 running program.

21 For federal student loans, AJCU would not
22 be here if we would not mention that our primary
23 concern has always been to minimize student loan
24 debt. While recently passed student loan interest

1 rates will indeed contribute to further debt burden
2 for our nation's students, we can try to minimize
3 that debt for students who are currently at risk.

4 AJCU is supportive of simplifying the
5 process for various repayment, deferment, and
6 hardship options for these impacted students, and
7 we would encourage that to be discussed in one of
8 the negotiated rulemaking sessions.

9 We greatly appreciate the opportunity to
10 speak here today before the Department of
11 Education. Our association has been active in this
12 process, and we appreciate Loyola University
13 hosting one of the hearings, in addition to two of
14 our institutions who have already testified,
15 Marquette University and Loyola Chicago University.

16 And finally, may I say that AJCU hopes
17 that we can have an active participation in this
18 wonderful process called "negotiated rulemaking,"
19 and I thank you all today for listening to my
20 comments, and for having us all here today after a
21 long night for all of us with limited sleep.

22 Thank you very much.

23 **DAVID BERGERON:** Thank you, Cynthia.

24 We are going to take a ten-minute break.

1 As we are doing that, let me say two things. One
2 is, Cynthia, we are trying to answer the question
3 about reliance on prior institutions, we have said
4 you can rely on prior institutions for
5 determination of student's eligibility for ACG, and
6 they can rely on that for documentation, just so
7 folks know that. I, like Cynthia, have enjoyed the
8 students' comments, even though they are from the
9 University of Connecticut.

10 [Laughter.]

11 **DAVID BERGERON:** Having graduated from the
12 University of Rhode Island, I always get concerned
13 when my neighbors from Connecticut come out in such
14 numbers, it speaks so well.

15 One of the things I have appreciated,
16 though, throughout this process, is the comments of
17 the students, they have been very helpful to us as
18 we have thought about the issues around student
19 debt, and they have all been very well-spoken, and
20 reflect very well on our college students. So
21 before they went back to the Northeast, I wanted to
22 make sure and compliment them. I know we will hear
23 from more students throughout the day.

24 With that, a ten-minute break.

1 **DAVID BERGERON:** If you want to continue
2 to chat, you can go outside into the other room,
3 but we do want to be courteous to the folks coming
4 to testify.

5 **DAVID BERGERON:** Jim Tolgert.

6 **JIM TOLGERT:** Good morning.

7 My name is Jim Tolgert, and I am here
8 representing the Career College Association as the
9 Chairman of the Board of Directors. However, my
10 day job is I am the Chief Executive Officer of the
11 Education Futures Group, an investor in private
12 postsecondary education schools.

13 It is a pleasure to present a summary of
14 my comments, which I have submitted also in
15 writing.

16 On behalf of the Career College
17 Association, I would like to thank you for this
18 opportunity to comment on the final report from the
19 Commission on the Future of Higher Education, and
20 the agenda for the upcoming negotiated rulemaking
21 sessions.

22 CCA is a voluntary membership organization
23 of private postsecondary educational institutions
24 that comprise the for-profit sector of higher

1 education. CCA's 1,400 members educate and support
2 nearly 2 million students each year for employment
3 in more than 200 occupational fields. All CCA
4 members must be licensed in the state in which they
5 are located, and accredited by a national or
6 regional accrediting agency recognized by the U.S.
7 Department of Education.

8 The Commission on the Future of Higher
9 Education has performed a valuable service by
10 examining key issues related to how postsecondary
11 education can better address the needs of our
12 nation in the 21st Century. The diverse points of
13 view presented to the Commission and the frank
14 dialogue among the Commission members produce a
15 report that should stimulate important improvements
16 to our higher education system. It takes common
17 sense, as well as a market-based approach to higher
18 education in the best interests of students,
19 employers, and taxpayers.

20 The Commission's recommendations coalesced
21 around the three broad themes that have been at the
22 center of CCA's legislative agenda for the last
23 four years: accessibility, accountability, and
24 affordability. These themes are at the core of the

1 mission of the career college sector.

2 First, accessibility. As a group, we
3 provide access to colleges for a disproportionate
4 share of minority and non-traditional students. We
5 promote the Commission's recommendations to
6 facilitate further higher education for these
7 students.

8 Second, CCA supports the Commission's
9 findings on the need for increased accountability
10 and transparency in postsecondary education. We
11 were pleased that Chairman Miller mentioned the
12 institutional report card that CCA proposed several
13 years ago as one example of what a good
14 accountability and consumer information piece could
15 look like. CCA supports the Commission's
16 suggestion that institutions report their retention
17 and their job placement numbers. This is a valid
18 accountability measurement.

19 Third, affordability. We were pleased
20 that the Commission focused attention on the
21 transfer of credit barriers students face. The
22 Department of Education must address the
23 discrimination that students encounter when they
24 seek to transfer credits from institutions that are

1 nationally accredited to institutions that are
2 regionally accredited. Denials and deterrents to
3 credit transfers are unfair to students, inhibit
4 student completion, and drive up the cost of
5 postsecondary education by forcing students to take
6 and pay for the same course twice. This does not
7 make me happy as a taxpayer or as a parent.

8 Informal attempts to address this issue
9 have failed to adequately address this situation.
10 Both the House and Senate address this issue in the
11 reauthorization bills, and we hope that when
12 Congress returns to the task of reauthorizing the
13 Higher Education Act, it will legislate in this
14 area. We hope the Secretary will also explore
15 other means to promote fair and transparent
16 transfer of credit policies.

17 The Career College Association agrees with
18 the Commission that all stakeholders in higher
19 education would benefit from better coordination
20 between the needs of employers and educational
21 institutions. We have for years worked closely
22 with the employers in our communities to ensure
23 that our students graduate with the specific skill
24 sets needed to progress in their careers, and our

1 institutions are able to move quickly to respond to
2 market needs by creating new programs or revising
3 current ones.

4 If I may now address a few issues related
5 to the new interim regulations. The Career College
6 Association is pleased to have new grant programs
7 available to students. We understand the time
8 constraints facing the Secretary in publishing
9 interim regulations, and look forward to the
10 negotiated rulemaking process to make some
11 improvement to the regulations.

12 We urge the mandatory participation
13 requirements be dropped for both the ACG and SMART
14 Grant programs, Congress did not mandate
15 participation. We believe the Department should
16 treat these two grant programs in the same manner
17 as all other Title IV HEA assistance programs by
18 allowing institutions to choose whether or not to
19 participate. Additionally, we urge the Secretary
20 to reconsider the regulatory restriction placed on
21 the ACG that limits them to degree-granting
22 programs.

23 In closing, the Commission has given the
24 higher education community the beginnings of a

1 roadmap to improving the education marketplace. We
2 look forward to working with you, both in the
3 upcoming negotiated rulemaking sessions and
4 throughout the future, to implement some of these
5 proposals for the benefit of students and the
6 American economy.

7 Thank you.

8 **DAVID BERGERON:** Thank you.

9 **DAVID BERGERON:** Dallas Martin.

10 **DALLAS MARTIN:** David, Dan, good morning.

11 **DAVID BERGERON:** Good morning.

12 **DAN MADZELAN:** Good morning.

13 **DALLAS MARTIN:** As you know, my name is
14 Dallas Martin, and I am currently the President of
15 the National Association of Student Financial Aid
16 Administrators.

17 I appear before you today on behalf of the
18 more than 3,000 postsecondary educational
19 institutions and others with related interests to
20 our members of NASFAA to offer our suggestions for
21 issues that should receive consideration during the
22 Department of Education's upcoming negotiated
23 rulemaking session, particularly as it relates to
24 the implementation of the Academic Competitiveness

1 Grant and the National SMART Grant Program, as well
2 as some additional provisions that are included in
3 the Higher Education Reconciliation Act of 2005.

4 Let me note that we appreciate the
5 Department's solicitation of agenda items, and we
6 believe that this process will yield regulations as
7 it has in the past that will help institutions to
8 deliver student aid funds to eligible students in a
9 timely manner, fulfilling the purposes of
10 negotiated rulemaking, and to develop procedures
11 that work in the institutional setting and remain
12 within the statutory burdens. Further, we hope
13 that the Department will use the negotiated
14 rulemaking structure to ensure that the concerns of
15 all interested parties may be taken into account as
16 these new program provisions are implemented.

17 We would like to offer the following
18 listing of items for your considerations. Let me
19 begin with the regulations governing Academic
20 Competitiveness Grant and the National SMART Grant
21 programs. Not surprisingly, most of the questions
22 that we have received from our members pertain to
23 academic year progression, advanced placement
24 credits, and rigorous secondary school program, but

1 we are also now being asked more about transfer
2 student eligibility and determination of the GPA in
3 a variety of situations. We believe that these
4 questions in particular are going to continue to
5 arise now that we have begun to implement the
6 programs, particularly as we move into the second
7 semester, or spring terms, later this year. For
8 this reason, we would hope that all of the ACG and
9 SMART Grant Program regulations would be open
10 during the time of the negotiations.

11 There are also other regulations under
12 the HERA Act that we also have some concerns about,
13 and these are the topics that we would suggest be
14 also added to the negotiated rulemaking agenda.
15 First, the Grad PLUS Program, and particularly we
16 are concerned about the issues of both entrance and
17 exit loan counseling, as well as what might be the
18 appropriate repayment period start date for
19 students who have Grad PLUS loans, because it is
20 much different, obviously, with those students than
21 it is with the way we think of that program with
22 traditional parents.

23 Another topic is the telecommunications
24 versus correspondence instruction. Given the many

1 instructional variations that exist today, as well
2 as the various technologies that are in use, we
3 believe that this is an area that needs to be very
4 carefully examined, and the community input would
5 be invaluable. We want to make certain that, first
6 of all, we do not unnecessarily limit someone who
7 has good suggestions and programs, but we also want
8 to ensure that there is also program integrity
9 maintained, regardless of telecommunications or
10 correspondence instruction.

11 Another topic is the new loan discharges,
12 particularly the approach taken in the interim
13 final regulations regarding the requirement for
14 obtaining the discharge based upon the liability of
15 identity theft. This is an area that is new, it is
16 increasing, and it is one that we think needs to be
17 looked at very carefully so that it is consistent
18 with other industry standards.

19 Another topic is the post-withdrawal and
20 late disbursement requirements. We are
21 particularly concerned about a number of issues
22 here, but one is, "Why are grant funds now subject
23 to the new confirmation requirement when we can
24 find no reference to the grant program in the

1 statute itself?"

2 In addition to these and other topics, let
3 me also give you, in the interest of time, two
4 other broad topics that are not part of the
5 regulations, but that we had hoped would be on your
6 agenda. The first is the establishment of "safe
7 harbor" language for institutions. As you are all
8 aware, the implementation of the HERA provisions
9 occurred in a very compressed timeframe. And while
10 I want to express my sincere appreciation to you
11 and to your colleagues at the Department for the
12 efforts that they have made, and that you have
13 expended in terms of implementing these new grant
14 programs, and to develop these interim final
15 regulations in less than eight months, I also would
16 remind you that our members, as well, have had to
17 proceed in implementing these programs and making
18 decisions based upon their reading of the statute,
19 and with less than complete regulatory guidance.
20 Given the fact that I believe that everyone has
21 proceeded with a good faith effort to make
22 preliminary decisions consistent with the reading
23 of the law, regulatory language should be developed
24 during this process to protect parties against

1 enforcement standards that were not applicable or
2 available when these actions were taken.

3 A second broad topic that I would also
4 hope that you would consider that are not part of
5 the current regulations, but we have heard many
6 people comment on today, and that would be to
7 modify the repayment options for borrowers with
8 student loan debt burden. We would urge that the
9 negotiated rulemaking committees carefully examine
10 reforms that can be made under current law with
11 existing regulations to modify repayment options
12 for borrowers with unmanageable student loan debt.
13 And particularly amongst those, I would mention the
14 economic hardship deferment, to make certain that
15 is more accessible. There are other things in that
16 area that we should look at, too, because this is
17 an area of increasing concern to borrowers across
18 the country, and certainly will make a difference
19 in terms of their lives and the future and well-
20 being of this country.

21 I thank you for your consideration of
22 these recommendations. We look forward to working
23 with you and providing you with any assistance
24 today. And again, thank you for the opportunity to

1 be here today.

2 **DAVID BERGERON:** I want to say, Dallas, as
3 you are going back to your seat, that we are aware
4 that we need to do work in the area of identity
5 theft. When we publish the final rule, we made
6 reference to that, the desire on the part of the
7 Department to work with the broader community to
8 come up with better processes, and procedures, and
9 rules around that particular provision of the HERA.

10 **DALLAS MARTIN:** And we appreciate that.

11 **DAVID BERGERON:** Thank you, Dallas.

12 **DAVID BERGERON:** Nikolai Blinow.

13 **DAN MADZELAN:** We'll come back.

14 **DAVID BERGERON:** No, she is coming.

15 **NIKOLAI BLINOW:** I am here.

16 Hello, my name is Nikolai Blinow, and I am
17 a senior at Salem State College. I am also a
18 features editor for The Log, and a MASSPIRG
19 volunteer.

20 Throughout my years at Salem State
21 College, I have seen my tuition rates and fees
22 rise, specifically, the grant within my financial
23 aid package has shrunk. Thus I, along with my
24 fellow students, have been forced to compensate by

1 taking more and more student loans out, loans that
2 will affect my life immediately upon my graduation
3 and for years afterwards.

4 As a member of a single parent household,
5 these rising costs have forced me to more or less
6 sign my life away to college. From the beginning,
7 I knew there would be no money for college. My
8 father remarried and stopped making financial
9 contributions when I was very young. My mother
10 worked four jobs just to make rent and to buy food.
11 Together, we lived in subsidized housing. Money
12 was tight and could not be used towards anything
13 but the bare necessities.

14 However, my mother was always supportive
15 of me going to college, no matter what the cost,
16 and I am so thankful for her support. She has
17 motivated me to get a college degree, because she
18 knows that higher education offers me the
19 opportunity to change my social standing and will
20 allow me to provide myself with a future that she
21 did not have for herself. The type of life that
22 she wants for me is modest. She just wants me to
23 be able to own my own home, be able to take a
24 vacation every once in a while, be able to afford a

1 family and provide for them in the future, and to
2 have time to be involved in my community, all
3 things that she has not been able to have for
4 herself. I know that with continued penny-pinching
5 I will make it, but I know I will need her cheering
6 me on in the background to make it happen, to pay
7 off my debt, and to get to where I want to be.

8 Yet there are many who are not as
9 fortunate as I am. How many aspiring college
10 students don't have a great parent pushing them
11 from behind? How many can't see a way over the
12 obstacles of financing and debt to decide that it
13 is worth it? The high cost of college can be an
14 intimidating thing when you come from close to
15 nothing. Looking back, I can easily see my mother
16 and I making different choices, deciding that
17 college was not in my future.

18 I am grateful, despite the huge debt
19 burden that I will carry, that we can still see a
20 way for me to make it. I think it is tragic that
21 so many other students and families have a
22 different point of view.

23 While the Department of Education may not
24 be able to alter college expenses, you can make a

1 difference by adopting the five-point plan for
2 manageable debt. Adopting this plan will make
3 college loans more affordable, particularly for
4 those of us from low-income backgrounds with a lot
5 of demands on our paychecks. By making these
6 changes, you can keep the path to college clear for
7 so many others. More people will be able to attend
8 college and become productive members of society,
9 and that is the original intent of the student loan
10 program.

11 Thank you.

12 **DAVID BERGERON:** Thank you.

13 **DAVID BERGERON:** Benjamin Navon.

14 **BENJAMIN NAVON:** I am Benjamin Navon. I
15 am here representing Salem State College, The Salem
16 State Log, and MASSPIRG.

17 Good morning. I would like to thank you
18 for taking the time to consider this very important
19 matter to young voters. I am here not only to
20 represent my plight, but to express the concerns of
21 many of my peers at Salem State College and
22 throughout Massachusetts.

23 I am currently the Editor in Chief of the
24 student newspaper. I take my responsibilities as a

1 student leader seriously, and I am constantly
2 soliciting the views and opinions of my peers. A
3 resounding concern for all Massachusetts is the
4 rising cost of education, coupled with the slashing
5 of student aid by politicians.

6 According to Salem mayor, Kimberly
7 Driskel, Massachusetts is at the bottom of the
8 barrel when it comes to funding state higher
9 education. As the Commonwealth cuts funding for
10 student aid initiatives, more and more students are
11 relying on government and private loans to pay for
12 college. By the time students are ready to
13 graduate, the interest compounded on these loans
14 can be suffocating.

15 When I first matriculated to Salem State,
16 I was apprehensive about how I was going to be able
17 to afford tuition. Student loans enabled me to
18 pursue a degree, and for that I am thankful.
19 However, as I conclude this academic year, I
20 foresee significant hurdles that I will need to
21 overcome in order to be debt free.

22 I plan to graduate in May. Consequently,
23 I have been exploring my options for life after
24 college. I have researched entry level jobs in my

1 chosen field of journalism, and I find it
2 disheartening that a sizable amount of my post-tax
3 salary will be allocated to repay my student loans.
4 Clearly, the Department of Education is unable to
5 stem the rising cost of higher education, but the
6 government can relieve students of large loans by
7 implementing the five-point plan for manageable
8 debt.

9 By adopting these changes, more people
10 will be able to attend college, and expand their
11 minds, and better their future and that of this
12 country. Education is critically important to
13 promote a healthy and viable society.

14 Thank you.

15 **DAVID BERGERON:** Thank you.

16 **DAVID BERGERON:** Steven Boudreau.

17 **STEVE BOUDREAU:** Good morning.

18 My name is Steven Boudreau, and I am here
19 representing Worcester State College in
20 Massachusetts.

21 As a college student, I am aware that
22 student loans have become a great problem. As a
23 senior at Worcester State College, I have noticed
24 that many students like myself are burdened with a

1 great amount of student debt.

2 Worcester State College is a mid-size
3 school, primarily commuters, and the majority of
4 our students come from working class households.

5 In both my experiences as a student and a
6 member of student government, I have come across of
7 my fellow students that are burdened by student
8 debt. In a nation where children are taught that
9 they can do whatever they want if they only have
10 the drive and the skill, many prospective students
11 are not reaching their potential due to lack of
12 money.

13 In order to help keep the amounts of my
14 loans down, I, like many of my friends, have taken
15 a very reasonable step that is going to work well
16 in college. I, myself, work about 27 hours a week
17 on average. This may not seem like a great deal,
18 but coupled with 18 credit hours of classes and
19 being involved in student government, I am now
20 working 45 hours or more a week to graduate in
21 debt.

22 I aspire to work in the television
23 industry. I have been told that I can expect
24 anywhere from \$20-25,000 a year for starting

1 salary. In the last four years, I have accumulated
2 just about \$20,000 in student loans. When now
3 calculating taxes and interest, I will be paying
4 anywhere between 8 to 10 percent of my annual
5 income just for these loans.

6 After four years of college, four years of
7 hard work, I will be considered just above the
8 poverty line after I have paid off my loan debt.
9 There are millions of other students who are in the
10 same situation I am. My own finances aside, I am
11 lucky. I chose a career path where a four-year
12 degree will be enough to get my foot in the door.
13 I cannot say the same for students in this country
14 who have chosen to become teachers, social workers,
15 and various other types of civil servants. Many of
16 them are told they need at least master's degrees,
17 and they will not be making very much money after
18 graduation. These people who have chosen very
19 noble professions are underpaid as it is, then they
20 are forced to pay a sizable percent of their income
21 to student loans.

22 One of my closest friends aspires to be a
23 kindergarten teacher. She is \$30,000 in debt, and
24 she still has grad school to look forward to. She

1 needs to be able to live after college, and not
2 continue to be a burden on her parents. The amount
3 she will be paying in loans is amazing. At the
4 rate teachers are paid and the lack of raises they
5 receive, my friend will be in debt for many years
6 to come. The amount of income that a person makes
7 currently has no bearing on the amount they are
8 required to pay back or the size of their family,
9 or other great financial obligations people have
10 that can drastically change the amount they are
11 able to pay--are still not considered, and hinders
12 a person's progress in life.

13 As life can be unpredictable at best,
14 there are many people who can not pay back loans
15 for one reason or another. We are lucky enough to
16 live in a nation that has concern for these people
17 and has installed the hardship program, while a
18 noble idea, it has flaws. The requirements to
19 enter the program are strict, and there is far too
20 much red tape. When a person is finally accepted
21 into the program, all the debt they have
22 accumulated is held for a period of time, although
23 the interest is still calculated. The people in
24 this program have encountered some sort of personal

1 problem that has brought them to hardship. Why
2 should they walk out of the program having left one
3 problem behind and finding another?

4 The price of college is rising. This
5 raises a new problem; the very people that public
6 colleges and universities are meant to educate are
7 the people that are becoming financially
8 ineligible. As there are few people at Worcester
9 State College who can pay for their education, many
10 of us are forced to take loans. Any cuts in
11 student loan programs cuts the number of working
12 class families who can afford to send their
13 children to college.

14 We are not here asking for a handout, and
15 we don't want charity. We do realize that there
16 are many changes that are going to be made today.
17 All we want is to know that, when we graduate, we
18 can pay back our loans in a fair and reasonable
19 manner.

20 Thank you.

21 **DAVID BERGERON:** Thank you.

22 **DAVID BERGERON:** Andrew Klimkowski.

23 **ANDREW KLIMKOWSKI:** Good morning.

24 My name is Andrew Klimkowski, from the

1 Richard Stockton College of New Jersey.

2 Thank you for affording me the opportunity
3 to speak before you today on the state of higher
4 education in America.

5 I am a political science student at the
6 Richard Stockton College of New Jersey. I serve on
7 the governing board of my institution as a student
8 trustee. I have written higher education policy
9 recommendations for Governor Corzine as a member of
10 the Higher Education Transition Policy Group.

11 I will note that my recommendation was to
12 keep tuition affordable for all New Jersey college
13 students. Governor Corzine, for reasons of his
14 own, did not implement these recommendations, so I
15 have approached you today instead.

16 [Laughter.]

17 **DAVID BERGERON:** As far as I know, I have
18 never been voted for.

19 [Laughter.]

20 **ANDREW KLIMKOWSKI:** Cuts to college
21 budgets at the state level, combined with cuts to
22 student loans at the national level are putting the
23 squeeze on students from lower- and middle-income
24 backgrounds to get to college in New Jersey.

1 If it were not for the fact that I am in
2 the New Jersey Air National Guard, I simply would
3 not have the financial means to obtain a college
4 degree. I grew up in a farm in New Jersey and
5 learned a hard work ethic, strong moral values, and
6 a greater understanding of society. While my
7 grandparents were ill and could no longer continue
8 farming, they bought a smaller farm for retirement.
9 They sold their farm to Chinese farmers who taught
10 me Mandarin Chinese. Growing up, globalization was
11 at my doorstep.

12 I knew I wanted to go to college; however,
13 my family did not have the financial support for me
14 to go. I researched every avenue for me to get on
15 the right path to college. In 2000, I joined the
16 New Jersey Air National Guard. The state of New
17 Jersey pays 100 percent of undergraduate and
18 graduate education for our brave men and women in
19 the National Guard. While working toward my dream
20 of a college education, my life significantly
21 changed on September 11, 2001.

22 I was working at McGuire Air Force Base
23 that day--I will never forget. I never felt so
24 defenseless. I have since been activated twice,

1 and pulled out of college to serve our nation. I
2 am a veteran of Operation Enduring Freedom,
3 Operation Iraqi Freedom, and Operation Noble Eagle.
4 In transitioning back to college--I want to make a
5 difference in my college community, so I ran for
6 the board of trustees. As a stakeholder in higher
7 education and a representative of all the talent
8 currently attending Stockton, I am deeply concerned
9 about our future.

10 The American higher education system is
11 facing a social stratification with the proportion
12 of low-income and middle class students being
13 replaced more and more by the sons and daughters of
14 higher income families. According to the Brookings
15 Institute, there is a 20 percent decline in state
16 investment in higher education for the past 25
17 years, so tuition and fees have risen dramatically.
18 The top family income quartiles have a 75 percent
19 chance to go to college, and the lowest families
20 have less than a 10 percent chance to attain a
21 college degree. We need to bridge the gap of
22 social and economic inequality that higher
23 education is producing in American society by
24 increasing access and affordability for all

1 Americans, regardless of socio-economic background.

2 I also have economic concerns. In Thomas
3 Friedman's book "The World is Flat," he paints a
4 clear and vivid picture of the global village. As
5 automotive, textile, mill, and factory jobs
6 increasingly go overseas, Americans must adapt and
7 change by going back to college to acquire new
8 knowledge skills and abilities to be competitive in
9 this global economy where human capital is
10 critical.

11 China produces 600,000 engineers, and
12 America produces 70,000 engineering graduates. The
13 United States has fallen behind the United Kingdom,
14 Singapore, France, Ireland, South Korea, and other
15 countries in the proportion of 24-year-olds with a
16 college degree. According to the American Council
17 on Education, younger Americans are falling behind
18 young people of other nations in college enrollment
19 and completion rates.

20 While the United States is still a world
21 leader in a proportion of Americans ages 35-64 with
22 a college degree, it ranks seventh on this measure
23 for 25-34-year-olds. In order for our nation to be
24 competitive in a global village that transcends

1 borders, we must set a national vision to invest
2 more funding into higher education.

3 I would like for you to take away from my
4 speech five action items as recommendations to
5 advance higher education in America.

6 Action item number one, we need to
7 increase access and affordability. We need to
8 bridge the gap of social stratification of low-
9 income middle class families. One set of measures
10 that the Department can take is to adopt a five-
11 point plan for manageable student loan debt that
12 you have heard about from many students across the
13 nation.

14 Action item number two, we need to create
15 a two-way process of communicating to the American
16 people the value of a college degree with the many
17 societal benefits that I have outlined. Right now,
18 most Americans see higher education as a road to a
19 higher paycheck rather than a conduit for a better
20 society. I urge you to fund stronger public
21 education efforts so that citizens and elected
22 officials make better informed decisions to keep
23 college opportunity more fully funded.

24 Action item number three, create national

1 programs to ease the transition of our veterans
2 returning home from the global War on Terrorism so
3 that they can fit back into society and enroll in
4 colleges and universities. I fear that with post-
5 traumatic stress disorder veterans will not be able
6 to attain a college degree unless we raise it as a
7 national issue. Many colleges and universities
8 refuse to accept military course work; therefore,
9 many veterans have to take course that they have
10 already received during military training, which
11 adds to the burden of cost for military veterans.

12 Action item number four, we must ensure
13 that public trust and accountability of the higher
14 education system with the American people. I am
15 working on a statewide level to address
16 accountability problems in New Jersey. While I
17 appreciate the Department's concern on this issue,
18 I believe these issues can be taken care of
19 locally.

20 Action item number five, we need to
21 develop strategic and short-term strategies for our
22 nation to be competitive in the knowledge-based
23 global economy, including collaborations with the
24 private sector and higher education. I know that

1 your recently formed Commission on the Future of
2 Higher Education is tackling this question, and I
3 look forward to the initiatives that come forth
4 from these proposed plans. However, I would
5 caution you to not take a one-size-fits-all
6 approach to standardized testing as part of these
7 initiatives.

8 In fulfilling these initiatives, we will
9 advance social and economic shortcomings that we
10 are facing in higher education. We will be a more
11 engaged society; we will contribute to the economic
12 prosperity of our nation, increase productivity,
13 and be even more competitive in the global economy.

14 Thank you for your leadership and high
15 resolve to making a difference for our nation. I
16 hope my comments today will help you in your
17 decision-making, and understanding of what college
18 students are facing. Thank you.

19 **DAVID BERGERON:** Thank you, Andrew.

20 [Applause.]

21 **DAVID BERGERON:** Andrea Kilroe.

22 **ANDREA KILROE:** Good morning.

23 My name is Andrea Kilroe. I am here from
24 Salem State College's SGA Office.

1 I am a senior on the brink of graduation
2 this summer, with a bachelor of science in business
3 with a concentration on entrepreneurship.

4 While this is a very exciting time for me,
5 the culmination of years of education, knowledge,
6 and skills being utilized and exposed, I have to
7 rush to find a job. My first job offer, I will
8 have to take, in preparation to repay the
9 outlandish loans that I have accumulated.

10 From one year at the University of Vermont
11 and four at Salem State College, I have accumulated
12 loans of approximately \$60,000. My \$60,000 in loan
13 debt is not as substantial as others, but, for me,
14 \$60,000 is disappointing and it is intimidating.

15 I have been working almost seven days a
16 week, two jobs, for the last four years to pay for
17 school, housing, and other necessities. That still
18 was not enough, and I have to rely heavily on loans
19 and financial aid. Working through college was
20 beneficial on many levels, but it also limited my
21 involvement in extracurricular activities.

22 As a member of SGA, I knew that I could
23 not take more responsibility, as my time was
24 consumed mostly by work and class. My

1 participation in other groups was constrained, as I
2 only had so much time to give. My college career
3 was full of worry about how I was going to finance
4 my next semester, pay for my books, and afford to
5 live.

6 The stigma with college graduation is you
7 are done with college. It is time to graduate,
8 start a career, start a family, and live a little;
9 not for me, and not for most other students. We
10 are looking at entering job markets starting
11 between \$20-50,000 a year and paying loan debts, as
12 well as getting a foothold in this world. For me,
13 I am expecting to find a full-time job and keep one
14 of my two current jobs just to pay off my loans.

15 Upon graduation, my hopes are to begin
16 raising capital for my own business. I wanted a
17 restaurant; however, with my ominous loan
18 repayments, my reason for obtaining a college
19 education, my dream, has to be postponed. Not just
20 my dreams are at stake, loans are affecting my
21 family, as well.

22 My mother was a child herself when she had
23 me, and did not have the luxury to save for my
24 future. To this day, I cannot rely on my mother's

1 income, as she now has two more children, ages
2 seven and eight, to send through college. She will
3 not only have the advantage to plan in advance, but
4 nothing she saves will be enough. She will have to
5 rely heavily on loans, as well. My brothers are
6 going to have to work as extensively as I have to
7 realize their degree and their dreams.

8 I am here on behalf of my two brothers and
9 their future college career. I do not want them or
10 any other student to be limited in the knowledge,
11 experience, and skills that they can achieve
12 because it resulted in too much of a financial
13 burden. I want all students to have the luxury of
14 participating in campus programs to make invaluable
15 connections and learn how to create change. I want
16 the students in college to have reassurance that
17 they have the cushion to wait for the right job,
18 because their loans are not looming so heavily on
19 their conscience.

20 Representing myself, my brothers, and all
21 students, I ask the government that is working on
22 behalf of its people to do something about the loan
23 repayment system. Adopt the five-point affordable
24 education program. With these changes to the loan

1 programs, student debt would be more bearable for
2 current and future students. We are not looking
3 for cheaper colleges and universities, but
4 improvement.

5 Thank you, and I hope that you will adopt
6 this program.

7 **DAVID BERGERON:** Thank you.

8 **DAVID BERGERON:** Julia Benz.

9 **JULIA BENZ:** I am Julia Benz from the Ohio
10 State University.

11 With me is Anna Griswald from Penn State
12 University.

13 We are here today representing the eastern
14 half of the Big Ten financial aid directors. You
15 saw several of them at the Chicago hearing. They
16 were represented by Susan Fischer and Dan Mann.
17 They submitted, at that time, a document that you
18 have as part of your hearing.

19 The two of us are here today to talk a
20 little bit about the post-November 1 regulations,
21 and my comments today are focused on a positive
22 direction negotiated rulemaking could take for the
23 2008-2009 years and beyond.

24 The amount of funding currently found in

1 all student aid programs is insufficient to meet
2 the needs of our students. ACG and SMART Grants
3 are a step in the right direction to help our
4 neediest students while furthering the nation's
5 interests in producing qualified students in
6 academic fields of critical importance.

7 The Secretary has acknowledged in her
8 responses to comments made to the community between
9 the interim rules and final rules published
10 November 1, 2006, for the 2006-2007 and the 2007-
11 2008 years that the administrative burden for
12 implementing the ACG and SMART Grant programs do
13 not warrant additional administrative cost
14 allowances, since the programs are intended to
15 parallel the Pell Grant Program in all aspects of
16 implementation.

17 My recommendation is to follow through
18 more closely on this concept of parallelism in
19 order to make eligibility for the new grant
20 programs more transparent and streamlined for
21 students. Have both the ACG and SMART Grant share
22 the same rules as the Pell Grant in two very simple
23 areas. First, all U.S. citizens and eligible non-
24 citizens qualify. Have continuing eligibility for

1 these need-based grant aid programs contingent on
2 satisfactory academic progress standards set by
3 schools. These two small adjustments would go very
4 far in allowing more needy students to access the
5 programs and to ensure their continuing eligibility
6 on their date of graduation. Don't implement more
7 barriers for needy students to accomplish the
8 ultimate goal of getting the degree.

9 Now Anna will talk.

10 **ANNA GRISWALD:** Thank you.

11 Anna Griswald from Penn State. We
12 appreciate the opportunity to be here today and
13 offer comments.

14 As Julia mentioned, our colleagues in the
15 Big Ten institutions have given some serious
16 consideration to all of the provisions that came
17 out of HERA, so we appreciate the opportunity to
18 speak to those.

19 We represent some half million students
20 that are enrolled collectively across the Big Ten
21 institutions, and we administer, collectively, just
22 over \$2 billion in federal student aid each year.

23 What I would like to comment on, and to
24 not be too redundant, is many of the comments we

1 have heard, especially so well-stated by our
2 students. Specifically, we acknowledge that,
3 within HERA, we did see an increase that will go
4 into effect this next year to the borrowing limits
5 to the freshman and sophomore--the first two years
6 of student borrowing. While we are appreciative of
7 this and acknowledge that is certainly a step in
8 the right direction, we believe this is
9 insufficient and that much more needs to be done,
10 and we hope the Department will take a lead in
11 encouraging the opportunity for students to access
12 low-interest loans to a more sufficient degree.

13 We also noted that the aggregate borrowing
14 limits within the federal loan program were not
15 increased concurrently with the increase in the
16 annual borrowing limits, and we believe that this
17 should be corrected, and that the aggregate limits
18 also increased. As we talk about student loans, we
19 talk first; however, about the extreme importance
20 of access, especially for low-income students and
21 many moderate-income students today, the Pell Grant
22 program is absolutely essential for that. We would
23 be remiss not to state very clearly our fundamental
24 and primary support for everything possible being

1 done to support grants, especially for low-income
2 students.

3 Realistically, though, we know that grants
4 will not ever be able to address the full needs of
5 students. To that end, student loans are where we
6 must turn. This is not necessarily bad if a
7 program is crafted well. The concerns shared by my
8 Big Ten colleagues and many of my aid director
9 colleagues across the country--and I would add that
10 earlier this year, about 70 of us met to actually
11 discuss this very issue and concern, and that is,
12 given the inability to borrow sufficient amounts of
13 money through the federal loan program, that
14 students in alarmingly large numbers are turning
15 more and more out of necessity to private education
16 loans. These are typically far more costly loans
17 to students.

18 This, I don't believe, was an intended
19 method of proceeding with how students would
20 finance education, but, in fact, this has occurred.
21 There are many inequities in allowing this approach
22 to continue, in that low-income students often are
23 without sufficient family backing in terms of
24 parents being able to serve as cosigners, or being

1 credit-worthy enough to borrow through these more
2 consumer-based loans.

3 The discussion that we had earlier this
4 year among aid administrators, hearing every day
5 what we just heard from students here today, as we
6 sat across the desk from them trying to piece it
7 all together, we believe that it is time and that
8 it is possible for the country to offer one single
9 loan source. Students are now borrowing from
10 multiple sources that they have to repay. We
11 believe it is possible to have one single loan
12 program accessible to all students, regardless of
13 their credit rating or their parents' ability to
14 cosign, and that such loans can be of a more
15 reasonable interest rate.

16 To compliment that, knowing that
17 students--and not to encourage students to borrow
18 more, but knowing that is the necessity for many to
19 compliment this ability to borrow up to their need,
20 minus any other financial aid, we fully support
21 what we have heard many of the students say today,
22 that the project on student debt and its five-point
23 plan for balancing the ability to borrow and access
24 funds, also with the ability to make reasonable

1 repayment.

2 So, with that, I will conclude my
3 comments, and we thank you again.

4 **DAVID BERGERON:** Thank you.

5 The one comment I want to make is that one
6 thing we can't do with through regulations is
7 change underlying law. So things like requirements
8 that students maintain certain GPAs, that students
9 are U.S. citizens, in the cases of the ACG and
10 National SMART Grant, and loan limits are statutory
11 provisions, which we cannot change through
12 regulation, just so people are aware.

13 **ANNA GRISWALD:** I think it is a matter of
14 record, in the spirit of also giving input to other
15 issues that, hopefully, will find their way into
16 reauthorization in the future.

17 **DAVID BERGERON:** We appreciate that. I
18 just wanted to make sure that it was on the record
19 that we do not have the authority to change statute
20 by regulatory actions of the agency.

21 **DAVID BERGERON:** Robin Polo.

22 **ROBIN POLO:** Good morning.

23 My name is Robin Polo, and I am a
24 sophomore at Rutgers University.

1 I would just like to start out with
2 expressing my appreciation for you guys taking time
3 out of your hectic schedules to listen to our
4 petitions in regard to student loan debt.

5 I am here today not only to suggest
6 manageable alternatives to the current student loan
7 debt programs, but to help you match a statistic to
8 a face. I am the first in my family fortunate
9 enough to be at the university level, yet, on a
10 daily basis, I struggle with the idea on how much
11 student loan debt I am anticipating to graduate
12 with, approximately \$50,000. This number shakes me
13 so much that I am constantly considering dropping
14 out of school, just because I do not see how I can
15 manage these loans after graduation.

16 I, like many of us here today, fully
17 support myself. I had it tough growing up, so my
18 reality is that I have no choice but to fund my
19 entire education with student aid, mostly in the
20 form of loans.

21 So, to educate myself or not to educate
22 myself? This is a question that turns through the
23 minds of high school seniors everywhere--the fact
24 that students are unable to pay for their higher

1 education, and the fact that we will not be able to
2 manage graduating without outrageous debts prevents
3 millions every year from attending universities. I
4 still answer this question by choosing to go to
5 college despite the burden.

6 Herbert Spencer said, "The great aim of
7 education is not knowledge, but action." I believe
8 this 100 percent. If I am denied or discouraged
9 financially to the point that I, too, feel that
10 there is no choice but to prematurely end my
11 college experience, I might as well fall asleep and
12 never wake up. I will be giving up a dream of
13 equality and justice and other principles I care
14 very deeply about, and I know that a college degree
15 will help me maintain that.

16 But here I am, still in college. At
17 Rutgers, I have developed a deep passion for two
18 things: I want to help people, and I love the
19 theater arts. I would love to go into education.
20 I would love to go overseas and teach English. I
21 would love to travel to places whose communities
22 are in severe need of aid and assistance, and that
23 includes here as well as abroad. I would love to
24 use theater as a means to influence the minds of

1 today so that they may look on social issues and
2 find them as alarming as they really are, as well
3 as help people find compassion for those of us who
4 are suffering these issues.

5 I would love to teach in inner city
6 schools and inspire young people through the arts.
7 I would love to help mold the personalities of our
8 future generations so that they may think in a way
9 that would benefit themselves and others without
10 having to sacrifice their individuality or voice.
11 I could go in any direction, obviously, but then
12 there is the reality of any one of these paths once
13 I graduate, the low starting salary and the high
14 debt burden I will carry.

15 The question that I have not received an
16 answer to thus far is, "How I am going to be able
17 to take positive action in my society under these
18 circumstances?" Can I afford to do it? Will I be
19 consumed with debt, or will I be able to make it?
20 Right now, some loans can tie the monthly repayment
21 to monthly earnings, but others don't. Can I go in
22 the direction that I want to go in, or will I have
23 to choose otherwise?

24 Even now, as a full-time student, I have

1 to work full-time on top of the debt that I am
2 accumulating. Think of how many students are in
3 similar positions, and how much community
4 involvement and potential is being suppressed by
5 those of us who have the strength and the energy in
6 the prime of our lives to accomplish great things,
7 but no time in which to do so.

8 I know the U.S. Department of Education
9 wants to promote higher education and be
10 encouraging to our future generation, but, right
11 now, all the cutbacks and rate hikes communicate
12 the opposite. The government is becoming an
13 obstacle in itself to our ability to succeed.

14 So I ask that you hear me out on these
15 suggestions. First of all, increase the
16 attainability of loans for those students who do
17 not have anyone to cosign for them. Lower the age
18 for students to be declared independent so their
19 parents' income is not factored into their aid
20 package.

21 Second, allow loans to be forgiven after
22 20 years if borrowers have met their contractual
23 obligations. Sometimes borrowers won't be earning
24 the higher salaries, and the loans simply should be

1 forgiven when that happens.

2 Third, take into consideration the field
3 of work in which a college graduate is going into
4 and adjust the loan payment according to their
5 expected income. Make sure this provision is
6 included in all the federal loan programs, not just
7 one or two.

8 In conclusion, by giving back to the
9 students through more manageable loan rules, we
10 will be able to be strong members of society, and
11 we will be able to think less about ourselves and
12 more about others. I believe so strongly in
13 education, and not only what it can do for me as an
14 individual, but what it can allow me to provide
15 back to my community. Help me, and I will help
16 you.

17 Thank you.

18 **DAVID BERGERON:** Thank you, Robin.

19 **DAVID BERGERON:** Rosario Matos.

20 **ROSARIO MATOS:** Good morning.

21 My name is Rosario Matos, and I am a
22 sophomore from Rutgers University in New Brunswick,
23 New Jersey. I have traveled all this way to urge
24 the Department of Education to do the right thing

1 and ensure that loan repayment terms for college
2 students are fair and manageable.

3 As a young woman looking to the life ahead
4 of me, a life of financial struggle and loan
5 repayment, I decided to take action by first
6 testifying before you today. Secondly, I volunteer
7 on campus to get my student government, student
8 leaders, and other to get involved on campus around
9 college affordability issues.

10 We have held photo shoots throughout New
11 Jersey on public college campuses to create the New
12 Jersey Student Debt Yearbook. It is a personal
13 account of hundreds of students from New Jersey who
14 have had loan debt and who think it is becoming
15 unaffordable. I have only made one copy, but you
16 can see it and over 4,000 other students at
17 www.studentdebtalert.com.

18 We have also held numerous events, such as
19 department awareness informational sessions, and
20 conducted editorial writing to local and statewide
21 newspapers. At the end of the semester, I am
22 inviting several local political representatives to
23 speak about student loan debt on campus. This will
24 not only shine more light on the issue, but also

1 encourage and increase the political mindset on our
2 college campuses.

3 Personally, through my volunteering, I
4 have become involved on a grander scale with New
5 Jersey and federal politics, because of how closely
6 we must work with these institutions to get the
7 change we seek. I have become a political animal.

8 [Laughter.]

9 **ROSARIO MATOS:** Just yesterday, I voted
10 for the first time. I don't know how I would ever
11 know my own power as a citizen if it were not for
12 the experiences I have gotten in college getting
13 involved. No one can deny the importance of the
14 college experience to the success of an individual
15 and the environment in which he or she lives.
16 Colleges expose students to new perspectives as
17 they come into contact with fellow students from
18 around the world. Universities provide the
19 breeding ground for intellectual pursuit and social
20 advancement.

21 These are the reasons why it is important
22 for every person to have an equal opportunity to
23 further their education. It is funny how
24 university students can do so many things, but why

1 is it hard for the average Joe Somebody to attain a
2 degree?

3 As a college student, I know all too well
4 the pressure involved in producing the thousands of
5 dollars each year I need to pay for my education.
6 This past year, as a work study student, I worked
7 fifteen-and-a-half hours a week to ensure that I
8 would have enough money to pay for high-priced
9 textbooks, train tickets home, food, school
10 supplies, and other daily living expenses. I work
11 hard during the summers to raise the money needed
12 for this current semester. Unfortunately, I have
13 no way to come up with the additional \$3,000 I need
14 to pay for my spring semester at Rutgers, taking
15 out an additional loan is my only option.

16 In the future, I want to see the world and
17 study ancient peoples as an archaeologist, because
18 I think only with a solid understanding of our past
19 can we move forward in the most thoughtful way as a
20 society. Archaeologists don't exactly bank the big
21 bills, and, on top of this, many years of graduate
22 and post-graduate study are needed. This means
23 more money for school and growing debt. Every day
24 I wonder if I should keep on the same track or just

1 give it all up because it is so expensive.

2 My roommate, Mary Rose Bartholomay Fabara
3 is pursuing a career in social work. We both know
4 that the thousands of dollars she owes in loans
5 will be disadvantageous, as social workers get only
6 enough in wages to scrape by. Adding large monthly
7 payments, along with low wages, will increase the
8 stress level in her life in the coming future, even
9 as she acts to relieve the stress of others. Mary
10 Rose must, too, decide if becoming a social worker
11 is worth such high financial costs.

12 It is unfair that the people we need in
13 our society most, such as teachers, social workers,
14 and humanitarian workers are compelled to switch
15 careers because of loan debt. Loans are an
16 essential means of funding a college education, but
17 the benefits might be outweighed by the job acts,
18 as they hinder students from going into the careers
19 that our society needs.

20 Loan payment options are limited. As it
21 stands now, some loans do not take into
22 consideration current financial situation, nor
23 family situation. Instead, the loan programs slam
24 a borrower with a flat 6.8 percent interest rate

1 months after college ends and must be paid. While
2 the best solution to this problem would be to
3 increase federal aid programs like the Pell Grant,
4 it is not possible for the Department of Education
5 to do this without congressional approval. What
6 the Department of Education can do is to adopt the
7 five-point plan being endorsed by the student
8 groups, like New Jersey PIRG, across the nation.

9 We students need more incentives to
10 continue our education on the right track, such as
11 monthly income and family size being taken into
12 account when calculating monthly payments. Please
13 help ensure that loan repayment becomes fair and
14 more manageable.

15 Thank you.

16 **DAVID BERGERON:** Thank you.

17 **DAVID BERGERON:** Michael Shawe.

18 **MICHAEL SHAWE:** Hello.

19 I am Mike Shawe, and I am Rutgers
20 University student.

21 I want to be a journalist. I want to be
22 one of those independent investigative reporters
23 who exposes corruption and reaffirms the American
24 democracy, but I am going to have great difficulty

1 pursuing this important profession, because, by the
2 time I finish my undergrad work, I will be over
3 \$35,000 in debt, with approximately \$20,000 of that
4 being private loans. I get no financial assistance
5 from my family, despite the fact that their income
6 counts toward the type of aid that I qualify for.
7 I am going to be drowning in solitary debt.

8 Last year, the state of New Jersey cut the
9 Rutgers budget drastically, giving up tuition and
10 fees and forcing us to rely even more heavily on
11 loans to pay for college. At the same time,
12 Congress cut the student loan program by \$12
13 billion. Thus, in New Jersey, it is becoming
14 financially impossible to even attempt to get where
15 you want to be through a college degree.

16 Higher education funding should be
17 restored, and college loans should be made more
18 affordable for several reasons. Higher education
19 is the best weapon against poverty. If you want to
20 fix poverty in America, then educate the poor.
21 Give them opportunities to climb out of the
22 hopeless cycle of poverty and they will not
23 disappoint. If it were not for the federal and
24 state aid that I get, then students like me would

1 not be in college, but that aid is not going as far
2 as it used to.

3 Second, an educated and informed public is
4 the greatest weapon against tyranny. If we allow
5 the federal funding to erode further, the poor or
6 even middle class families will be unable to attend
7 college. And if college is only populated by a few
8 rich patrons, then that threatens one of the
9 assumptions of our Founding Fathers to defend
10 democracy, which is that the masses be informed and
11 educated.

12 I cannot imagine who I would be if it were
13 not for the fact that I am in college and that I am
14 able to take advantage of all the resources there.
15 I have learned to respect authority, but to also
16 challenge injustice at every turn. I have become
17 an intelligent, self-sufficient participant in the
18 community and the marketplace. I have learned to
19 reach out, now that I see that the American ideal
20 of everybody getting equal chance to work towards
21 success is possible. College honestly and truly
22 saved my life. I have transformed from a silent
23 victim into a hard-working American who wants to
24 give back.

1 What you get by investing federal dollars
2 is real results. You have the chance to make this
3 country better by simply assisting students who are
4 paying more than their fair share of college
5 tuition by making our loans more affordable. If
6 you make these rule changes, we will respond with
7 hope, and believe me, we will not disappoint.

8 Thank you.

9 **DAVID BERGERON:** Thank you.

10 **DAVID BERGERON:** Andrew Friedson.

11 **ANDREW FRIEDSON:** Good morning.

12 **DAVID BERGERON:** Good morning.

13 **ANDREW FRIEDSON:** My name is Andrew

14 Friedson. I am a junior at the University of

15 Maryland, College Park.

16 Good morning. Thank you for convening
17 these hearings on how to make college affordable.

18 I appreciate the opportunity to bring testimony.

19 As you know, in February, Congress
20 finalized passage of a bill that cuts almost \$12
21 billion of aid from the student loan programs.
22 This funding cut, accompanied by rising tuition,
23 has made it increasingly difficult for our generation
24 to pursue higher education degrees.

1 As the Director of Governmental Affairs
2 for the Student Government Association at the
3 University of Maryland, College Park, I propose
4 that the U.S. Department of Education negotiated
5 rulemaking process must aim to make student loan
6 repayment rules more fair and manageable.

7 The word "university" comes from the Latin
8 "universus," which means "whole," "aggregate,"
9 "entire." Too often, we get so caught up in
10 curricular pursuits that we forget about how
11 pivotal co-curricular and extracurricular
12 activities are to one's education. The idea of
13 being whole, or well-rounded, as we commonly say,
14 implies the opportunity to engage in activities
15 outside of, and alongside, book and classroom
16 activities. In my view, they are the very thing
17 that sets the undergraduate college experience
18 apart from secondary school graduate and post-
19 graduate experiences.

20 The rising costs and deepening debt are
21 stopping students from these key opportunities.
22 Take my friend Lynne, for instance. She attended
23 Albright College for a semester. Although Lynne
24 loved Albright College, its \$36,000 and rising

1 tuition proposed such a burden on her after
2 graduation that she decided to transfer to the
3 University of Maryland. Several credits did not
4 transfer over, so now she is forced to take a
5 significantly heavier course load. She receives a
6 Stafford Loan, which does not cover her full
7 tuition, and caused her to take out additional
8 private loans for her to be able to stay in
9 college.

10 Aside from her six classes, Lynne is
11 forced to work two jobs to cut her tuition costs
12 and put her in a position to pay off her loans
13 after graduation. Needless to say, Lynne has no
14 opportunities to engage in any extracurricular
15 activities, and has a difficult time aggressively
16 pursuing her academics because of how strapped she
17 is for time and energy.

18 Unfortunately, Lynne is not an exceptional
19 case at all. Countless students face the same
20 circumstances. Meanwhile, at the same time Lynne
21 is struggling, I have taken full advantage of my
22 college years by working hard in the classroom
23 while participating in numerous extracurricular
24 activities. I could not imagine my time at the

1 University of Maryland without the plethora of
2 extracurricular possibilities readily available to
3 me.

4 Along with my participation in student
5 government, I am also an active executive board
6 member of a fraternity, which has enabled me to
7 become Chief Justice of the entire Inter-fraternity
8 Council. I formally served on the Dean's Student
9 Advisory Council for my college, where I met
10 regularly with the Assistant Dean to discuss how to
11 better the college for students. In that capacity,
12 I also served on the committee to select the
13 commencement speaker for fall graduation, and made
14 recommendations to the Dean on how to appropriate
15 the over \$300,000-plus technology fee money the
16 college receives from the Provost.

17 As a member of the university senate last
18 year, I had the opportunity to meet with faculty
19 members, deans, and administrators, including the
20 university President, Provost, and President's
21 Cabinet. These experiences have allowed me the
22 opportunity to pursue my full educational
23 potential. These invaluable skills of interviewing
24 and being interviewed, meeting with and persuading

1 administrators and faculty, and even lobbying
2 before you today are educational experiences which
3 cannot be learned in a classroom, and simply cannot
4 be substituted.

5 Unfortunately, over one-third of my
6 cohorts are more like Lynne and less like me.
7 Though they take my same midterm and final exams
8 and hear the same lectures, they do not share my
9 same pedagogical opportunities. The only
10 difference is that I can afford the tuition bill
11 and they simply cannot.

12 Due to loan debt, rather than learning
13 their way through college, these students are
14 working their way through it, and this is just
15 something that is sad. Work, of course, is not
16 always a bad thing; however, I strongly believe
17 that university students, the best and brightest of
18 our young adult population, should have the
19 mobility to decide where, and whether, they will
20 work.

21 For instance, the past three jobs I have
22 taken were as an intern in the Maryland House of
23 Delegates as a deputy field director of a local
24 campaign, and as a congressional intern in the

1 Whip's office. The ability to take advantage of
2 these unpaid internships has given me more than
3 just work experience or something to put on my
4 resume. In fact, I walk away from these
5 experiences with skills, connections, and a
6 constantly renewing passion for civil service. The
7 same skills, connections, and deepening social
8 commitment are most likely not earned by the large
9 number of students working 30-plus hours a week
10 just to minimize their loan debt.

11 Most disheartening to me, perhaps, is the
12 number of young people who could be at the
13 University of Maryland or similar schools, but
14 cannot afford to do so because of the high cost.
15 Among the 400,000 college eligible high school
16 graduates who are forced not to attend college are
17 many bright individuals who could be my classmates.
18 Regrettably, I will never have the privilege to
19 meet, study, and work with these bright
20 individuals. Countless students, those who could
21 be the next university president, the next editor
22 of the campus newspaper, or, eventually, a
23 scientist, surgeon, entrepreneur, or politician
24 lack the opportunity to reach their full potential.

1 Although my hopes for change may seem
2 selfless, I must admit that I plan to attend law
3 school, and that I will need to take out loans to
4 pay for it. However, I also have other goals that
5 conflict with this one, given the current loan
6 repayment rules. I would like to work in the
7 public sector at some point after pursuing a law
8 degree. I have contemplated applying for Teach for
9 America, working at a non-profit, or perhaps
10 working for, or as, a public defender.

11 Although programs like Teach for America
12 offer a stipend for graduate school or professional
13 school, they do not mitigate the incredible burden
14 that debt will cause. Working at a non-profit or
15 with a public defender will fail to put me in a
16 realistic position to pay off my loans.

17 We need to fix our system so we are not
18 discouraging participation in public sector jobs,
19 but are encouraging and promoting it. A young
20 passionate person should never be denied the
21 ability to give back to society because of his or
22 her loan debt.

23 I recognize that the Department lacks the
24 ability to overturn the Budget Reconciliation Plan

1 passed by Congress in February, which would be a
2 huge step in making loans more manageable.
3 However, there are still changes within the scope
4 of the Department's power that can be made to the
5 student loan repayment program that will reduce the
6 hardships placed on borrowers. I urge the United
7 States Department of Education to adopt the five-
8 point plan for manageable student loan debt. We
9 must view our educational system, both K-12 and
10 higher education, as the greatest education that
11 our society can make in its future. Better than
12 bonds, and stocks, and real estate, attaining a
13 college degree is the best way to ensure that the
14 future of our nation is secure.

15 The student loan program has helped
16 millions of students get to that future, but it is
17 starting to have detrimental consequences. In
18 order to have a return on the education investment
19 for which the student loan program was designed, we
20 must allow borrowers a chance to repay their loans
21 and give back to society in a fair and manageable
22 fashion. If only we could accomplish that, all of
23 society succeeds.

24 I appreciate you giving me the opportunity

1 to speak on this important issue, and your
2 understanding that we need to improve the current
3 loan debt situation. Thank you.

4 **DAVID BERGERON:** Thank you.

5 **DAN MADZELAN:** Thank you.

6 **DAVID BERGERON:** Emma Simpson.

7 **EMMA SIMPSON:** Good morning.

8 My name is Emma Simpson, and I am the
9 President of the Student Body at the University of
10 Maryland, College Park, the state's flagship
11 institution.

12 Before I begin, I would like to thank you
13 for having this hearing this morning. I knew that
14 I walked into the right place and I am testifying
15 to the right group when, on the wall, the mission
16 says that it is here to create equal access to
17 education.

18 Making two-year and four-year institutions
19 accessible to all students is critical. An
20 educated work force has been credited for much of
21 our country's economic prosperity over the past
22 century. For Maryland, in particular, a 2001 study
23 showed that the University System of Maryland,
24 which includes 11 public institutions, is

1 responsible for billions of dollars in additional
2 state revenue due to graduates' increased earnings.
3 I am sure you have heard those numbers before, and
4 most people can probably agree on the importance of
5 higher education. Instead, it comes down to a
6 numbers issue.

7 As I proceed with my testimony, I want to
8 stress that higher education is an investment. The
9 more money that is put in now, the more it will pay
10 off in the long run. A 2005 study titled "The
11 Value of Higher Education: Individual and Societal
12 Benefits" documents the numerous individual,
13 community, and general societal benefits associated
14 with an educated work force. For example,
15 investing in today's students is likely to increase
16 the probability that their own children will go to
17 college and increase the economy's output and
18 income when they enter the work force themselves.

19 If, however, the cost of a college
20 education becomes too burdensome, I fear we will
21 see negative consequences. For one thing, I am
22 concerned it will lead to a substantial decrease in
23 public service. Personally, I am in the
24 International Development and Conflict Management

1 Program at the University of Maryland, with a group
2 of my three peers that highly value public service,
3 but I have been disappointed as senior year goes
4 on, and as friends are searching for jobs, to hear
5 how many of them talk about finding the highest
6 paid jobs so that they can pay off their loans.

7 My boyfriend serves as a perfect example.
8 For the past three years, he has talked about going
9 into public interest work, but now, as he is
10 planning to take on tons of loans for law school,
11 he has told me recently that public interest law is
12 not profitable enough to pay off loans and raise a
13 family.

14 I am also concerned that, with tuition
15 rates on the rise, the share of income put towards
16 debt payments will become too great and leave many
17 recent graduates in poor financial situations. My
18 parents did not pay off their student loans until
19 they were well into their 40s, the result of paying
20 for four years of college, professional school and,
21 of course, kids. Aside from \$1,000 they managed to
22 stash away for me, and \$1,000 for each of my
23 siblings when we were born, my parents did not have
24 the chance to invest until they were in their 50s.

1 This is dangerous for an ownership society.

2 Before I conclude, I would like to provide
3 a brief overview of the situation at Maryland. Over
4 the past few years, tuition has increased by 44
5 percent. In one year alone, there was a tuition
6 increase at the start of the academic year, and
7 then one halfway through the year. A girl living
8 on my floor had to move back to her parents' house
9 to afford school, and a second one on my hall had
10 to drop out completely because of cost.

11 While we are still a state school, and
12 considerably more affordable than private schools,
13 no parent can call it cheap. College Park's
14 tuition, textbook prices, mandatory fees, and room
15 and board now amount to \$20,303 per year for in-
16 state students, and \$33,742 per year for out-of-
17 state students. For parents of in-state students,
18 our university is probably the best option, yet
19 that is still a price tag of \$82,000 for four
20 years. Loans are necessary for many students to
21 cover the costs, yet we are all taught about the
22 dangers of being in debt.

23 To avoid massive amounts of debt when they
24 graduate, many students work one or two jobs during

1 the school year. While there is conflicting
2 research on the actual impact of employment on
3 academic achievement, there is an important
4 difference to note in the types of employment.

5 This year I am serving as the Student Body
6 President, a role that takes 30-50 hours a week.
7 It is an extremely stressful role, and I do not get
8 paid, but my position will pay off endlessly with
9 the skills I have acquired and the experiences I
10 bring to the table. For students who are forced to
11 find paid work, there are few paying jobs that will
12 give them the leg up in the career field. The
13 student with a job at the campus recreation center
14 or the dining hall will not compare to the student
15 who has an unpaid internship at the Smithsonian
16 Institution or an undergraduate research position
17 with a professor.

18 I have been an undergraduate teaching
19 assistant for two government courses. I have co-
20 taught a freshman introductory course for two
21 years. I was a policy intern at an advocacy
22 organization in Washington, D.C. I was the
23 President of the Student Global AIDS Campaign on
24 campus for two years, and I served on the National

1 Steering Committee. I was the Vice President of
2 Academic Affairs for the SGA, and now I am the
3 Student Body President. These are educational and
4 leadership opportunities I have had because I have
5 not had to pay for college and because my parents
6 could afford the costs of education.

7 For many students, however, these
8 opportunities are not available. We pride
9 ourselves on providing equal opportunities, but I
10 can recognize the tremendous privileges I have had
11 because of my ability to go through college without
12 mounting debt, and my ability to take on unpaid
13 positions.

14 Thus, I am here today not to advocate on
15 my behalf, but on behalf of the 10,000 or so
16 students at Maryland who will graduate with debt.
17 I urge you to support the five-point plan for
18 making the cost of college more manageable. It
19 will have an incredible impact on these 10,000
20 students at Maryland, the students at numerous
21 other institutions, and society at large.

22 Thank you.

23 **DAVID BERGERON:** Thank you, Emma.

24 With that, we have concluded the list of

1 witnesses that we have for this morning. We will
2 reconvene at quarter to 1:00? 1:00? 1:00.

3 I am looking at my director over in the
4 corner. Thank you, Mary.

5 **DAN MADZELAN:** Always check with the boss.

6 **DAVID BERGERON:** So we will reconvene at
7 1:00. Thank you all.

8 [Recess for lunch at 11:54 a.m.]

9

1 AFTERNOON SESSION

2 [1:05 p.m.]

3 **DAVID BERGERON:** We are going to get
4 started in just a minute. Actually, we are about
5 three minutes late, which I hate to be three
6 minutes late when we start the afternoon, but I
7 think we are going to be fine.

8 We have witnesses signed up until about
9 3:50 at this point, so we actually may be done by
10 4:00, which, if you asked me at the start of the
11 day if would get that point by that time--but we
12 will be pretty close, I think, to completing at the
13 end of the day.

14 Our first witness this afternoon is going
15 to be Constantine Curris.

16 **CONSTANTINE CURRIS:** Thank you very much.

17 I am pleased, as President of the American
18 Association of State Colleges and Universities to
19 have this opportunity to comment on several issues
20 of major concern to our membership, which includes
21 430 public colleges and universities and higher
22 education systems.

23 Prior to assuming the ASCU presidency in
24 1999, I had the privilege to serve as a university

1 president at three institutions, beginning in 1973.
2 During my 33 years in higher education, many
3 changes, many of them good, have occurred, but none
4 has been more damaging to students and their
5 families, and, I believe, to the nation as a whole,
6 then the extraordinary rise in student
7 indebtedness.

8 Today, that indebtedness retards our
9 longstanding goal of ensuring access and
10 opportunity, as well as impacting the career
11 choices and economic opportunities for our
12 graduates. We have created a new debtor class, our
13 graduates, and its ranks are swelling.

14 The causes for this unfortunate
15 development are many, and there is no single or
16 simple solution, but several of the steps to
17 address the problem of excessive, onerous
18 indebtedness can be addressed by the United States
19 Department of Education through these negotiated
20 rulemaking procedures and the decisions that will
21 follow.

22 One of ASCU's major concerns on behalf of
23 borrowers in the loan program is the lack of
24 repayment provisions that allow borrowers maximum

1 flexibility relative to their incomes and the size
2 of their debt. We understand that, while graduates
3 from the past five years have, on average,
4 experienced extraordinary difficulty in repaying
5 their loans. Nevertheless, as college costs,
6 amounts borrowed, and interest rates have recently
7 increased and are increasing, a growing proportion
8 of borrowers will not be able to manage their debt
9 under traditional repayment plans.

10 We call attention to the proposals of the
11 project on student debt to make loan repayment more
12 manageable and equitable. We believe that the
13 income-contingent repayment program and economic
14 hardship deferments are solutions that should be
15 widely and easily available for borrowers whose
16 debt-to-income ratio has made it impossible for
17 them to repay on more traditional amortization
18 plans. We urge the Department to work with the
19 higher education and lending communities to make
20 information about these additional repayment plans
21 more widely available.

22 Secondly, as you may know, ASCU has
23 endorsed the recommendations of the Secretary's
24 Commission on the Future of Higher Education. We

1 are committed to accountability to the public as
2 emphasized in the Commission Report. That report
3 clearly asserts that continued public support is
4 not automatic, but would be contingent upon our
5 responsiveness to the educational needs of our
6 fellow citizens, and our assistance to the states
7 and the nation in this critical time of economic
8 and social readjustment.

9 Regardless of the data system used to
10 collect information about our students and our
11 institutions, we strongly urge the Department to
12 make much needed changes to the outcomes data now
13 collected in the form of graduation rates. The
14 definition of graduation rates mandated in the
15 statutes and regulations is outmoded, and has been
16 overtaken by changing student populations. The
17 number of part-time and older students on our
18 campuses has grown considerably during the last
19 generation. At the same time, alternative
20 attendance patterns related to life and career
21 choices have emerged, giving rise to terms such as
22 "stopping out," and to patterns such as students
23 attaining associate degrees after they completed
24 their baccalaureate. What is currently collected

1 has virtually no validity and, in truth, its
2 publication misleads the public.

3 We believe the Department has the
4 necessary authority to modify its current
5 requirements for institutional reporting in this
6 area, and still meet the minimum requirements of
7 the statute and regulations. ASCU believes that
8 colleges and universities have a responsibility to
9 communicate clearly and effectively about their
10 stewardship of the public's investment in them.
11 Policymakers and the general public need better
12 data and more meaningful information, not simply
13 more data.

14 ASCU supports amendments to the Higher
15 Education Act that would require public disclosure
16 and dissemination of findings from final
17 accreditation reports. Additionally, ASCU
18 encourages the regional accrediting agencies to
19 broadly communicate their initiatives in assessing
20 student learning. As you may know, ASCU, in
21 collaboration with our sister association has
22 embraced a voluntary institution accountability
23 project to measure student learning in the context
24 of what we add in terms of value, and how we can

1 strengthen the undergraduate process.

2 The Department has announced that the
3 first panel of negotiated rulemaking will be on the
4 Academic Competitiveness Grant and the National
5 SMART Grant Program. ASCU has joined with the
6 University of New York in submitting recommended
7 improvements to the final regulations, and we
8 believe those comments should inform the discussion
9 of the first panel, and have proposed in a separate
10 letter that Mr. George Chin, University Director of
11 Student Financial Aid at SUNY be selected as one of
12 the negotiators. We support the Department's
13 efforts to implement the programs quickly and with
14 needed revisions, as those that we have proposed.

15 Lastly, we commend to the Department's
16 recommendations from the Commission on the Future
17 of Higher Education, calling for significant
18 increases in appropriations for the Pell Grant
19 Program and for restructuring student aid programs
20 to focus resources on assisting those students with
21 serious financial need.

22 I appreciate the opportunity to share
23 these concerns with you, and pledge our continued
24 constructive engagement. Thank you.

1 **DAVID BERGERON:** Thank you.

2 **DAVID BERGERON:** Dina Zarella.

3 **DINA ZARELLA:** Good afternoon.

4 My name is Dina Zarella. I am a social worker at
5 the National Association of Social Workers, and serve there
6 as a senior field organizer in our Government Relations and
7 Political Action Department.

8 NASW is pleased to submit comments to the
9 Department of Education regarding this negotiated
10 rulemaking. Founded in 1955, NASW seeks to enhance the
11 well being of individuals, families, and communities
12 through its work and advocacy. NASW has long advocated for
13 client's rights, self-determination, and client-centered
14 care.

15 NASW urges you to address the issue of fair
16 student loan repayment. Reducing debt burden is both an
17 area where you have the authority to regulate, and it is an
18 issue that your Commission on the Future of Higher
19 Education identified as a priority.

20 As the world's largest association of
21 professional social workers, with 150,000, NASW has members
22 across the United States who struggle to maintain their
23 social work careers while repaying their burdensome loan
24 debt.

1 Social workers enter the profession to make a
2 difference in their communities, but too many of them have
3 to move away from this career in order to pay for their
4 schooling and raise their families. Social workers
5 experience loan debt in a way many other advanced degree
6 professionals do not. For many social work jobs, you need
7 a master's degree to even qualify. Bachelor's level social
8 workers in a study for 2004 and 2005 were shown to have an
9 average loan debt of \$18,609, master's level had an average
10 loan debt of \$26,777, and doctoral level social workers
11 have an average loan debt of \$32,841.

12 In 2001, the median salary of social workers with
13 2-4 years of experience was only \$35,600. Over 20 percent
14 of social workers make less than \$30,000 a year. As you
15 can see, comfortably repaying loans well over \$18,000 is
16 quite difficult for new and experienced social works who
17 may make less money than most equally educated
18 professionals in much more lucrative careers. Social
19 workers provide services to people of all income ranges and
20 in all communities across the country. If we want to
21 maintain a high level of training for these crucial
22 professionals, we need to find ways to remove the barrier
23 of burdensome loan debt so that they can serve their client
24 base.

1 Unfortunately, the tools that are supposed to
2 assist borrowers with payments on federal loans are
3 inadequate, confusing, and inconsistent--too often
4 providing the wrong incentives. Without improved
5 protections for borrowers, the nation may see an increase
6 in default and bankruptcies, rather than an increase in
7 more productive graduates who can contribute fully to
8 society.

9 After four years of undergraduate studies and two
10 years of graduate studies, I entered the social work
11 workforce with over \$40,000 in loan debt and a starting
12 salary of \$22,000 a year. With interest over ten years, I
13 would pay double that amount back. I lived in Philadelphia
14 at the time, and my monthly \$600 loan debt payments ate up
15 half of my take home salary. It was difficult to find
16 adequate housing and to cover my basic needs on the
17 remaining \$600 per month. Within six months, I moved back
18 in with my parents in Chicago to restart my job search
19 process. My first job in Chicago paid slightly more, at
20 \$25,000 a year. I lived at home for several months before
21 I was able to afford a studio apartment. I am one of the
22 fortunate ones, because my parents were able to help
23 support me during my early career, but for too many social
24 workers, particularly mid-career returning social workers,

1 this is not possible.

2 Over the years, NASW has collected stories from
3 social workers who are desperately trying to repay their
4 loans, and I have a few of them here I want to share.

5 "The \$700 a month that my wife and I paid to the
6 government for our student loans and will pay over the next
7 30 years is money that inhibits us from living better lives
8 for us and our own children. This is true even as we help
9 many others to live better lives. My wife and I both have
10 master's degrees, and we both rehabilitate people with a
11 degree of measurable success, and we still, for example,
12 live in a mobile home with our three children. We didn't
13 get the degrees in order to get a better financial life.
14 We got the degrees in our fields of expertise in order to
15 help make the world a better place."

16 Another social worker says:

17 "I am a child welfare social worker at a child
18 family and services agency. I received my MSW, master's
19 degree in social work, in 1997 from Howard University. My
20 student loan debt is now up to over \$70,000, and I am
21 struggling to repay."

22 A licensed social worker in the state of West
23 Virginia talks about having worked in the field for 13
24 years, and then completing her MSW degree. Social workers

1 work in many fields and many different positions, and I
2 don't know any social worker, be it a child welfare worker,
3 or geriatric worker, hospital social worker, et cetera, who
4 makes enough money to easily pay back the loans they have
5 incurred to further their education.

6 "I know that I am going to have a loan balance of
7 \$20-30,000 to pay off when I graduate next May from my
8 program, and I will not make enough money to adequately
9 address my bills, but I still plan on working in the
10 field."

11 Another social worker talks about being a
12 graduate of Temple University:

13 "I completed the social work program in 2002 and
14 earned a BSW, a bachelor's in social work degree. I have
15 worked in the child welfare system for four years, and am
16 currently seeking assistance with loan forgiveness programs
17 as I am struggling to pay my student loan. I have been
18 accepted into a master's program to obtain my MSW, but am
19 putting that off due to my current loans."

20 As you can hear from these individual stories,
21 these are the types of people we want and need to be
22 serving our children, our parents, and our communities.
23 They will better be able to do so if provided reasonable
24 loan repayment options.

1 NASW concurs with the five-point plan presented
2 to the Department of Education in May, including limiting
3 student loan payments to a reasonable percentage of income
4 to 10 percent, and never more than 15 percent of income,
5 recognizing that borrowers with children have less income
6 available for student loan payments, preventing added
7 interest from making the problem even worse when borrowers
8 face hardship situations, canceling remaining debts when
9 borrowers have made income payments for 20 years, and
10 simplifying the process of applying for hardship deferrals.

11 NASW urges you to include these proposals in the
12 upcoming negotiated rulemaking. Our nation's economic
13 future depends on the education of our citizenry, and
14 student loans have become an embedded part of the financing
15 system for training beyond high school. Given the
16 important role of loans in making it possible to attend and
17 complete college, it is incumbent upon us to ensure that
18 loan repayments are not unfairly excessive. If NASW may be
19 of additional assistance, please do not hesitate to contact
20 me.

21 Thank you so much for allowing me to present this
22 testimony and for examining this critical issue.

23 **DAVID BERGERON:** Thank you.

24 **DAVID BERGERON:** Brandon Lozeau.

1 **BRANDON LOZEAU:** Hello. I would like to thank
2 you for letting us come today.

3 My name is Brandon Lozeau. I am a student at the
4 University of Massachusetts at Dartmouth, and I am a senior
5 double majoring in political science and French, with a
6 minor in economics, and also working on a certificate in
7 international marketing in French.

8 My family and I are all too familiar with student
9 loans and the financial burden that they are placing on my
10 future and the futures of so many other students who can't
11 afford to self-finance a postsecondary education. As
12 difficult as carrying debt is for me, it is more
13 unfortunate that there are thousands of families out there
14 who do not have the financial means of even sending their
15 child to a college or university. The U.S. Government and
16 the Department of Education must work harder and implement
17 policies that will allow for easier loan repayment and more
18 affordable access to higher education in this country.

19 I will be graduating from my university with more
20 than \$50,000 in student loans, and I actually plan on going
21 to grad school, which is going to cost me another \$30,000.
22 The interest rates on my loans have added more than \$5,000
23 to the amount that I must repay when I exit school. For
24 years, I have been interested in government and the public

1 sector, because I have come to realize how much government
2 affects the daily lives of millions of people in this
3 country every day. I feel as though my knowledge and
4 skills would be so useful in the public arena, but the fact
5 remains that I will not be able to afford to take a job
6 that I would love because of the financial constraints that
7 student loans have placed on me over the last three-and-a-
8 half years in matriculation.

9 Just the other day, I read an article that
10 stated, "The average annual starting salaries for students
11 graduating with a four-year degree in political science
12 have increased only one percent in the last year, to a
13 little more than \$33,000 a year." If one subtracts housing
14 costs, transportation costs, and other survival costs,
15 there isn't much left over to pay off the crippling student
16 loans. It seems our system for paying for college is now
17 actively discouraging the next generation from using our
18 skills to get involved and give back to the community. I
19 think that runs against what a college degree should be
20 about.

21 In America, we put so much emphasis on attending
22 colleges and universities after attending secondary school
23 because it is supposed to be the gateway to opportunity and
24 advancement for our country as a whole. Like so many other

1 things, actions speak louder than words. Every student
2 should have equal access to higher education in this
3 country. The Department of Education can provide student
4 loan repayment incentives to enter jobs that do not
5 necessarily attain high salaries, but are a great social
6 benefit, like teachers, social workers, and positions in
7 other public service sectors. And, of course, you can
8 adopt the five-point plan for manageable debt that is
9 promoted by many student groups here today and other
10 coalition organizations.

11 In the realm of education, not enough emphasis is
12 placed on the importance of higher education and making it
13 a universal right. Every child in the United States has
14 the right to a K-12 education, but there should be a
15 similar guarantee for higher education, as well. Attending
16 a college or university should be something students see as
17 a natural next step in their development as a human being.
18 A person who wants to better him or herself, their career
19 opportunities, and their country by taking full advantage
20 of all the educational opportunities that this country has
21 to offer, should not view entrance into the realm of higher
22 education as financial suicide.

23 So many potential students could enter higher
24 education with more aid in the form of grants, repayment

1 incentives, and lower interest rates on student loans. I
2 strongly encourage the Department of Education to implement
3 policies that will grant the opportunity of a higher
4 education to all who want one, not to just those who can
5 afford one.

6 Thank you for your time.

7 **DAVID BERGERON:** Thank you, Brandon.

8 **DAVID BERGERON:** Nick Nuar--did I get anywhere
9 close to right with your name?

10 **NICK NUAR:** Pretty close.

11 Hi, I am Nick Nuar. I am here from Rutgers
12 University in Camden, coming on behalf of NJPIRG, and with
13 the support of the Student Government Association.

14 I am here to testify on the value of higher
15 education funding, what it means to me, and what it means
16 to the future.

17 This Administration and the President have a
18 vision when it comes to education. President Bush has
19 referred to reading as the new civil right. He understands
20 the impact of strong thinkers, accountable education, and
21 empowered market participants for the future of our
22 country.

23 There is a lot of positive talk, and we are here
24 today to suggest that you follow up with the right actions.

1 Many of us are concerned that the recent congressional cuts
2 to higher education loan programs are not a step in the
3 right direction. With globalization, especially, it is
4 important for America to have citizens that understand and
5 can compete in the global economy.

6 The past 200 years have been good to the United
7 States of America; however, we must work hard, think
8 creatively, and face emerging challenges to continue to
9 prosper. Getting more people into college and graduated is
10 the best chance we have for our country to remain durable.

11 My college story begins years ago. When I
12 started school, I had some family support. My family could
13 not continue to help me out after my first year at school,
14 and the financial aid I could qualify for was not enough.
15 I had to drop out at the beginning of my second year. I
16 worked full-time as a mechanic, a tow truck driver, and at
17 an insurance company. The next year I tried working full-
18 time while going to school. I have friends who have pulled
19 this feat off, but for me it did not work, and my health
20 suffered. In the end, it was not sensible to make money or
21 progress through school. I ended up moving back in with my
22 father and going to Rutgers in Camden. I have worked hard
23 and persevered, and now, several more years than I planned
24 on, I have \$30,000 in debt, but I also have a physics

1 degree.

2 My education has been great. Thanks to the
3 knowledge I learned and encouragement from professors, I
4 recently presented a poster at the American Association of
5 Physics Teachers. It was about 3-D scanners in high
6 schools as a fun way to interest kids in math and physics
7 concepts. A professor there asked me to modify my system
8 so that I could do a scan for armor dynamics, a new kind of
9 lightweight body armor that will protect troops and
10 civilians. I am still looking for a full-time job, and
11 this is a positive development for my career. Beyond my
12 career, many will benefit from this innovation.

13 I am convinced that physics has taught me how to
14 think keenly and solve hard problems. It is probably the
15 most difficult thing that I have done and, to me, a proper
16 right of manhood. As a result, I am ready to take on some
17 of the big challenges American society will be facing.

18 But you don't need a physics degree to recognize
19 that the 21st Century is being driven by productivity gains,
20 new medicines, energy-efficient technology, and other
21 innovations, like 3-D scanners. These are all possible
22 because of the educated pool of talent that we can draw on.
23 The future depends on solving hard technical problems and
24 backing it up with feasible political solutions.

1 Many high profile economists, like Samuel Keynes,
2 disagree on the specific role that government should play
3 and the ideal size of the government. They seem to be
4 unanimous, however, in the long-term economic benefits of
5 education. In its cost benefit analysis--if you will bear
6 with me as I share some very basic numbers, not as nuanced
7 as the Department already has, I am sure. The Texas
8 Commission on Higher Education, in its cost benefit
9 analysis, found a thirteen-fold return when the Texas
10 government invests extra dollars in college education.

11 When I consider all the other benefits like the
12 internal freedom of graduates, also that we become more
13 informed and engaged citizens, that we make local economies
14 stronger, and that we build a stronger tax base for federal
15 and state budgets through our income. I am even more
16 firmly in my belief that one place where the government
17 should invest is education.

18 Please enhance our investment by making
19 universities more accessible and costs more manageable.
20 Thank you for your time.

21 **DAVID BERGERON:** Thank you.

22 **DAVID BERGERON:** Kerrin Forgette.

23 **KERRIN FORGETTE:** My name is Kerrin Forgette, and
24 I am here on behalf of MassPIRG at the University of

1 Massachusetts, Dartmouth.

2 I am just beginning to figure out what the rest
3 of my life might look like, and, although it is sad to say,
4 money is a huge factor in the decisions that I make.

5 Ever since I can remember, it was always
6 understood that I would go to college. It was also
7 understood that, unless I won the lottery, or an equivalent
8 in scholarships, I would be attending a state school. I
9 could not understand why I should have to go to such an
10 expensive school and start my life with thousands of
11 dollars of debt. So I opted to go to the least expensive
12 school that would suit my needs. After only a year of that
13 my parents could not afford the costs, so we took out
14 student loans. My plan had backfired. I barely had one
15 foot into the so-called "real world," and I already owed
16 money, and I would owe a lot more before I would graduate.

17 My whole life I watched my parents struggle
18 through their debt. I don't even think student loans were
19 a factor in the money that they owed, which really scares
20 me. Their debt is just from the everyday living expenses
21 of raising a family. By the time I am their age, I will
22 probably be burdened by the same expenses, plus the cost of
23 my schooling. I don't want to have to fight through my
24 life to pay off the money I owe, and I know they don't want

1 that for me, either. I also know it pains them that I had
2 to take out loans for college because of their current
3 experiences with debt.

4 This thought plagues me every time I think about
5 career choices. I really wanted to be a teacher for a long
6 time, and I still do, but I want to teach because I love
7 the idea of talking about what I know for a living. I want
8 others to hear my ideas, and I want to influence people in
9 some way.

10 But the truth is I won't make a high salary as a
11 teacher, and I have to balance my deep debt from college I
12 will carry against that reality. So now I am not sure what
13 to do with my life. I don't want to enter a career I am
14 not crazy about, but I don't want to have a job I love with
15 nothing to show for it.

16 I know I am not the only one with these thoughts,
17 and that is a big problem. This country needs teachers and
18 other public service workers to sustain itself. If it is
19 not economically possible to go into these fields, then our
20 whole society suffers.

21 I read an article saying that education is a
22 right and not a privilege, and this really caught my
23 attention. Anyone should be able to learn in college if
24 they so choose to; it should not be reserved to those who

1 can afford to pay the most. But I understand, like
2 everything else in the world today, college costs money. I
3 also understand that there is nothing the Department of
4 Education can do about the rising cost of higher education,
5 but there is something you can do to help students deal
6 with this cost. You can adopt the five-point plan to help
7 ease the burden many are facing now, and countless others
8 are doomed to face.

9 I strongly agree that a person's income should be
10 taken into account when determining loan repayment. Those
11 people who are brave enough to enter a field of education,
12 social work, and other public service jobs should be able
13 to do those jobs without the constant burden of debt. Of
14 course, these loans need to be repaid in a reasonable
15 amount of time, but if you are not making enough to pay
16 them back, then everyone involved suffers.

17 Also, graduates with children should not have to
18 choose between giving their children what they need and
19 paying off their college loans. It costs a lot of money
20 these days to raise a family, and this should definitely be
21 taken into consideration.

22 So I ask you to keep these ideas in mind when you
23 are making your decisions. Please keep students like me in
24 mind. The five-point plan is just a small step to

1 improving the cost of higher education, but it is an
2 absolutely indispensable step that must be taken.

3 Thank you.

4 **DAVID BERGERON:** Thank you.

5 **DAVID BERGERON:** Sandrae Ban.

6 **SANDRAE BAN:** Good afternoon.

7 My name is Sandrae Ban, I have traveled from
8 North Shore Community College in Lynn, Massachusetts, to
9 speak to you today.

10 It is my honor to represent in the future of the
11 best country on earth. How did the U.S.A. get to become
12 the best? It was apparently the work of great business
13 leaders, scientists, politicians, and philosophers. Their
14 contributions are studied and taught by the best
15 universities not only here, but worldwide, but that legacy
16 is getting lost.

17 We have brilliant minds that are going to waste
18 on a daily basis due to the high cost of college. Our
19 colleges could develop the next Albert Einstein, Thomas
20 Jefferson, or great person of the century, but the next
21 generation is opting out of college instead.

22 As a people, we cherish the special moment when
23 our children reach the pinnacle of educational success. We
24 smile with joy as they stand at graduation, degree in hand.

1 That degree means so much more than a bigger paycheck, it
2 signifies the hope of everyone that our future will be
3 brighter and stronger because we trained the next
4 generation to take our society further.

5 So many parents and students dream of such
6 events. So many parents and students do what they can to
7 make this hope a reality, but guess what? A four-year
8 college is too expensive. Parents and students have to
9 take more and more loans to pay for it. Even though a
10 four-year degree is a path to independence and optimism, it
11 has become financially easier to start a job after leaving
12 high school rather than enrolling in a four-year college.

13 More and more students who make it through coming
14 to a college like North Shore don't have the resources to
15 continue further. The fact that students have to take so
16 much debt is a huge problem. I am here to tell you that
17 the reality of taking too much debt stops parents and
18 families from considering a four-year college, and this
19 stops hope and inspiration towards a better tomorrow.

20 A nation without relatively easy access to a
21 higher education is a nation without hope, a nation heading
22 for failure. With the current world order, can we afford
23 for our children to fail? We are all here with one aim,
24 one goal, one destiny.

1 This event reminds me of the pilgrims that
2 arrived in Virginia in 1607. They all had enormous
3 problems, and they looked to the North for hope. Their
4 cries were heard and addressed collectively. From such
5 acknowledgment evolved the "land of the free, and the home
6 of the brave." Can you imagine what we can achieve if our
7 cries are heard and addressed in the same manner? The
8 result would be the fastest growing country in relation to
9 educational, social, political, and economic advancement.

10 My mom is the main breadwinner of the household.
11 I can remember vividly applying for financial aid this
12 semester, which I was denied, because she made too much
13 money in 2004. However, in the process of applying, she
14 was diagnosed with lymphoma cancer, which reduced the
15 family income drastically. The fact that I was not able to
16 attain financial aid, which would make my expenses more
17 bearable, could easily deter my motivation in regards to
18 pursuing a higher education.

19 Among us, there are countless people who decide
20 to terminate their education hopes after receiving the
21 horrifying news from the Department of Education. It is
22 unfortunate, and this cannot be over emphasized, that the
23 tools that are supposed to assist borrowers with payments
24 on federal loans are inadequate, confusing, and

1 inconsistent.

2 One approach to make access to higher education
3 easier is to make loan repayment easier and more
4 affordable. Earlier this year, Congress went in the wrong
5 direction by making student loans more expensive. In
6 contrast, the Department of Education can give us back a
7 little hope by enacting the five-point plan to make student
8 loan more affordable. When I look forward, I see the
9 emblem with the Department of Education, and I see a green
10 tree, which simply means we should flourish, and with the
11 current debt, it is almost impossible for this generation
12 to flourish. So I am asking you to please just consider
13 what we have to say.

14 Thank you very much.

15 **DAVID BERGERON:** Thank you.

16 **DAVID BERGERON:** Sarah Flanagan.

17 **SARAH FLANAGAN:** Thank you.

18 I am Sarah Flanagan, Vice President for
19 Government Relations and Policy Development of the National
20 Association of Independent Colleges and Universities.

21 The approximately 1,000 NAICU members nationwide
22 reflect the diversity of private, not-for-profit higher
23 education in the United States. Our members include
24 traditional liberal arts colleges, major research

1 universities, church and faith-related institutions,
2 historically Black colleges and universities, Hispanic-
3 serving institutions, women's colleges, performing and
4 visual arts institutions, two-year colleges, and schools of
5 law, medicine, engineering, business, and other
6 professions.

7 Our institutions vary greatly in the missions
8 that they serve, but we are united in our commitment to
9 quality and student success. We educate more than 20
10 percent of college students, while awarding 30 percent of
11 all degrees. Since 1976, NAICU has represented our
12 institutions on public policy with the federal government.
13 Throughout our history, we have been closely engaged with
14 legislation affecting programs under the Higher Education
15 Act, and with the regulatory process that governs these
16 programs. We have participated in all past negotiated
17 rulemaking sessions, and welcome the opportunity to be part
18 of the upcoming meetings.

19 Our policy work has focused on two things of
20 particular relevance today: one, providing students with
21 access to the college of their choice; and two, taking
22 appropriate regulation that is sensitive to the diversity
23 and independence of our institutions while addressing
24 legitimate public policy needs.

1 We understand that the purpose of the public
2 hearings, which are concluding today, and NAICU has had at
3 least two staff at each of those hearings, is to identify
4 agenda items for the negotiated rulemaking session that
5 will begin in December. Clearly, there are many
6 implementation questions related to the newly enacted HERA,
7 particularly around Academic Competitiveness and SMART
8 Grants and loan program changes that should be addressed in
9 these sessions. These questions should dominate the
10 negotiated rulemaking because they will lay the foundation
11 for the operation of two new significant sources of grant
12 aid for students.

13 It is somewhat less clear to us which of the many
14 other topics raised in previous hearings are appropriately
15 addressed in the upcoming negotiated rulemaking session.
16 This is particularly true in those areas such as
17 accreditation and transfer credit where Congress has
18 discussed various changes, but has not yet amended the law.
19 We would echo the advice that has been given in previous
20 hearings, that negotiated rulemaking not be initiated in
21 these areas until after Congress has completed
22 reauthorization of the Higher Education Act.

23 Because accreditation is of particular interest
24 to our member institutions, I want to make a few comments

1 about our perspective in that area. Because no changes in
2 the accreditation law have been made since 1998, it is not
3 clear exactly what would be covered in the negotiated
4 rulemaking session on this topic. However, should such a
5 session be held, we would urge that it not be used
6 primarily to impose regulatory uniformity in areas such as
7 the evaluation of student learning outcomes.

8 Accreditation is a uniquely American institution.
9 In most other nations, quality reviews are generally
10 conducted by centralized government authorities. The
11 tradition of institutional autonomy by the United States
12 called for a different approach. It has an approach that
13 has been highly successful over the years, and one that
14 Europe is now trying to duplicate. It has a lot of
15 diversity in institutions to flourish, and it has helped
16 make American higher education the standard for the world.

17 As Duke University President Richard Broadhead
18 pointed out in a recent column in The Washington Post,
19 "High-rated officials in Asia continue to respect and
20 admire the creativity of the American system." Broadhead
21 acknowledges that American higher education must improve,
22 as we all do, but observes that making ourselves over in
23 the image of an imagined rival won't be the formula for
24 success. Even as we correct real deficiencies, we need to

1 recognize and nurture the strengths that are so evident to
2 others.

3 It is important to recognize that colleges and
4 universities are interested in ensuring their students
5 learning. As one would expect in a system as diverse as
6 our own, they are undertaking a variety of assessment
7 methods. Perhaps one of the most unusual and intense
8 efforts has been launched by Alverno College in Wisconsin,
9 recently highlighted in "Inside Higher Education." They
10 have abandoned grades many years ago in favor of
11 integrating assessment into every element of the
12 curriculum.

13 The Alverno system, and other innovative
14 assessment systems, would never withstand reforms made in
15 the name of accountability that call for standard measures
16 that allow for easy comparison of institutions that are not
17 alike. The drive to explore and innovate, the very
18 qualities that led to the development of the now highly
19 touted Collegiate Learning Assessment would be killed on
20 the vine through such efforts.

21 Accreditors have already been pushing
22 institutions to demonstrate how well they are achieving
23 their missions based on current statutory requirements
24 enacted in 1992 and strengthened in 1998. These efforts

1 need to be allowed to grow and develop, not to be
2 suffocated in an effort to achieve measurable and
3 comparable outcomes.

4 Accreditation has been used successfully by the
5 federal government for more than a generation to ensure
6 quality and diversity of educational product, without
7 inappropriate federal intrusion into matters of curriculum.
8 In this sense, accreditation has served as a barrier to
9 federal control. We encourage you to continue this past
10 practice of limited federal regulation over accreditation
11 to ensure that accreditation not become a tool for federal
12 intervention.

13 This is not just a belief in the central premise
14 that accreditation is first and foremost a system of peer
15 review. We also believe that excessive federal control of
16 accreditation would lead to a decline in the variation of
17 excellence that is the hallmark of American Education.

18 Thank you for allowing me to make these remarks
19 on behalf of American Independent Higher Education. We
20 look forward to the formal negotiated rulemaking sessions
21 in the weeks ahead.

22 **DAVID BERGERON:** Thank you.

23 **DAVID BERGERON:** Lamar Thorpe.

24 **LAMAR THORPE:** Well, I have to say, welcome to

1 the people from out of Washington, D.C. Thank you for
2 coming down and supporting this good cause.

3 Thank you, members, for the opportunity to be
4 here today.

5 My name is Lamar Thorpe. I am five-year veteran
6 of the United States Navy, and a senior double majoring in
7 sociology and women's studies at George Washington
8 University. Currently, I am also the Student Association
9 President, representing undergraduates, graduates, law,
10 medical, and professional students on all three of our
11 major campuses. I am a native of Los Angeles, California,
12 and graduated high school in 1999.

13 Today, I praise God every day for the opportunity
14 that so many people in my community did not have, a chance
15 to enter higher education. When my peers and I graduated
16 in 1999, most of us did not think about college loans,
17 application fees, or deadlines. Why? It is quite simple,
18 because there were always jobs that target--the military
19 recruiters were always in our neighborhood, and the local
20 community college, which most of us couldn't finish anyway,
21 never said, "no." The idea of higher education was far
22 beyond our reach and not a reality.

23 Recently, we all had the right to be upset with
24 John Kerry's botched joke, specifically saying that those

1 who don't get a good education end up in Iraq, but we were
2 upset for the wrong reasons. We should have been upset for
3 the fact that what he said actually has some truth to it.
4 I personally did not go to Iraq, but I did join the
5 military because I had no other place to go after I failed
6 out of my community college and could not find a job at the
7 local grocery store, because my reading and writings skills
8 were at a seventh grade level.

9 Many of the young men and women who I graduated
10 with enlisted in the Marine Corps. Most of them are still
11 there today, and some of them are in Iraq, never given the
12 chance at higher education.

13 My message is very simple. We all need to focus
14 on providing access and affordability to our children.
15 These are not students, and they are not just pupils, and I
16 think we forget that sometimes. These are our children.

17 The number that joined the military end up in
18 prison or with few opportunities are not statistics,
19 either; they are our children, whether they are Black,
20 White, Asian, Middle Eastern, Latino, or whatever category
21 they fit in. We are failing them by increasing student
22 loan interest rates, as the Congress did this past January,
23 and cutting back on funding for financial aid programs. We
24 are failing them by not increasing grant or aid, by not

1 expanding forgiveness in loans.

2 As a veteran, I am entitled to the Montgomery
3 G.I. Bill, as most of you know, but there are many
4 misconceptions about the G.I. Bill itself. I am always
5 amazed that people believe that I get a free ride for
6 college because I did five years in the Navy, and because
7 of the G.I. Bill, but I don't. Although I am grateful for
8 the G.I. Bill, \$8,000 a year does not cover my \$48,000
9 tuition bill. I rely heavily on Pell Grants, Stafford
10 Loans, and low interest rates, and other various forms of
11 financial aid, so those have always been important to me.

12 The five-point recommendations that were put
13 forth by the Committee are great and I support them, but
14 please focus on expanding higher education access, on
15 improving student preparation, addressing non-academic
16 barriers, and significantly increasing grant aid to low-
17 income students.

18 Thank you for your time.

19 **DAVID BERGERON:** Thank you.

20 **DAVID BERGERON:** Jarrett Kealey.

21 **JARRETT KEALEY:** Thank you for convening these
22 hearings, and thank you for the opportunity to speak.

23 My name is Jarrett Kealey, and I am a senior at
24 Marymount University in Arlington, Virginia. I am here

1 today not only to express my own views, but on behalf of
2 Marymount students as their Student Body President.

3 I am very fortunate. I am the first in my family
4 to attend college, and I am getting a quality education.
5 Scholarships and financial aid have helped make it possible
6 for me to pursue my dream of obtaining a college degree. I
7 am here to speak about the critical importance of financial
8 aid to millions of students like me.

9 For many first generation students, the reality
10 of achieving a college education is not easy. I personally
11 have found it necessary to take out more loans each year,
12 while I have seen my grant aid remain stagnant. You may be
13 saying to yourself, "Jarrett chose a private university
14 knowing that the tuition would be high. He could have
15 gotten a good education at less cost at a public college,"
16 and you would be right. I did know that private college
17 tuition would be higher, but I wanted the small classes and
18 personal attention that a place like Marymount delivers.
19 Some students need this kind of environment to succeed, and
20 are intimidated by large public universities.

21 It is also important to note that public colleges
22 in many states, including Virginia, cannot accommodate all
23 of the students who are seeking higher education. Private
24 institutions like Marymount help to ensure that all

1 college-bound students have access to quality higher
2 education.

3 Access to higher education must be expanded, and
4 one key to access is affordability. It is incumbent upon
5 colleges and universities to hold the line on tuition
6 costs, while providing quality programs and services, and
7 it is incumbent upon our government to ensure that the
8 funds and programs are available to assist deserving
9 students who want to become leaders of our society.

10 We always hear that colleges and universities
11 produce leaders, and that is true, but it is important to
12 note that higher education also produces people who serve.
13 At Marymount, for example, a large percentage of the
14 students are preparing for careers in nursing, teaching,
15 counseling, and public safety. These graduates will meet
16 critical needs in our society, and their chosen
17 professions, unfortunately, do not generate high salaries.
18 We should all be concerned about making college affordable
19 for individuals who want to pursue these types of service
20 careers, and for future workers and leaders in every field.

21 My own career goal includes working in student
22 affairs in a higher education setting. I want to be able
23 to work with young adults in some of the most important
24 years of their lives, but I worry about whether I will be

1 able to repay my loans, whether I will be able to go to
2 graduate school. I find myself asking, "Do I want to take
3 on more debt in order to attend graduate school?" I
4 sometimes wonder whether I should consider a higher paying
5 career, but no, I want to make a difference in the lives of
6 college students, and to do that, I will need the help that
7 strong financial aid programs provide.

8 In 2005, 71 percent of Marymount University
9 graduates had student loan debt, and the average loan
10 balance was \$24,950. And to think that many of these
11 people have begun careers as teachers, nurses, and police
12 officers. I wonder how difficult it will be for them to
13 continue on the path of service while repaying their
14 college loans.

15 Students need more grant aid, and graduates need
16 loan repayment programs that take into account the post-
17 college income level. Such programs would encourage young
18 people to pursue service careers and make it fiscally
19 feasible for them to do so.

20 In closing, I believe that the proposed five-
21 point plan would greatly benefit America's students and, in
22 the end, we would all benefit from the great leaders and
23 citizens that a quality college education produces.

24 Thank you for the opportunity to speak.

1 **DAVID BERGERON:** Thank you.

2 **DAVID BERGERON:** Matthew Johnson.

3 **MATTHEW JOHNSON:** Good afternoon, everyone.

4 My name is Matthew Johnson. I am a junior
5 journalism student at the University of Maryland. I
6 currently have a 3.84 GPA on 76 credits, and I am applying
7 for the prestigious Harry S. Truman Scholarship, which has
8 a public service requirement if I receive it.
9 Additionally, I am an educator, I tutor at Adelphi
10 Elementary, and I tutor for the Athletic Department at
11 Maryland.

12 Now, I will admit, I am a little better off than
13 some of the thousands upon thousands of college students
14 who are struggling with high tuition costs and boring
15 classes. I was fortunate enough to get my entire year paid
16 for because I fought hard and won two journalism
17 scholarships and got my FAFSA form in early. However, the
18 same cannot be said for my previous two years, where I was
19 forced to take out several loans, and am now stuck trying
20 to figure out how to consolidate them so that I can save
21 some money.

22 I really don't want to be in debt. I don't want
23 to have that lingering in my mind when I am deciding my
24 future. Almost my entire life is devoted to some type of

1 service or another, whether it is Marymount PIRG--I am
2 involved in a lot of student groups and other outside
3 projects--and whatever fortune is thrown my way, I try to
4 give at least some of it back, just in general. What's
5 left over is devoted to a princess in China, who I hope to
6 marry some time after getting my bachelor's. We are trying
7 to go to graduate school in the same region in the world,
8 it's pretty complicated. Thank God for the Internet,
9 right?

10 Now, I really hope I win the Truman Scholarship
11 because I don't think I will be going to graduate school on
12 loans. I might be the most educated man in debtor's
13 prison, but that isn't very satisfying.

14 Now, when I was in high school, I wanted to go to
15 Harvard, but one day it occurred to me, probably around the
16 time I was receiving ten college solicitations a week, but
17 none from Ivy League schools, that Harvard was out of my
18 mother's price range, and I would not be going despite my
19 4.0 and multitude of extracurricular activities. Why did
20 my mother ever decide to become a teacher? Why did my dad
21 decide to become an alcoholic and stop working and sending
22 child support? Why is college so expensive? All of this
23 was running through my head, even at that age.

24 The lucky thing is I am an only child. My mother

1 could not afford to send more than one kid to college on a
2 teacher's salary, but she did whatever she could to send me
3 something and I owe everything to her. She had loans of
4 her own to pay back to UMBC, not to mention house and car
5 payments, things like that. So when I heard, I think, last
6 year, that Congress voted to cut \$12 billion from aid, it
7 makes me wonder whether our government wants us to be
8 educated out of this generation. I feel that they are
9 threatened by a smart, young generation that could expose
10 their corruption and oust them from power.

11 It is like we are only born to work for Wal-Mart
12 unless our parents make six figures. This is not the
13 America we sell to tourists and travel guides. America is
14 the land of opportunity to those people, a place where
15 anyone, poor or rich, Black, Brown, or White, can achieve
16 their wildest dreams. Now, I hope that you will keep at
17 least some of those dreams alive by supporting the five-
18 point plan for manageable student loan debt.

19 Thank you.

20 **DAVID BERGERON:** Thank you.

21 **DAVID BERGERON:** Scott Peach.

22 **SCOTT PEACH:** Hello, my name is Scott Peach, and
23 I am a senior political science major at the University of
24 New Hampshire.

1 First of all, I would like to thank you for
2 hearing the student voice when deciding our future.
3 Unfortunately, not all of those who run our government are
4 listening to us, the students, which is why we are in dire
5 need of your help.

6 Attaining a college degree, I am sure, as you
7 know, is becoming increasingly difficult, if not
8 impossible, for more and more students. With the \$12
9 billion slashes to financial aid, tuition costs rising with
10 no end in sight, the expanding emphasis on loans, and the
11 ridiculous interest rates, many students are dismissing
12 college as an option in their future.

13 At UNH in 2004 and 2005, 72 percent of students
14 graduated with loan debt, at an average of \$21,459. For
15 me, I will be graduating with around \$25,000 in debt. In
16 April of 2007, I will be applying for the Peace Corps in
17 hopes to leave for South America right after I graduate.

18 So what will my reward be for attending college
19 and helping others in need? Well, it will be that \$25,000
20 bill waiting for me when I return home, along with the
21 interest rates that will add on to that, a bill that will
22 force me to work one or two other jobs, along with the
23 profession that I choose.

24 Working excessive hours at two or three jobs to

1 keep up with loans and the rising cost of living was not
2 what I imagined when I was applying for college. I had
3 imagined expanded opportunities, freedom to choose my
4 profession, and eventually being able to follow my
5 passions. Nowadays, it seems that attending college is
6 closing the doors to opportunity instead of opening them.
7 My strongest passions in life are activism, grassroots
8 organizing, and helping others better their living
9 situations.

10 Now, we all know that these things pay next to
11 nothing, and, with my loans and high interest rates, I am
12 not even sure if I will be able to pursue my passions, all
13 because I went to college, all because I wanted to better
14 my education and to better my chances in the workforce. So
15 what does this mean for our society?

16 Well, if things continue down this road, there
17 will be less teachers, less social workers, and less
18 college graduates. How did we get to a place in America
19 where only the super rich can attend college while they try
20 and send us poor folk off to war? So, when you are all
21 deciding our future, I hope you will remember us, the
22 students, and the hardships that we face every step of the
23 way of the college experience.

24 I thank you again for giving us the chance to

1 express our grievances with the whole system. Thank you.

2 **DAVID BERGERON:** Thank you, Scott.

3 **DAVID BERGERON:** Shelley Saunders.

4 **SHELLEY SAUNDERS:** Good afternoon.

5 My name is Shelley Saunders, and I am the Vice
6 President of Strategic Services with American Student
7 Assistance. I am here today on behalf of ASA and my fellow
8 guarantors in the National Association of Student Loan
9 Administrators.

10 NASLA is a private, non-profit, voluntary
11 membership organization that represents the interests of
12 guarantors. NASLA is organized to ensure consistent and
13 reliable delivery of student loan services to America's
14 students, parents, and postsecondary institutions. NASLA
15 is committed to working cooperatively with all
16 postsecondary industry participants and representative
17 organizations in fulfilling the promise of educational
18 access and choice.

19 Over the last several years, many factors have
20 impacted student loan borrowing, including the rising cost
21 of education, increasing borrower indebtedness, and the
22 rapid growth of private loan borrowing, and the popularity
23 of loan consolidation. These changes underscore the need
24 to review several areas of potential improvement, several

1 of which I will describe in a brief moment, and the
2 additional details, which are in the written testimony that
3 I just gave you.

4 Because of the importance of these turns and
5 changes to student loan borrowing, and the fact that FFELP
6 is, by far, the largest source of federal student aid,
7 NASLA believes that it is important that guarantors
8 participate as both a lead and a backup negotiator on the
9 loan issues team in the negotiated rulemaking process.

10 A core focus of guarantors is to maximize the
11 success of borrowers in repaying their loans. As an
12 administrator of the FFELP, a guarantor works closely with
13 the Department, students and families, schools, lenders,
14 and loan servicers throughout the life of the loan.
15 Inclusion of a guarantor voice in the negotiations will
16 promote broad-based, well-informed rules.

17 NASLA proposes the following list of issues for
18 negotiation for both the FFELP and Direct Loan Program:

19 First, simplification of obtaining and granting
20 deferments. NASLA feels that the process of a borrower
21 obtaining a deferment from more than one loan holder is
22 unnecessarily cumbersome and could be streamlined. NASLA
23 recommends changes to the regulations that would permit a
24 lender to grant any type of deferment to a borrower who has

1 another loan deferred for the same timeframe and the same
2 reason by another holder. The lender could use NSLDS or
3 another authoritative database to determine that the
4 borrower is in deferment status for a particular reason and
5 a particular timeframe.

6 With respect to access to economic hardship
7 deferment, the overly complicated process of applying for
8 an economic hardship deferment results in the
9 underutilization of the deferment entitlement, and makes it
10 much more attractive for the lender to offer a less
11 beneficial, particularly in the long run, discretionary
12 forbearance.

13 We recommend that Congress reevaluate the HEA
14 provisions to simplify the eligibility criteria. In the
15 meantime, we suggest that the Secretary exercise her
16 authority to simplify existing regulations. In particular,
17 we would like the Secretary to examine the eligibility
18 criterion that allows a borrower to qualify for the
19 deferment if the borrower is receiving or has received
20 payments under a federal or state public assistance
21 program. The Department should consider developing a
22 comprehensive list of federal and state qualifying public
23 assistance programs, and placing that list on a Web site to
24 enable loan holders to consider the eligibility of all

1 applicants for the deferment in a consistent manner.

2 In addition, we would like the Secretary to allow
3 the lender to use either the borrower's original loan debt
4 or current outstanding balance, whichever is more
5 beneficial to the borrower, in determining a borrower's
6 eligibility for the economic hardship deferment on the
7 basis of the borrower's debt-to-income ratio.

8 While various repayment options exist in the
9 federal loan programs, the effectiveness of those options
10 is limited, especially with the increasing debt burden
11 experienced by student borrowers. Although borrowers have
12 an income-based, income-sensitive repayment option, this
13 option does not take into account other debt or family
14 size, or prevent situations in which a loan balance is
15 increasing, even if payments are being made. We feel that
16 these factors should be considerations in determining a
17 borrower's repayment amount.

18 With respect to utilization of a discretionary
19 forbearance, forbearance can be a useful tool in preventing
20 default; however, guarantors are finding that there is
21 little they can do for a borrower to resolve mid- to late-
22 stage delinquencies and prevent defaults because of the
23 heavy use of discretionary forbearance early in loan
24 repayment. More care should be taken to ensure that the

1 application of forbearance, and the subsequent interest
2 that accrues and is capitalized, does not impair the
3 borrower's long-term ability to achieve successful
4 repayment.

5 We also recommend that the Department reevaluate
6 exit-counseling requirements to include the new graduate
7 and professional Grad PLUS for borrowers, as well as
8 borrowers who are exiting school who have obtained in-
9 school consolidation loans. Providing exit counseling for
10 all student loan borrowers is extremely important to ensure
11 that they have the information necessary to make informed
12 choices that impact subsequent life decisions, and to allow
13 them to establish successful repayment habits and lifelong
14 fiscal responsibility.

15 With respect to financial literacy, the Treasury
16 Department and Congress have indicated that a lack of
17 financial literacy is a significant issue in the U.S., and
18 have gone so far as to establish financial literacy month
19 annually in April.

20 NASLA strongly advocates developing a financial
21 literacy program that is available as an elective course to
22 all students attending secondary and postsecondary
23 institutions. Such programs would assist students in
24 achieving the level of financial literacy necessary to

1 succeed.

2 With respect to total and permanent disability
3 discharge requirements, the conditional discharge
4 provisions have been in place since 2002. NASLA feels that
5 a sufficient amount of time has passed for the Department
6 to take a step back and review and evaluate the conditional
7 discharge process. While we understand the Department's
8 obligation to protect the integrity of the discharge
9 program and not allow for abuse or fraud, we are not
10 convinced that the current process is as streamlined and
11 efficient as it could be. The current process is
12 duplicative and redundant, and we feel a more definite
13 separation of duties between the Department and guarantee
14 agencies is needed.

15 We assert that guarantors should be allowed to do
16 the job they were charged with, determining borrower
17 eligibility. On the other hand, if the analysis
18 demonstrates the value of the current process, then we
19 suggest the following revisions to current regulations:

20 We request that the Secretary reconsider
21 simplifying the eligibility requirements of a disability
22 discharge. While we understand that the Department's
23 position is not to rely on disability determinations made
24 by other agencies, such as the Social Security

1 Administration, as these determinations are less stringent,
2 we feel there is validity to reevaluating this position.
3 We understand that, when receiving SSA disability benefits,
4 if a borrower's condition improves, the agency stops
5 providing benefits. However, the Social Security
6 Administration's definition of disability could be used to
7 place a borrower in the first year of conditional status
8 where, in part, the borrower's annual earnings and
9 continued disability status is monitored and re-verified
10 for an additional two-year period.

11 Additionally, a borrower in a conditional
12 discharge status should be permitted to make loan payments
13 and resolve delinquency or default status, if possible,
14 prior to a final discharge determination. The Department's
15 premise that a borrower who is able to make a loan payment
16 during a period of conditional discharge is unlikely to be
17 truly, totally, and permanently disabled is unfair to
18 disadvantaged individuals.

19 Additionally, taking the issue of the disparity
20 between the standard for meeting the definition of
21 "disability" between the HEA and the Social Security
22 Administration a step further, the Department's policy that
23 allows it to garnish disability benefits is a policy that
24 ought to be rescinded. Borrowers whose disability payments

1 are garnished are frequently in the most extreme financial
2 circumstances, and resolutions of garnishment complaints
3 are difficult, if not impossible to resolve.

4 Lastly, current regulations state that a
5 discharge of a loan based on the death of a borrower or a
6 student in the case of a PLUS loan must be based on an
7 original or certified copy of the death certificate. We
8 recommend that regulations be revised so that if one loan
9 holder obtains an original or certified copy of the death
10 certificate, other holders are allowed to discharge the
11 deceased borrower's loans based on the same death
12 certificate.

13 In conclusion, NASLA appreciates the Department's
14 consideration of this testimony and offers itself as a
15 resource to the Department on these and other issues.

16 Thank you.

17 **DAVID BERGERON:** Thank you.

18 **DAVID BERGERON:** Ellen Frishberg.

19 **ELLEN FRISHBERG:** Thank you. It is really nice
20 to be here among all of these students. It makes me feel
21 like I am back at work.

22 I have spent 30 years in a financial aid career.
23 This has been a really exciting year for us because we have
24 a new grant program. We have not implemented a new grant

1 program in a very long time, and it has been a really good
2 feeling to be able to offer new grants to students this
3 year.

4 I have three things that I want to mention here
5 today. While I know that they may be statutory rather than
6 regulatory, I know that you have the ability to influence
7 the statute, as well, so I would like to talk to those
8 three points.

9 The first one has to do with those new grants.
10 When we evaluated our student population, we thought that
11 we really had a significant group of students, because we
12 do teach all the STEM courses where I work. What we
13 discovered, in fact, is that 18 percent of our students who
14 would have been eligible for National SMART were eliminated
15 because they were permanent residents. These are students
16 who will become citizens, but because they are 17 and
17 cannot become citizens yet, or they are 18 and they are
18 juniors and they have not had time to go through that
19 process, they have lost out on significant grant funding.

20 It was very disconcerting to us--it was a very
21 happy occurrence to find out that, in fact, we had so many
22 students who are new immigrants to this country, who have
23 taken up being excellent in those subjects, in engineering
24 and in technologies, but that we would not be able to help

1 with additional grant funding. So if there is any way we
2 can change that statute to include other than just citizens
3 in permanent residence, which we include for all other
4 programs, that would be a wonderful boon to the promise of
5 the American Dream.

6 I, too, along with the students, support the
7 five-point plan, but that is not why I am here. But I do
8 support it, partially because I am a student loan repayer
9 myself, and also because I have two teenage children who
10 are about start applying to college--it is kind of scary.

11 The thing that I most want to talk about, though,
12 is the Spellings Commission, and how they found that
13 students see paying for college as an unattainable task.
14 The misinformation that is out there in the community about
15 what college costs is pretty much the norm. Even in rich
16 communities in Maryland people think that there are very
17 few options out there and that it is going to cost \$40,000
18 a year to go to school, which we all know is not true, but,
19 in fact, people don't see the options.

20 So I think it is time that we start thinking
21 outside of the box, in terms of the system that we use to
22 determine a family's need for financial aid, and get
23 outside of the system that was designed by the College
24 Scholarship Service back in 1954 to serve a very elite

1 group of schools that has now become embedded in the Higher
2 Education Act. That system had an elaborate application
3 form with a lot of confusing and arcane questions, and
4 those financial aid programs, because of the application,
5 are not reaching poorer first generation college students
6 and their families. And I know this because I was a first
7 generation college student--quite a few years ago, but I
8 was a first generation college student, and I didn't know
9 about the form and the programs, and I know that is still
10 the case.

11 We also know from the data that it is ten times
12 more likely that you will get a BA if you come from the
13 highest income quintile than if you come from a family from
14 the lowest income quintile, all other things being equal,
15 that's grade point average and SAT scores, and that is
16 pretty damning on this nation and the promise.

17 So money would help, of course, money always
18 helps, but the process of applying is also part of the
19 problem. So I propose a process that would improve
20 awareness of the options that are available, and ease
21 delivery without a large federal cost. Every year, in the
22 mail, you get from the Social Security Administration, a
23 statement of your year's previous earnings, and that is
24 taken from data that the Social Security Administration

1 gets. That document lays out how much you can expect to
2 receive in Social Security benefits when you retire. It is
3 a government form, it is filled with basic verifiable and
4 free information, and it tells a story. People read it and
5 they say, "Oh, no, I will never be able to retire at that
6 rate," or they say, "I think I am going to start saving for
7 retirement." It gives them some incentive to act. And, as
8 citizens, you have information and you can act on it, you
9 can work or you can save, or you can decide, "No, I can
10 live on that." So why not clone this type of statement and
11 use it to tell families a different type of story?

12 How about a story about how much financial aid
13 one of their family members could receive if they went to
14 college now, or even in ten years in the future? You could
15 use the same data that the Social Security Administration
16 uses to generate these reports, based on who earns income.
17 And each year families could be asked, when they file their
18 taxes, if they would like a college benefits statement, we
19 can even give it a federal name.

20 [Laughter.]

21 **ELLEN FRISHBERG:** The data could then be
22 transmitted to the Department of Education, which would, on
23 the basis of earned income information alone, generate a
24 statement that would say, "You are eligible for X number of

1 Pell Grant dollars, student loan dollars," and even, if you
2 know the residency, state aid money, because much of that
3 is formula driven.

4 It could illustrate different scenarios of how
5 much aid a student in a family could receive, based on
6 different costs of schools, so that you would take care of
7 the issues of segments. And that way a family could learn
8 when their children are young that either they won't
9 qualify for need-based dollars or, more importantly, that
10 they will qualify for all of the money that they need, and
11 then they can act on that information. They can encourage
12 their kids to go to school, they can plan a savings
13 strategy, they can motivate them and make them think that
14 college is possible.

15 You could also do this with people who don't have
16 taxable income, but are recipients of untaxed federal or
17 state benefits like SSI or TANF. The agency that they work
18 with, we just send their names in with their information
19 and they could request a similar statement, and then the
20 application becomes easy. When a family member decides to
21 go to college, you fill in the back with the schools you
22 plan to attend, you send it to a processor, and then they
23 send back-verified eligibility information to the school.

24 I know that some of my colleagues are going to be

1 shocked by the idea that we could take such subtle
2 information as the need analysis calculation and do it
3 based on a couple of data elements, but we toss out
4 complexity to reach a reality. The system we have is
5 complicated, the Commission said so it is flawed. The
6 analysis currently is based on income, not on true wealth.
7 Families' most significant assets, their homes and their
8 retirement accounts, don't count in the current system, so
9 why put a complex application in front, as a barrier, to
10 college attendance? Why not make it a piece of information
11 that people have?

12 Congress could design a formula that would use
13 actual income, and the data reported on the tax return may
14 give some other indicators of a proxy for wealth, so that
15 you can determine need. You just use that as an index so
16 that it does not cost anymore to distribute financial aid.
17 The present system we have is imperfect, it's complicated.
18 This may not be perfect, some colleges may still want more
19 information, but it certainly would get more information
20 out to people, and it is simplicity, and it would be a
21 statement to get people to enroll.

22 The last issue I wanted to mention is that we are
23 under a lot of pressure to spend our Perkins Loan funds on
24 campus. We have had a number of years where variables have

1 mitigated against that. Perkins Loans were higher interest
2 rate than Direct Loans, so students were turning them down
3 to take Direct Loans. Consolidation loans have increased
4 repayments significantly, so we are trying to figure out
5 ways to make a sustainable level of repayment. Right now,
6 the regulations don't allow us to keep cash on hand, and
7 yet we are trying to figure out ways to level out our
8 repayments.

9 There is also some threat of losing those
10 dollars, and since we are all looking for new grant money,
11 it would be our hope that if, in fact, we ever ended the
12 Perkins Loan Program because we want to get to simplicity
13 of one loan, that you would all institutions that have
14 managed these programs for 30 or 40 years to keep the
15 corpus of the repayments, turn it into endowed scholarship
16 funds that we can then offer to needy students as grants.

17 I thank you very much for your attention.

18 **DAVID BERGERON:** Crystal Calarusso.

19 **CRYSTAL CALARUSSO:** Good afternoon.

20 My name is Crystal Calarusso, and I am the
21 Academic Director of the National Association of Schools of
22 Public Affairs and Administration.

23 We are the specialized professional accreditor of
24 the master of public administration, the master of public

1 policy, and other professional degrees for public service
2 at the graduate level.

3 I appreciate the opportunity to speak with you
4 today from the perspective of a specialized, professional
5 accreditor.

6 NASPA is also a voluntary accreditor. A
7 voluntary accreditation process denotes that our graduate
8 programs seek accreditation for reasons other than federal
9 funding or obtaining professional licensure for graduates.
10 Graduate programs specifically participate in our
11 accreditation process for three main reasons: to facilitate
12 quality improvement within the program, to join the
13 national peer review community that makes policy for the
14 MPA and MPP degrees, and to provide an extreme signal of
15 their commitment to assessment and improvement.

16 Our programs, and those of many other
17 professional accreditors, have a distinct and established
18 voluntary commitment to quality assurance and assessment.
19 NASPA is not a Title IV gatekeeper, but changes in policies
20 regarding the national governance structure of
21 accreditation will affect our practice.

22 Recent policy suggestions from the Commission on
23 the Future of Higher Education regarding national data
24 systems and accreditation reforms could have some

1 unintended impacts on the systems of quality assurance for
2 programs. Communications from the Commission have affirmed
3 that diversity of programs is a strength of American
4 postsecondary education. However, some policy
5 recommendations may have the potential to homogenize
6 program assessment, specifically in the case of
7 professional programs. If not carefully designed, some
8 national data system and accreditation reform efforts could
9 effectively move the policymaking focus for professional
10 degrees away from the professions, where the knowledge and
11 expertise to address quality within their own context
12 resides, and into a national system that provides a basic
13 template for all, but a good fit for few.

14 To maintain the hallmark diversity of
15 professional education, the profession should be recognized
16 for their valuable role as a public in determining the
17 style and scope of assessment. In fact, only the idea of
18 increased accountability to the public is mentioned.
19 Professional accreditors frequently ask, "Which public?"
20 We have an established responsibility not only to students
21 making a buying decision, but also very importantly to the
22 professions we serve.

23 Professional accrediting bodies have provided a
24 valuable service, not only to students seeking degrees, but

1 also to the professions and to the public at large by
2 ensuring that we will have competent nurses, lawyers,
3 engineers, and other professionals to lead our communities.
4 This is accomplished through a variety of both outcomes and
5 input standards appropriate to prepare students for
6 practice in a given profession.

7 Comparability data, both quantitative and
8 qualitative are useful to the consumer of the education
9 product. However, data recommendations and assessment
10 requirements not designed by the profession, or not based
11 on quality indicators specific to that profession can lead
12 to rankings and decisions that are marginally relevant to
13 program quality. Popular indicators, for better or worse,
14 can have the effect of motivating policy and curriculum
15 shifts within individual programs, as programs attempt to
16 compete for the best students.

17 If these decisions are based on indicators that
18 carry little relevance to program mission, national
19 assessment requirements and data systems that include
20 professional programs may have the unintended consequence
21 of slowing improvement and development of professional
22 programs. It could impede the very innovation that the
23 Commission seeks to support.

24 To avoid these unintended consequences from the

1 results of the negotiated rulemaking process, and to
2 respect the diversity of programs and accreditors, I hope
3 the Department of Education will consider including a
4 representative from specialized professional accreditation
5 on commissions and rulemaking bodies wherever possible. I
6 also hope that the process will move forward with the goal
7 of recognizing the value of program diversity, allowing the
8 professions to determine, with their many publics, the
9 types of assessments to perform, and the information to
10 present to the public.

11 Thank you.

12 **DAVID BERGERON:** Thank you.

13 **DAVID BERGERON:** Nick Christianson.

14 **NICK CHRISTIANSON:** Thank you very much for
15 allowing me to testify on the issue of student debt. It is
16 not every day that we, as students, are granted the
17 opportunity to share our side of the story with our
18 government, and I can tell you, as you can see, we have a
19 lot to say on this and many other issues.

20 My name is Nick Christianson. I am a senior at
21 the University of New Hampshire, and I study politics and
22 justice studies. My experience dealing with debt from
23 student loans, at this point, is very limited, although I
24 know that will certainly change the day I graduate.

1 Back when I was applying to colleges and
2 universities across the country four years ago, after being
3 rejected by my top choice, I narrowed it down to American
4 University, here in Washington, D.C., and the University of
5 New Hampshire. Both of these schools fit my requirement of
6 being close to national politics, but when I received my
7 financial aid packages from each institution, I could not
8 really afford either of them. So I went to the one that my
9 family would have the least trouble financing, which was,
10 naturally, the state school, albeit the second most
11 expensive state school in the country.

12 My dad was a journalist and my mom was a school
13 counselor, until we opened our small retail shop in North
14 Hampton, Massachusetts the year I went off to college,
15 where they now both work full-time. I was fortunate enough
16 to have most of my college expenses paid for by my parents
17 each year, and I know that many do not have that financial
18 support, but my family learned that a small business is
19 neither cheap to start up, nor quickly profitable, so I
20 will be on my own to pay off the loans I took out to get my
21 education.

22 The national average loan debt for a four-year
23 state college is \$18,000. The average student loan debt in
24 New Hampshire is \$24,000. Many of my friends will have

1 \$30,000 or more of debt. Luckily for me, I will only have
2 close to the national average of \$18,000, plus interest, to
3 pay back. Although, thinking about that, it sounds pretty
4 ridiculous for me to say, "only \$18,000," especially
5 considering that I am looking for a career in non-profit
6 advocacy organizations, or as a political campaign
7 organizer, neither is known for its salary, particularly
8 for those of us just starting out.

9 The same goes for many other professions, like
10 teachers or social workers, as many have mentioned today,
11 and for no reason that I can comprehend, the cost for the
12 education to learn the skills and knowledge that these jobs
13 require is hardly paid off by accepting the position in
14 these incredibly important fields. Student loan repayments
15 become a burden that so many of us will have to factor into
16 our major life decisions. What job can I afford to take?
17 Where can I afford to live? When can I afford to start a
18 family? These questions become amplified by anxiety when
19 the everyday costs of living accrue to form a barrier of
20 payments and bills. Student debt is just a beginning, and
21 it is a shame that it exists at all.

22 Having taken out \$18,000 in loans, people tell me
23 that I better be smart enough to have a plan to pay them
24 back. Well, I don't have a plan, few students do when they

1 graduate, and I do know that a plan has been suggested to
2 you containing five core points lessening the financial
3 burdens for those of us who may be hamstrung by our student
4 debt.

5 I know this five-point plan for manageable
6 student loan debt will not get me out of the red, nor will
7 it lower tuition costs or raise funding for grants, but the
8 plan certainly serves to round off the rough edges in the
9 student loan program, and it is a plan that you can put
10 into action now, because the truth is, despite what people
11 say, student debt is not a question of stupidity versus
12 planning. We are forced to take on these costs to complete
13 our educations, and we invest in our educations for the
14 very reason that we are planning for our future. There are
15 so many valuable skills for life and career that can only
16 be learned and perfected at college. Unfortunately, they
17 are all too frequently accompanied by something else that
18 can only be found at college, student debt for life.

19 I thank you again for taking the time to consider
20 my story and others, and I strongly urge you to help
21 students repay their loans successfully and fairly by
22 adopting the five-point plan for manageable student loan
23 debt that has been presented.

24 **DAVID BERGERON:** Thank you.

1 **DAVID BERGERON:** Anthony Daniels.

2 **ANTHONY DANIELS:** Thank you.

3 My name is Anthony Daniels. Thank you for
4 allowing me the time to testify today.

5 **DAVID BERGERON:** Are you picking that up in the
6 back?

7 **COURT REPORTER:** Not really.

8 **DAVID BERGERON:** We need you a little closer to
9 the mike for our transcriber.

10 **ANTHONY DANIELS:** My name is Anthony Daniels. I
11 want to thank you for allowing me the time to testify on
12 behalf of me and my colleagues.

13 Thank you for convening these hearings about how
14 to make college affordable. I am both professionally and
15 personally concerned about the issue for management of
16 student loan repayment rules.

17 Professionally, I serve as the Chairperson of the
18 National Education Association Student Program, where I
19 represent over 60,000 college students over 1,100
20 universities across the nation preparing for careers in
21 education.

22 The rising levels of student loan debt threatens
23 their ability to pursue successful careers in education
24 without being committed to lengthy student loans plagued by

1 rising interest rates. We are all concerned about the
2 levels of student loan debt. As a recent graduate with an
3 outstanding level of student loan debt, I am affected
4 personally by the costs and concerns of the repayment plan.

5 I received my bachelor's degree in elementary
6 education in the spring of 2005 from Alabama University,
7 and I am currently pursuing a master's degree in special
8 education at that same institution. As I completed my
9 bachelor's degree in four years, I find myself in over
10 \$30,000 in loan repayment debt. At that time I wondered,
11 "Could I possibly survive as a first-year teacher off of
12 \$28,000 in Alabama?" I even asked myself, "Was college the
13 best way to go, or should I have looked for a regular job?"
14 Working a regular job did not seem so bad after all. At
15 least I would be making a better living without the stress
16 of loan repayments, but the decision had been made. I had
17 to look at the situation I was in after graduation. I
18 looked at my \$30,000 of debt, extremely low teaching
19 salary, and decided that my only option was to further my
20 education so I will be able to get more money.

21 I saw this as my best option, because having just
22 finished my student teaching two weeks earlier, I could not
23 see how I could possibly afford to travel to another state
24 for an interview or pay relocation fees should I actually

1 have been offered a job.

2 Folks, the teaching profession is a calling. I
3 went into teaching because it was the most rewarding
4 profession in the world. There was nothing more exciting
5 than helping students discover things that fascinate, and
6 nothing is more rewarding than seeing a child grasp an idea
7 and develop an idea of his or her own. But how can I
8 purchase a car or a home when I am in debt over \$30,000?
9 This is a major concern of all of my colleagues.

10 More than 8 million postsecondary students
11 receive student aid, with 30 percent of this support coming
12 from the federal government. In the next decade,
13 undergraduate enrollment in colleges and universities will
14 increase by 14 percent, with 80 percent of these new
15 students coming from minority backgrounds, and 1 in 5
16 living in poverty. Federal aid is already insufficient to
17 allow us to want to pursue higher education to do so.

18 Recent studies have indicated that typical
19 student borrowers leave school with almost \$20,000 in debt,
20 and that many young Americans face such significant college
21 debt that they will defer home ownership and starting a
22 family. Students are not able to take careers in teaching,
23 social work, or other public interest fields.

24 I have attached to my written testimony a table

1 taken from the state higher education project report,
2 "Paying Back, Not Giving Back: Student Debt's Negative
3 Impact on the Public Service Center Career Opportunities."
4 The table shows the percentage of college students who
5 would have manageable debt if they took a teaching job in
6 the state. Nationally, nearly a quarter of the graduates
7 from public four-year institutions would have unmanageable
8 debt on a starting teacher's salary, and figures rising to
9 almost 40 percent of the graduates from private
10 institutions. Higher education remains a critical
11 investment for young people to make it themselves, for
12 families to make a success of their children, and for the
13 nature to make it in the future.

14 Current projections are that financial barriers
15 will prevent 4.4 million high school graduates from
16 attending a four-year public institution over the next
17 decade, and will prevent another 2 million high school
18 graduates from attending college at all. I recognize that
19 this is a complicated problem, and that much of the
20 responsibilities lie within the purview of the President,
21 Congress, and states.

22 Folks, the federal government has not been doing
23 its part to help make college affordable. Last February,
24 Congress passed a measure that removed almost \$12 billion

1 from the student aid programs, and in the first year of the
2 2007 budget, the President proposed \$1.2 billion in
3 additional cuts from the higher education program. The
4 latest cuts have further exacerbated the affordability of
5 college education, leaving many lower income students
6 unable to complete their education. As we look for a
7 solution to this problem, we are proud of the
8 recommendations in the recent report of the Secretary's
9 Commission on the Future of Higher Education to highlight
10 access and affordability, especially the recommendation to
11 increase the nation's commitment to the need-based aid.

12 However, as NEA President Weaver said, "To give
13 the proposal teeth, we need a commitment from lawmakers to
14 provide adequate funding." In order to meet broader higher
15 education goals, NEA also calls for improving student
16 preparation and providing more high schools with programs
17 on adolescent literacy and dropout prevention, as well as
18 counseling, smaller learning communities, and expansion of
19 the AP courses.

20 President of the National Council of Higher
21 Education added, "The benefit of higher education are much
22 more than bigger paychecks for the graduate or a stronger
23 economy, higher education is the key to promoting an
24 informed citizenry and protecting our democratic society."

1 NEA hopes to continue working with the Department
2 in this area, and looks forward to the next spring summit
3 on higher education announced in Secretary Spellings'
4 speech last September. The Department can do its part on
5 the issue by taking some concrete steps, but it cannot do
6 it alone. The NEA will be working to increase grant aid
7 and other student aid programs in order to increase college
8 affordability.

9 As Chair of the NEA Student Program, I pledge to
10 contribute to that effort. Cutting interest rates in half
11 for student and parent loans, as well as increasing grant
12 aid are important steps toward reversing the recent cuts of
13 higher education assistance. One step the Department can
14 take is to make changes in loan repayment terms that will
15 provide more fair and manageable circumstances for college
16 graduates once they begin loan repayments. This will be a
17 welcome result from the round of negotiated rulemaking.

18 I thank you for your time, and I look forward to
19 continuing to develop the development of this process.

20 Thank you.

21 **DAVID BERGERON:** Thank you.

22 We are going to take a ten-minute break. Then we
23 will reconvene at quarter till 3:00.

24 Thank you.

1 [Brief recess.]

2 **DAVID BERGERON:** Okay, we're going to reconvene.

3 Our next witness is David Baime.

4 Good afternoon, David.

5 **DAVID BAIME:** Good afternoon. This is a little
6 bit like being on trial, here.

7 My name is David Baime. I am Vice President for
8 Government Relations for the American Association of
9 Community Colleges, and we represent virtually all, or over
10 95 percent, of all the nation's two-year public
11 institutions of higher education. We also have, as an
12 affiliated council, the Student Association for Community
13 College Students.

14 I would like to thank you for convening this
15 group and for giving me a chance to speak.

16 I did want to inform you that my organization
17 will be submitting nominations for two individuals in the
18 negotiated rulemaking process, and, in general, I would say
19 that the reason why we like to have people involved in the
20 neg. reg. process, as we have a number of times in the
21 past, is because our student financial aid officers are
22 sometimes less resourceful than we would like them to be,
23 and the administrative burden issues are perhaps more
24 important for our colleges than they are for other sectors

1 of institutions.

2 I want to just talk very briefly about two major
3 issues that were raised in the notice about these sessions.
4 First relates to the Spellings Commission Report and the
5 issue about whether or not some of the recommendations of
6 that report ought to be incorporated into the neg. reg.
7 process, and my organization's general perspective that
8 that's not a good idea. The recommendations in the Report
9 are very far reaching, have a lot of policy implications,
10 and these are the kinds of issues that are best mediated
11 and decided upon in the Congress rather than through the
12 regulatory process. I think in some areas it would be
13 possible to create or adopt some of the Spellings
14 Commission recommendations by the regulatory process, but
15 we don't think that it is a good idea. Negotiated
16 rulemaking, and rulemaking in general, is a fairly closed
17 process once the negotiators are selected, and we think
18 that in a more open process of legislative process, it is
19 probably a better venue for deciding these. And also,
20 particularly in the area of outcomes, these are very
21 complicated and very contentious that, again, we think
22 would be better off discussed at a different level.

23 I want to just mention that the negotiations over
24 the Student Right to Know Law, and implementation of that

1 took a number of regulatory revisions, and quite a long
2 time at the negotiated rulemaking table. So that is just
3 an example of what you might be getting into if you decide
4 to move forward, say, in the area of student outcomes and
5 Student Right to Know by the regulatory process.

6 Another area that relates to the Spellings
7 Commission report is accreditation. We have the same
8 caution to you as we do about, more generally, the
9 Spellings Commission recommendations. Accreditation,
10 statutory language, particularly the standards of
11 recognition for the agencies, have been subject to a lot of
12 discussion, and negotiation, and parsing of language in the
13 legislative process, and, in general, it has been my
14 organization's position that the regulatory process should
15 hew as closely as possible to the statutory language. For
16 that reason, we see going off into new areas of regulation
17 of accreditation without statutory--a premature direction--
18 it is probably a bad idea, given the sensitivity that our
19 presidents have to the accreditation process, and the
20 implications it has for their institutional operations. So
21 that is just very briefly about the Spellings Commission
22 Report.

23 We did want to talk a minute about the Academic
24 Competitiveness Grants, where we will be explicitly

1 nominating a negotiator. We would like to be involved with
2 this because of its importance to our students. I just
3 mentioned for your information, generally, that our
4 campuses have told us that the numbers of students who are
5 coming in with ACG eligibility are lower than they would
6 have expected them to be or would like them to be. Some of
7 our narrower issues are related to transcripts--these are
8 all things that we did mention in our comments in August,
9 but just quickly--in terms of the transcripts that are
10 required for documentation of the completion of the
11 rigorous course of study at the secondary level, many of
12 our colleges don't collect transcripts. That is not
13 because they are not interested in the academic
14 qualifications of their students; it is just that they use
15 up-front diagnostic testing for them rather than their
16 transcripts. So this is a significant additional
17 regulatory burden for them in many cases, when they have to
18 go back and procure the transcripts.

19 Another point on the rigorous secondary school
20 program, I just wanted to point out to you that the dual or
21 concurrent enrollment programs are growing across the
22 country, over 75 percent of community colleges offer them
23 now with their high schools. They are designed to
24 encourage students to pursue a postsecondary education, to

1 get them oriented towards college and making them really
2 see and feel that college is an option for them. So, to
3 the extent that they are designed specifically to motivate
4 students to go on to postsecondary education and achieve in
5 it, we would just recommend that you look at those
6 carefully as you consider approving the secondary programs
7 for ACG eligibility.

8 The last item on the Academic Competitiveness
9 Grants I wanted to mention, and you will notice that we do
10 remain very concerned about the decision department to not
11 allow certificate students for eligibility. The impact on
12 our students is perhaps not as great as you might think it
13 would be. There is sometimes a perception that there are
14 just scores of certificate programs offered at our
15 colleges. In fact, there is fewer than one certificate
16 award for every associate's degree that our colleges grant,
17 so it is not like there is a huge proliferation of them.
18 Many of our certificate students do go on to get an AA
19 degree, and then go on to get the BA degree. But most
20 importantly, we are absolutely convinced that the statute
21 makes those programs eligible, and it bothers us when we
22 believe that the statute is not observed, particularly when
23 it is to such detriment to our colleges.

24 Finally, I just want to mention that the project

1 on students' debt recommendations are something that are
2 looked at favorably. Our students, obviously, have lower
3 debt levels than students attending four-year colleges, but
4 for the over 20 percent of our students that do have debt,
5 the debt is over \$6,000 now, on average, and debt burden is
6 a big issue for our students. Our students have had
7 relatively high default rates in the past compared to other
8 sectors, so we are very interested in these issues and
9 trying to look at ways to ameliorate repayment burdens for
10 our lower income students.

11 Thank you.

12 **DAVID BERGERON:** Thank you, David.

13 **DAVID BERGERON:** Barbara Salt. Barbara, you
14 have been very patient.

15 **BARBARA SALT:** Oh, thank you.

16 I want to thank you for your attentiveness and
17 patience through a long day, as well.

18 I am Barbara Salt, a Ph.D. social worker, a
19 recent 2003 Ph.D. graduate of the Catholic University of
20 America. I am a member of the National Association of
21 Social Workers, and Senior Program Associate for the
22 Institute for the Advancement of Social Work Research.

23 I speak today from personal experience as a late
24 career returnee to higher education to pursue a doctorate

1 in social work. This testimony addresses several issues,
2 which that decision has made on my current and retirement
3 financial status.

4 First, I want to note that my early career was
5 facilitated by a government funded resource no longer
6 available, but which was important in setting me and others
7 on a course of public service and, I believe, has provided
8 to this government a substantial return on its investment.

9 The now defunct National Institutes of Mental
10 Health Grants of the 1960s provided tuition and living
11 expenses to build the workforce necessary to launch the War
12 on Poverty. This child of a railroader and factory worker
13 would not otherwise have been able to attend graduate
14 professional school of social work at that time. I am
15 eternally grateful for the privilege, and regret that this
16 opportunity is no longer available to others like me, nor
17 to the profession. I believe that this also is a loss to
18 our nation's service provider workforce.

19 Regarding student loan repayment, I want to
20 encourage regulation, indeed, future legislation, as well,
21 that would reduce the burden of higher education to social
22 workers who serve this country's abused and neglected
23 children, its mentally ill homeless, its returning
24 traumatized veterans, and its elderly citizens navigating

1 complex medical care systems at a time when their cognitive
2 abilities are declining or impacted by serious health
3 debilitation.

4 I want to raise another issue that merits
5 attention. Not only does the returning mid-life or later
6 career student thus enter a time of considerable tuition
7 outlay and reduced income, whether attending school full-
8 or part-time, this absence from the full-time workforce
9 adds a further burden to retirement income. Reduced income
10 during these later years of schooling impacts the level of
11 Social Security income. Mid- and late-life students, known
12 as the sandwich generation, often also face support for
13 their children's schooling, as well as support for their
14 elderly parents in assisted living facilities or nursing
15 homes.

16 In my case, I found that, as an only child, my
17 parental care responsibilities preclude my working full-
18 time at the very time when my income should be highest to
19 maximize my own retirement Social Security income. In
20 addition, upon graduation three years ago, after four years
21 of no earned income, I had incurred almost \$40,000 in
22 student loans, so you can see the impact on retirement
23 income.

24 Most private social agencies do not have programs

1 to support advanced education. Burgeoning social work
2 education programs have created a deficit in doctoral-level
3 social work faculty. Despite that, entering doctoral
4 faculty in the field face salaries well below mid- to late-
5 career incomes in the practice arena. Thus, one who seeks
6 to serve the profession through research and educating
7 future generations faces not only reduced incomes, but also
8 burdensome student loans, as well as a reduced base on
9 which the retirement funding of both private and Social
10 Security is predicated.

11 While I do not wish to imply that I am
12 impoverished, I do want to emphasize that the service of
13 social workers to our nation's most vulnerable, where work,
14 at times, involves high personal safety risk, should be
15 supported by governmental recognition of this value to our
16 country through the forgiveness of student loans for
17 providing service, education, and research.

18 I am providing information to link to additional
19 information on the burden of student loans to social
20 workers in my written testimony. We have also heard that
21 from the NASW. I have in my written testimony two
22 websites, one of which provides information about loan debt
23 in proportion to social work salaries by state. It should
24 be noted that starting salaries in a master's and doctor of

1 social work faculty appointments are well below that of
2 senior social work practice salaries in federal agencies.
3 That is, beginning social work faculty may be \$45-55,000,
4 which is, if you worked through a fair career, you are
5 probably a little bit beyond that, so you are taking a cut
6 just to move into the education workforce. Another website
7 is on the need for loan forgiveness for social workers, and
8 that gives a number of personal examples that you heard
9 earlier in earlier testimony.

10 I basically want to conclude by thanking you
11 again for your attention, and for addressing this part of
12 the solution to meeting the needs of social work first
13 responders to our citizens in need. Thank you.

14 **DAVID BERGERON:** Thank you, Barbara.

15 **DAVID BERGERON:** Roger Williams. Good
16 afternoon, Roger. You have been another patient soul.

17 **ROGER WILLIAMS:** Indeed. Well, no one has been
18 more patient than the three of you, and you are to be
19 commended for it.

20 My name is Roger Williams. I am the Executive
21 Director of the Accrediting Council for Continuing
22 Education and Training, ACCET, it goes by the acronym,
23 ACCET. We accredit approximately 243 institutions that
24 operate about 650 schools across the country, and a few

1 overseas. I am also the Chair of the Council of Recognized
2 National Accrediting Agencies, which consists of six
3 agencies. The vast majority of the schools accredited,
4 about 3,100 in number, are in the proprietary sector, and
5 range from certificate level up through the master's
6 degree.

7 A counterpoint to David's comment to you all
8 suggesting caution, I would suggest that you need to throw
9 caution to the wind, and I truly believe that negotiated
10 rulemaking is appropriate in this case. In fact, if you
11 look back at the last two HEAs, which the last one is so
12 far back, we can hardly remember it anymore, a great deal
13 of patience has been demonstrated, and perhaps too much.

14 When I reflect back on one of the issues that I
15 would like to touch on, which is accountability, recalling
16 that, in 1992, when the recognition criteria, for the first
17 time, included outcomes on it--in 1998, and I speak from
18 some experience, I served at the negotiated rulemaking at
19 the time, and would never submit myself to that again, but
20 it is commendable work, of course--that recognition
21 criteria was moved up to number one. And yet, here we are,
22 in 2006, still talking about pilots, and models, and things
23 that we are going to do, and it makes me wonder how either
24 Congress or the Department of Education has been that

1 patient.

2 From ACCET's perspective, we created a set of
3 outcome policies back in 1990, primarily focusing on
4 completion of placement. Prior to which, there was a
5 single standard in ACCET that had placement listed and the
6 word "optional" next to it, which is rather odd, when you
7 think that the vast majority of ours are vocational
8 programs. It wasn't until 1997 that we finally passed
9 benchmarks, and we have utilized those benchmarks.

10 We even have a subcommittee of the Commission
11 called the Completion of Placement Subcommittee that helps
12 to focus on those particular outcomes. We have benchmarks
13 of 77 percent placement, and 67 percent completion, and we
14 have found those very important tools. They aren't--and I
15 think outcomes, in general, are not simply about trying to
16 find what the institution does, but rather inspiring them,
17 and inspiring often requires some difficult decisions.

18 In fact, we place a number of institutions on
19 "show cause" each year as a consequence of not meeting
20 those benchmarks. Many programs are removed because they
21 can't demonstrate that they are really productive. So we
22 really believe that outcomes are a very important measure.

23 While it is perhaps in the vocational area, and
24 it is simple to look at the training-related job

1 placements, it is difficult for us to understand why those
2 wouldn't be used for associate degrees, as well. We have
3 occupational associate degrees, and most certainly would
4 think are fully applicable to them.

5 With regard to completion, which I think is going
6 to be a very tempting outcome that many people will not
7 look past, in the coming of the negotiated rulemaking, and
8 I hope that is not the case, because, while I believe
9 certainly that retention, completion, and graduation rates
10 are very important, if they are left to stand on their own
11 without further outcomes, either in terms of job placement
12 rates or in terms of learning outcomes, particularly those
13 that might actually have some quantifiability to them, much
14 as I know that word upsets people, I think we are going to
15 be in even greater danger of grade inflation, because if
16 you push with an incentive on completion rates, you are
17 going to push the process for people to do things that,
18 perhaps, they would not ordinarily do. While there isn't
19 much talk about it, save the occasional article in The
20 Chronicle about grade inflation, I think it is a very
21 serious problem that no one has bothered to look at very
22 carefully.

23 So, relative to outcomes, in general, I think the
24 time is long overdue, and we really need to get serious

1 about it, and may even take some radical approach in
2 negotiated rulemaking. I hope it will provide some of
3 that.

4 With regard to transparency, again, if you
5 reflect back in the late 1980s and early 1990s, for the
6 Department of Education to even get a letter of
7 accreditation, it had to subpoena accrediting agencies. I
8 have distinct recollections back in those times, and the
9 1992 regulations really were an improvement on that. It
10 pushed us all, which is probably a theme here--it requires
11 some pushing occasionally, to get the agencies to begin
12 publishing information. ACCET publishes some of the
13 actions that the Commission takes--"final actions," of
14 course, is really the keyword on our website.

15 We send all of our letters out, the actual
16 letters themselves--out to the state agencies and to the
17 U.S. Department of Education. We also include "show cause"
18 action, which some would call "probation," others,
19 "warning." It is not a requirement, but we do believe that
20 is an important component of communication out to the
21 federal and the state so they have a better picture of what
22 status an institution is run with accreditation at any
23 given time.

24 Having said all that, and really being a believer

1 in transparency, I do worry that there are those who are
2 suggesting disseminating team reports, which I think would
3 be a disaster. The peer review process does require a
4 certain level of comfort that requires a certain level of
5 respect--confidentiality between accrediting agency and the
6 institution. If you remove that, I do believe that the
7 peer review process would begin to collapse, because you
8 will end up with reports that people know are going to be
9 published, and therefore will be more filled with
10 platitudes and anecdotes than any helpful information, and
11 I would warn against taking that approach.

12 The last issue is relative to transfer of credit.
13 I served with the CHEA Committee back in, I think, around
14 1990, working on what became a framework for transfer of
15 credit, which I think is a very commendable piece. It has
16 the great pitfall, of course, of not having any teeth in
17 it, and that is, of course, similarly found in our
18 recognition criteria. While I am not at all in favor of
19 forcing institutions to merely accept transfer of credit,
20 the fact of the matter is that there are very serious
21 implications to the current system. It is often argued
22 that it is too expensive, and I find that rather odd from
23 the fact that tuition rates are what they are. I have two
24 kids in college as I speak, so I am speaking with great

1 authority here.

2 I would note, incidentally, that my kids' current
3 student fees are what I used to pay for tuition back in the
4 1960s and 1970s. If cost is really the factor that is
5 holding back transfer of credit, I would suggest that
6 somebody should look at fees, perhaps, as a way to get
7 around that. But the biggest issue, really, I think, is
8 one of providing an incentive that says, "This is
9 important." And probably the only way that will take place
10 is if, in the recognition criteria, it says that
11 institutions must indeed craft and publish whatever their
12 transfer of credit policy is. At least it would be seen,
13 and I think that would be an important step forward.

14 Finally, I think it is very important to take
15 note that accreditation really holds great promise, and I
16 think it doesn't quite realize that promise, often, because
17 it tends to be a bit timid. I think it is a great
18 enterprise. I think that the real measure of accreditation
19 is not the fact that an institution, or an agency, rather,
20 has prestigious institutions with great reputations. The
21 real question is, "Is it because of accreditation?" I
22 think if we really want accreditation to do its job better,
23 we need to challenge accreditation to do a little better
24 job.

1 Thank you very much.

2 **DAVID BERGERON:** Thank you.

3 **DAVID BERGERON:** Devin Ellis.

4 **DEVIN ELLIS:** Good afternoon.

5 Thank you all very much for hearing from
6 us today.

7 My name is Devin Ellis. I am a first-year
8 master's in public policy student at the University
9 of Maryland, College Park, and I am also the
10 Director of Academic Affairs for the University of
11 Maryland System Student Council, which represents
12 all of that state's public higher education
13 institutions.

14 I was going to read from this, but I see
15 that you are out of coffee, so I will just try and
16 come to the point.

17 **DAVID BERGERON:** We know where to get
18 more.

19 **DEVIN ELLIS:** As a first-year master's in
20 public policy student at a public higher education
21 institution, I have already incurred almost \$18,000
22 in loan debt, and I do not anticipate that I will
23 make it through the remainder of my program without
24 incurring more.

1 You have heard from a lot of undergraduate
2 students this morning and this afternoon, and also
3 some graduates, as well, but I wanted to emphasize
4 the fact that the debt burden problem is a plight
5 that is shared by graduate students, as well. And
6 I don't need to tell you that this applies
7 particularly to those graduate students who seek to
8 use their higher education for public service, or
9 for work in the private or the public sector, which
10 does not pay well enough to make taking on tens of
11 thousands dollars of debt an attractive prospect.

12 Social workers, nurses, educators, and
13 also many other graduate degree-holding
14 professionals who work in the public arena cannot
15 expect to make the kind of salaries that doctors
16 and lawyers have traditionally been able to make in
17 the private arena that is used as an excuse to
18 offset the cost of attaining a graduate degree.

19 I, myself, am not looking forward to the
20 beginning of my interest payments, because, seeking
21 to go into the field where I will most likely be
22 employed as a public servant, I don't need to tell
23 any of you today that the federal government is not
24 known for its lavish pay packages. I think that it

1 is vitally important that the Department, in
2 seeking to fulfill the mission that has been
3 spelled out, of making public and private higher
4 education in this country accountable to the public
5 by producing more, better highly educated
6 professionals in engineering, in the sciences, in
7 leadership, and in academia, that steps be
8 undertaken to make that possible for people.

9 I am very much in favor of the five-point
10 plan that you have heard about today. I think most
11 of its provisions very soundly support lightening
12 the debt burden on students, graduate as well as
13 undergraduate, but I think that the federal
14 government also has to undertake longer term
15 thinking about this issue.

16 I would like to share with you very
17 briefly, to highlight my concern, a couple of
18 statistics from my own campus, the University of
19 Maryland, College Park, which has over 10,000
20 graduate students distributed across its
21 departments.

22 In 1999 and 2000, the University of
23 Maryland conducted a survey of all of its graduate
24 students, in which one of the series of questions

1 that they asked concerned debt and affordability.
2 When asked if they thought that they would incur
3 debt in the course of their degree, 1 in 4
4 respondents to the survey believed that they would
5 need loans of \$20,000 or more in the course of
6 their education, and only 2 in 5 believed that they
7 could complete their degree with no recourse to
8 loans.

9 When students were asked to rank their
10 most important source of funding for their
11 education, loans came in fourth out of thirteen
12 categories, beat out only by university
13 assistantships, fellowships, and income from
14 outside employment.

15 When graduate students were asked to list
16 the greatest obstacle to their academic progress,
17 financial difficulties was the single largest
18 category, with over 60 percent of respondents
19 listing that as the greatest obstacle to their
20 completion of their degree.

21 Contrary to what our automatic assumptions
22 might be in thinking about the distribution of
23 graduate student population at a large public
24 university, the single largest percentage of

1 respondents to this survey were actually from
2 engineering, computer, and the life sciences, the
3 second largest category were from the social
4 sciences and education, the third were from
5 business and management and the humanities, and
6 then it goes down steeply from there.

7 So, bearing that in mind, I would like to
8 close by urging you all to recommend and support
9 the five-point plan that you have heard about
10 today, and also strongly encourage the Department
11 to include students in any future neg. reg. process
12 that is undertaken.

13 Thank you very much for you time.

14 **DAVID BERGERON:** Thank you.

15 When we conduct a negotiated rulemaking,
16 it is a statutory requirement that we include
17 students. So even if we didn't want to, we would
18 have to.

19 [Laughter.]

20 **DAVID BERGERON:** And from all of the
21 comments that we have heard from students over the
22 course of these hearings, any of us who would have
23 thought about not including students have long
24 since thrown that notion out the window.

1 We thank you. And also, my niece is a
2 medical student at Johns Hopkins, and her brother
3 was just accepted to medical school this week. So
4 my niece and nephew are both going to medical
5 school, and they would take issue with issues that
6 would be concerned about student debt for medical
7 students, as well, out of graduate students.

8 **DAVID BERGERON:** Sarah Levin.

9 **SARAH LEVIN:** Hi, I am Sarah Levin. I am
10 here on behalf of Elizabeth Marques, who is
11 President of the Laboratory Institute of
12 Merchandising. She wanted to be here and she
13 couldn't, which is why I am, clearly, here.

14 I am here to talk about the standards for
15 determining the financial viability of college.
16 The third committee on the negotiated rulemaking
17 process will consider these institution eligibility
18 issues, and we recommend that this third committee
19 review the process under which there are exceptions
20 that institutions can prove their financial
21 stability.

22 The Department of Education should,
23 indeed, set strict standards to ensure the
24 financial health of an institution. We encourage

1 rigorous financial guidelines to protect our
2 students and our college communities, but we do not
3 agree that these standards are infallible. While
4 the Department's current standards most often
5 indicate a college's financial stature accurately,
6 there are inherent faults and flaws in the ratio
7 testing that unfairly burden colleges that are,
8 indeed, financially sound.

9 Currently, the Department determines
10 financial viability through ratios calculated using
11 the financial statement data using GAAP, or
12 generally accepted accounting principles. While
13 these statements prepared by GAAP generally
14 indicate the financial status of an institution,
15 they do include unfair biases against institutions
16 that hold appreciated real property assets. With
17 this in mind, the Department should consider giving
18 the Secretary discretion of reviewing and taking
19 into consideration the fair market value of these
20 assets.

21 Colleges may be financially stable, while
22 failing the ratio test using the GAAP-based
23 financial values. GAAP does not adequately value
24 appreciated assets. Since assets are reported at

1 book value, book value does not always represent
2 the fair market value of an asset in cases where
3 real property has significantly appreciated over
4 time, the GAAP standards present a severe
5 undervaluation of the asset.

6 For example, at LIM, a building they
7 purchased was valued at \$500,000; they purchased
8 that in 1964. Right now, it is valued at between
9 \$18- and \$20 million, and on the books for GAAP
10 standards it is only valued at \$100,000, which is a
11 severe undervaluation.

12 In these extraordinary circumstances where
13 GAAP-based financial statements exponentially
14 undervalue assets, the Secretary and the Department
15 of Education should have the discretion to review
16 these cases and to grant exemptions to the ratio
17 test. It is detrimental for the financially secure
18 institutions to obtain these costly letters of
19 credit in order to maintain financial aid for their
20 needy students.

21 Currently, if an institution fails the
22 required ratio tests using the GAAP standards, it
23 can remain fully certified by making available a
24 letter of credit in the amount of 50 percent of the

1 student aid provided. Also, an institution can be
2 provisionally certified by making a letter of
3 credit in the amount of 10 percent of student aid
4 available. We suggest that the Secretary of the
5 Department of Education have the discretion to
6 allow an institution to remain fully certified by
7 providing a letter of credit in the amount less
8 than 50 percent after reviewing a full review of
9 the institution's financial statements using the
10 current fair market value of the assets of the
11 institution. We are not suggesting changing the
12 regulations or allowing financially unstable
13 institutions to harm students' educations, but we
14 are advocating that the negotiated rulemaking
15 committee have the opportunity to discuss these
16 standards, and recommend that both the Department
17 of Education and the Secretary have the ability to
18 consider, and have the discretion to review, these
19 exceptional cases.

20 Thank you for your time.

21 **DAVID BERGERON:** Thank you.

22 **DAVID BERGERON:** Jennifer Pae.

23 **JENNIFER PAE:** Speaking of students on the
24 committees, my name is Jennifer Pae, and I am the

1 elected President of the United States Students
2 Association. We are the country's oldest and
3 largest national student association, representing
4 millions of students nationwide.

5 As a coalition of student governments and
6 statewide student associations, we are here today,
7 again, from Berkeley, and Chicago, and Orlando to
8 once again express our concerns in high hopes that
9 the Department will adopt for the negotiated
10 rulemaking process.

11 As students have organized across the
12 country for this year's midterm elections, they
13 have used issues such as divestment from higher
14 education as a driving force to turn out to the
15 polls. In the past two months, USSA has registered
16 more than 40,000 students in five targeted states,
17 and so many students turned out in record numbers
18 over the 2002 numbers. The University of Michigan
19 at Ann Arbor--they stated their numbers were over
20 160 percent.

21 Today's students are committed to securing
22 access to higher education, and we urge you to
23 consider ways to reduce student debt burdens,
24 increase grant aid, and increase access to higher

1 education as you begin negotiated rulemaking. The
2 newly created ACG and SMART Grants can provide an
3 additional 500,000 students with funds necessary to
4 pursue a college degree, but existing regulations
5 have made the grants confusing to students, and
6 difficult to allocate for financial aid
7 administrators. At a time when it has become more
8 difficult to access higher education due to costs
9 and opportunity, we should be providing these
10 grants for the most needy students in order to
11 achieve success in this country.

12 In addition, restricting these grants to
13 only full-time college students who recently
14 graduated high school excludes many non-traditional
15 students and part-time students. As our
16 organization represents millions of students across
17 the country, these grants clearly do not create
18 access for them. Furthermore, students who are
19 eligible for the Pell Grant, but are not
20 recipients, should be allowed to receive these
21 grants. The current regulations only allow Pell
22 Grant recipients to benefit from this award. While
23 we applaud the Department for creating these new
24 grants, we hope that you will consider amending the

1 regulations to ensure that more students have the
2 opportunity to receive them.

3 An additional concern for students include
4 the need to make college more affordable, of
5 course, by limiting student loan repayments to a
6 reasonable percentage of a borrower's income.

7 Recent graduates who pursue careers as teachers or
8 in the non-profit sector will have the ability to
9 successfully manage their student loan repayments.
10 We would also like the Department to recognize that
11 borrowers with children have less income available
12 for student loan payments. Family status should be
13 taken into account when determining their loan
14 repayments.

15 Finally, we urge the Department to protect
16 student borrowers from high interest charges when
17 they face hardship situations. Due to the recent
18 cuts in the student loan program, students are
19 facing much higher burdens, and we must ensure that
20 students are protected from unmanageable levels of
21 debt. It is important for students to not only be
22 able to afford the repayments of their loans, but
23 there should be safeguards in place to help them in
24 times of financial instability.

1 Research shows that 40 percent of students
2 do not pursue graduate school because of their
3 student loan debt. Each year, millions of
4 graduates delay some of life's most important
5 decisions, as you may know, including purchasing a
6 home, getting married, and starting a family simply
7 because they are burdened with student loan debt.

8 As college costs continue to skyrocket,
9 the average family is continually finding it harder
10 to afford college. Just yesterday, while I was in
11 the state of Michigan, they passed an extremely
12 harmful ballot initiative, similar to a proposition
13 in California ten years ago, which has dramatically
14 affected the higher education system, which will
15 eliminate Affirmative Action programs, not only in
16 education, but the job market, as well.

17 Unfortunately, this will target many first
18 generation, low-income students of color, and will
19 close the doors of higher education for many
20 qualified individuals. We must provide for the
21 success of today's students, and for future
22 students, in order for our country to succeed in a
23 global economy, especially for those that have the
24 most potential.

1 The Spellings Commission Report concluded
2 that 90 percent of the fastest-growing jobs in the
3 new information and service economy would require a
4 postsecondary degree. If our nation intends to
5 compete in this changing global economy, we need an
6 educated workforce, and, sadly, many of those
7 students who are shut out from pursuing a higher
8 education are low-income and minority students.

9 We urge for the Department to provide a
10 higher educational system that is affordable and
11 accessible to all. Twenty years ago, anyone who
12 wanted to pursue a college degree was granted that
13 opportunity. Unfortunately, students today do not
14 have that luxury. Millions of students are working
15 full-time, raising families, and drowning in
16 unmanageable debt, just to put themselves through
17 school.

18 Increasing grant aid and making loans more
19 manageable will allow more students an opportunity
20 to access the doors of higher education. While we
21 know that it is not within the Department's
22 jurisdiction to increase appropriations for these
23 federal programs, we ask that you do whatever you
24 can to make college a reality for students across

1 the country, and not simply a dream.

2 We are eager to work with the Department,
3 and truly represent students from across the
4 country throughout the negotiated rulemaking
5 process and the table, as we have in the past. So,
6 look forward to our nominations, not only for
7 myself and the Vice President, but our Legislative
8 Director. And we hope through all the testimonies
9 for the Commission on the Future of Higher
10 Education, as well as these public hearings for the
11 Department, that you take these testimonials to
12 heart, because they are true stories of what is
13 going on in today's higher educational system.

14 Thank you for the time and the
15 opportunity, and we look forward to talking to you
16 again soon.

17 **DAVID BERGERON:** Thank you, Jennifer.

18 I would note, as I said earlier, we can't
19 change statute; full-time is a requirement of the
20 statute for Academic Competitiveness Grants and
21 National SMART Grants. We did make a change in the
22 final rule to address one of your issues related to
23 Pell recipients.

24 **DAVID BERGERON:** Jesse Fenner.

1 **JESSE C. FENNER:** Good afternoon.

2 **DAVID BERGERON:** Good afternoon.

3 **JESSE C. FENNER:** My name is Jesse Fenner,
4 and I am an alumnus of the Upward Bound Program
5 from the University of Chicago, and I am here today
6 to voice my support for Upward Bound, and to ask
7 that the Department ensure that its proposed
8 priorities take into account, reflect upon, three
9 things that I think make the Upward Bound Program
10 that I participated in a successful program.

11 Those three things are: establishing
12 trust, a partnership, and a safe haven. Many
13 Upward Bound participants or potential Upward Bound
14 participants have, at some point in their life--
15 they have been failed, either by schools that did
16 not adequately prepare them for high school and
17 college, by family that did not adequately support
18 them in their endeavors, or by their community that
19 failed to provide them with safe schools or safe
20 neighborhoods.

21 These things create barriers to reaching
22 out to students. I don't think that the Upward
23 Bound Program needs any more barriers. I would ask
24 that the Department make sure that its proposed

1 priorities give the Upward Bound Program the
2 flexibility not only to reach out to the students
3 who fall within the four corners of your proposed
4 priorities, but those students who come to Upward
5 Bound.

6 I was one of the students. I wasn't a
7 poor student, I was just poor. There were a lot of
8 factors pulling at me, and pulling at my family.
9 Among my brothers and sisters, there are six of us.
10 All of us were excellent students up through the
11 eighth grade, but three dropped out of high school,
12 two graduated from high school with no college, and
13 then myself. With partnership with Upward Bound, I
14 was able to go to Harvard University, and am now an
15 attorney today.

16 So I think that Upward Bound--in the
17 program that I participated in, it has to engage in
18 a trust-building process with the participants, and
19 it needs the flexibility to do that. I think,
20 because of that, that the students or the
21 participants who come to the program won't
22 necessarily fit in the four corners of the proposed
23 priorities, and I would ask for flexibility in
24 that.

1 The second thing is partnership. I was
2 able to achieve the things that I was able to
3 achieve in partnership with Upward Bound, and I
4 would ask that the proposed priorities enable all
5 participants, all students enrolled in Upward
6 Bound, to be full partners with Upward Bound in
7 mapping their educational achievement. I don't
8 know what I would have done if I were in a control
9 group. I don't think I would be standing here
10 today, but I would ask that the Department include
11 some flexibility that, if a student wants to be a
12 full partner with Upward Bound, that they are not
13 rejected, and that they are able to get the
14 resources that they request.

15 And the last thing, a safe haven. I know
16 my neighborhood was not safe. I spent as much time
17 as I could at Upward Bound and, at times, I brought
18 people with me who were there, and none of them got
19 rejected; none of them were asked what their grade
20 point average was, what their test scores were,
21 they were just provided with help. I would ask
22 that the Department, in its proposed priorities for
23 Upward Bound, ensure that the program remains
24 inclusive, that it is not restrictive or exclusive,

1 and that the students who come to seek help from
2 the program can actually get it.

3 Thank you.

4 **DAVID BERGERON:** Thank you.

5 **DAVID BERGERON:** Alys Cohen. How are you?

6 **ALYS COHEN:** I am great, and I am
7 impressed that you pronounced my name correctly.

8 **DAVID BERGERON:** It's been one of those
9 days that I have had good success and bad success
10 with pronouncing names, but thank you. You are our
11 last scheduled witness. There may be others that
12 may want to say something, but they are not on our
13 list.

14 **DAN MADZELAN:** So take your time.

15 **DAVID BERGERON:** Take your time. You have
16 half an hour.

17 **ALYS COHEN:** I am Alys Cohen. I am a
18 staff attorney at the National Consumer Law Center.

19 Twenty years ago, I was a member of NYPIRG
20 and USSA, so I would like to associate myself with
21 all those students who made wonderful remarks
22 today.

23 As a public interest lawyer, I will be
24 paying back my student debt until my three and

1 four-year-old are starting to enter college, and I
2 am the sister of a social worker.

3 But today, I am here on behalf of members
4 of the legal assistance community who represent
5 low-income students and borrowers. We support the
6 lawyers and the borrowers directly in their effort
7 to deal with their student loan problems, and we
8 get calls every week from lawyers, and not all
9 borrowers have lawyers, trying to parse through the
10 situations that their clients have. Most of the
11 time the answer is, "The regulations don't go far
12 enough for your client."

13 Let me talk about some of those regulatory
14 issues. We urge you to address the issue of
15 student loan repayment burdens in the negotiated
16 rulemaking. Debt has become a primary way that
17 Americans pay for college. Borrowers are
18 increasingly, through no fault of their own, faced
19 with payments that are simply unaffordable. It is
20 important for students to understand the importance
21 of fulfilling their obligations; however, these
22 obligations must be balanced against other
23 important interests, including encouraging access
24 to education and providing relief for vulnerable

1 borrowers and victims of fraud.

2 Unfortunately, the current federal
3 protections are poorly designed, and fail to
4 provide a functional safety net for student loan
5 borrowers. Fortunately, you have the legal
6 authority to improve their safety through the
7 upcoming rulemaking. We ask you to adopt the five-
8 point plan, about which you know very much, and we
9 especially ask you to give special consideration to
10 some additional recommendations that particularly
11 affect the lowest income borrowers.

12 Number one, we ask you to expand the
13 availability of income-contingent repayment plans
14 by offering these plans through rehabilitation, in
15 addition to consolidation, and by allowing
16 borrowers in default to reconsolidate defaulted,
17 Direct, and FFEL consolidation loans in order to
18 access the ICRP.

19 Number two, we ask you to strengthen the
20 safety net for the most vulnerable borrowers by
21 tying the definition of disability for purposes of
22 canceling loans to the standards set by the Social
23 Security Administration, by restoring the seven-
24 year grounds for discharging student loans in

1 bankruptcy, and by repealing the bankruptcy non-
2 dischargability provisions that apply to private
3 loans.

4 Number three, we ask you to develop and
5 support programs that can provide objective, in-
6 depth assistance to borrowers experiencing problems
7 with student loan debt.

8 Number four, improve monitoring of private
9 collection agency activity, and relieve other
10 collection burdens by only charging collection fees
11 that are bona fide and reasonable by re-imposing a
12 statute of limitations for student loan
13 collections, and by creating a rigorous training
14 program for collectors that includes regular
15 oversight and an accessible system to handle
16 borrower complaints.

17 And number five, since it is a companion
18 to the five-point plan, ensure that borrowers can
19 enforce their rights by creating an explicit
20 private right of action to enforce key provisions
21 of the Higher Education Act. As a former
22 government lawyer myself, I appreciate the power of
23 government enforcement, but there is nothing like a
24 private cause of action to get actors to do the

1 right thing.

2 One other thing that is not on here that I
3 would like to add. Right now, in Congress, they
4 are looking at FHA modernization. What they are
5 trying to do is make the FHA program for low-income
6 homeowners be relevant. The biggest challenge to
7 that is the abuse in the private loan market. As
8 the private loans expand in the student loan
9 market, I don't want to see the same thing happen
10 because of the heaviness, and the complexity, and
11 the limitations of the government student loan
12 programs.

13 On the subject of who participates in the
14 rulemaking, we nominate Deanne Loonin, staff
15 attorney with NCLC, and Bob Shireman, Executive
16 Director of the Project on Student Debt, to
17 represent legal aid organizations and their low-
18 income clients in the upcoming negotiated
19 rulemaking process. We appreciate the
20 consideration of our nomination.

21 When I was coming in here today, I came to
22 the first building with the little red school house
23 and it said, "Door closed. Try the next entrance."
24 And I came to the next door and it said, "Door

1 closed. Try the next entrance." I hope that we
2 won't have a lot of doors closed for those that are
3 trying to better themselves.

4 Thank you.

5 **DAVID BERGERON:** Thank you.

6 That is the last witness we have
7 scheduled. We will stay here for the next 25
8 minutes if there are other people who want to say
9 something.

10 But while there is no one here at the
11 microphone to do that, let me just say--I have said
12 my thanks to students at various times during the
13 day. As we have gone around the country, we have
14 been tremendously impressed by our students. They
15 have provided, in every case, something unique and
16 special associated with that particular student,
17 but also, they have spoken for their friends and
18 colleagues on the campuses, and we have appreciated
19 that. I appreciate everybody's patience who stayed
20 all day today, and there have been a number of you
21 listening with us as we have listened to testimony.

22 So, with that, we are just going to sit
23 here and hang out for the next 24 minutes, unless
24 there are others. If there are others that are

1 here that want to speak, they can do that.

2 **DAN MADZELAN:** We are considering this
3 open mike time.

4 [Open microphone from 3:38 to 4:00 p.m.]

5 [Whereupon, at 4:00 p.m., the hearing was
6 adjourned.]

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