



U.S. Department of Education (ED)
Office of Postsecondary Education (OPE)

Negotiated Rulemaking for Higher Education
2013

U.S. DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION
PUBLIC HEARING

THURSDAY
MAY 23, 2013

The Public Hearing convened in Cowles Auditorium in the Humphrey School of Public Affairs Building at the University of Minnesota, 301 Nineteenth Avenue South, Minneapolis, Minnesota, at 9:00 a.m., John Kolotos, Moderator, presiding.

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

2 (9:00 a.m.)

3 MS. MICELI: Good morning,
4 everyone.

5 (Chorus of good morning.)

6 MS. MICELI: Thank you. Good
7 morning. I am Julie Miceli. I am the Deputy
8 General Counsel at the U.S. Department of
9 Education and I want to welcome everybody to
10 Minneapolis and thank you for hosting us
11 here.

12 This is the second of four of our
13 public hearings and I am going to just
14 provide a little bit of context of what we
15 are looking to hear from the field about
16 today. And then we will go ahead and get
17 started with public hearing session.

18 In today's global economy, a
19 college is no longer a privilege for some but
20 rather a prerequisite for all. In the last
21 year, 60 percent of jobs went to those with
22 at least a bachelor's degree and 90 percent

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1 to those with at least some college.

2 Over the next decade, as many as
3 two-thirds of all new jobs will require
4 education beyond high school. This is why
5 the President's plan for a strong middle
6 class and a strong America calls for
7 expanding the available of postsecondary
8 education or training for everyone in
9 America.

10 Providing every American with a
11 quality education is not just a moral
12 imperative but an economic necessity. And we
13 want to make sure that all students,
14 regardless of income, race, or background
15 have the opportunity to cross that finish
16 line.

17 Today's hearing gives us an
18 opportunity to begin conversations with the
19 higher education community on rules that will
20 ensure that colleges and universities are
21 giving students a high quality education that
22 prepares them for the workforce and lifelong

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1 success. These hearings are meant to be
2 comprehensive and will include a discussion
3 of topics like state authorization for online
4 programs, issues surrounding institutions
5 management of federal student aid funds, and
6 how to define gainful employment.

7 This process builds upon previous
8 steps to develop regulations that protect
9 taxpayer funds and ensures that all students
10 are able to access and afford a quality
11 higher education. We know college is one of
12 the best investments anyone can make but we
13 want to make sure that students and taxpayers
14 are investing in programs that prepare
15 graduates with the skills and knowledge they
16 need to compete for high paying jobs.

17 The work of the people in this
18 room, all of you and the contributions and
19 feedback that we have received throughout the
20 last four years has raised our awareness
21 about the number of issues in this area and
22 we are interested in learning more through

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1 these conversations.

2 Last year, the Department held
3 discussions about rules that would be
4 designed to prevent fraud and abuse of Title
5 IV federal student aid, especially within the
6 context of current technology. In
7 particular, the Department announced its
8 intent to propose regulations to address the
9 use of debit cards for disbursing federal
10 student aid, as well as to improve and
11 streamline the campus-based federal student
12 aid programs.

13 As our interest in fraud and the
14 use of debit cards continues, we are also now
15 considering adding several other very
16 important topics to that regulatory agenda.
17 These include:

18 Cash management. The Department is
19 specifically interested in looking at that
20 regulation -- the regulations governing when
21 and how institutions disburse federal student
22 aid, how institutions invest and manage those

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1 funds, and other issues on this topic.

2 State authorization for distance
3 education programs. The Department had
4 previously regulated on this issue but a
5 court vacated those rule on procedural
6 grounds in 2011. With that regulation no
7 longer in place, the Department is interested
8 in ideas for how to address the requirement
9 that States authorize the institutions that
10 provide distance education to its residence
11 when an institution does not physically
12 locate in their State.

13 State authorization for foreign
14 locations in domestic institutions, that is
15 another. Similarly, the Department is
16 interested in ideas for how foreign locations
17 of domestic institutions should be treated
18 under the State authorization regulations,
19 since the current rules don't specifically
20 address foreign schools.

21 Clock to credit hour conversion.
22 Given concerns raised by institutions of

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1 higher education, the Department is
2 interested in whether regulations governing
3 the conversion of clock hours in a program to
4 credit hours should be reviewed.

5 Gainful employment. Last June, a
6 U.S. District Court vacated regulations
7 defining what it meant for a program to
8 provide gainful employment in a recognized
9 occupation but it affirmed the Department's
10 authority to regulate in this area. The
11 Department is now interested in public input
12 on other potential approaches to distinguish
13 between successful and unsuccessful
14 approaches -- programs that seek to prepare
15 students for gainful employment, thoughts on
16 what the best measures or thresholds should
17 be, and how to best construct an
18 accountability system.

19 Campus safety and security
20 reporting. The reauthorization of the
21 Violence Against Women Act made some changes
22 relating to the information institutions are

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1 required to collect and disclose as part of
2 the Clery Act. The Department is proposing
3 to develop regulations to implement these new
4 requirements.

5 Definition of adverse credit for
6 the Direct PLUS Loan program. The PLUS loan
7 program requires that applicants not have an
8 adverse credit history to receive a loan.
9 What constitutes adverse credit was defined
10 in regulations published in 1994, when credit
11 conditions and consumer markets were
12 different and loans were made through two
13 different programs. Since the conditions
14 have changed, the Department is interested in
15 comments on whether it would be appropriate
16 to modify the definition of adverse credit
17 and if so, what changes should be made.

18 Based on the comments gathered at
19 the hearings, the Department will draft a
20 list of topics to be considered by rulemaking
21 committees. It is likely that negotiations
22 will begin this fall and, prior to that, we

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1 will issue a *Federal Register* notice seeking
2 nominations for negotiators to serve on those
3 committees.

4 I thank you all for dedicating
5 your time and expertise to this very
6 important process. I look forward to hearing
7 your opinions on these very important topics
8 and appreciate your contributions.

9 With that, we will go ahead and
10 start the hearing.

11 MODERATOR KOLOTOS: Moriah Miles
12 and Shannon Glen.

13 MS. GLEN: Good morning. For the
14 record, my name is Shannon Glen and I am a
15 student at Anoka Ramsey Community College and
16 at Metropolitan State University. I serve as
17 the Vice President for the Minnesota State
18 College Student Association or MSCSA.

19 MSCSA represents more than
20 100,000 public tier community and technical
21 college students at 47 campuses across the
22 state. Thank you for the opportunity to

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1 share MSCSA's priorities on higher education
2 rulemaking.

3 MSCSA supports the efforts by the
4 United States Department of Education to
5 increase accountability in higher education
6 institutions and help students find
7 employment upon graduation. Minnesota public
8 college students pay the third highest
9 tuition and fees in the country. With the
10 skyrocketing cost of college, students need
11 greater access to state and federal financial
12 aid. Keeping Stafford Loan interest rates
13 low, increasing Pell grant funding,
14 maintaining support for other types of
15 federal aid and making changes to the
16 Preferred Lender Program will all serve to
17 help make college more affordable and
18 accessible.

19 Under the topic of cash
20 management, I would like to voice MSCSA's
21 support for making changes to the Preferred
22 Lender Program to help students gain access

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1 to information on state loans.

2 The preferred lender program,
3 part of the Higher Education Opportunity Act
4 of 2008 requires institutions to recommend
5 multiple nonfederal loans if they recommend
6 any such loans to students.

7 As you know, this initiative is
8 intended to prevent students from being
9 pressured into choosing one particular
10 private loan and to provide students with
11 several loan options. However, states that
12 offer their own student loan programs were
13 swept up in this change, including
14 Minnesota's State-run SELF Loan Program. As
15 a result, many Minnesota students are unaware
16 of the SELF Loan. The SELF Loan issued by
17 the Minnesota Office of Higher Education can
18 offer students a good alternative to private
19 loans, with interest rates below that of many
20 private lenders. Currently, institutions
21 that do not want to recommend private loan
22 options on financial aid award letters are

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1 also unable to recommend the SELF Loan.

2 In the 2011-2012 academic year,
3 14,124 SELF Loans were issued. During the
4 2007-2008 academic year, prior to the Higher
5 Education Opportunity Act of 2008, 28,302
6 SELF Loans were issued.

7 Prior to my involvement in MSCSA,
8 I, like many Minnesota students were unaware
9 of the SELF Loan program. Before starting my
10 journey at Anoka Ramsey Community College, I
11 was a student at the Aveda Institute here in
12 Minneapolis and only knew about private
13 student loans. Looking back, I wish I knew
14 about the SELF Loan program because it is a
15 better alternative to the majority of private
16 loans. With the lower interest rates on SELF
17 Loans compared to my private loans, I could
18 have saved thousands of dollars in interest
19 payments.

20 MSCSA supports changing the
21 preferred lender program under the proposed
22 cash management policies because it would

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1 help Minnesota students access more
2 information about their federal financial aid
3 options and, in turn, make better decisions
4 on financing their higher education.

5 In addition to preferred lender
6 requirements, our students share the growing
7 national concern around fees charged against
8 student aid when disbursed on debit cards.
9 In Minnesota, half of our two-year colleges
10 use Higher One, a for-profit company to
11 disburse millions in federal financial aid
12 dollars to students each year.
13 Unfortunately, students whose aid is linked
14 to Higher One may face unnecessary fees to
15 access this aid. Like many banks, Higher One
16 charges its account holders various fees for
17 use of the account. A primary way the
18 account holders accrue fees is when they
19 withdraw federal financial aid funds from a
20 foreign ATM. Higher One only has 26 ATMs to
21 serve tens of thousands of students across
22 the state. Nationally, the lack of available

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1 ATMs has led to long lines, out of order
2 machines, and students forced to use foreign
3 ATMs.

4 Here in Minnesota, we have had
5 several Higher One ATMs that were out of
6 money or inoperable when students needed to
7 access their funds at the beginning of the
8 semester. Without adequate Higher One ATM
9 access, our students lose critical aid to
10 these fees.

11 Our students would like to see
12 increased scrutiny on the ATM and fee
13 practices of third-party financial aid
14 disbursement companies.

15 Again, thank you for the
16 opportunity to address the higher education
17 rulemaking proposals. We appreciate the
18 Department of Education's efforts to ensure
19 colleges and universities are providing
20 students with the quality of education that
21 sufficiently prepares them for success in the
22 workforce.

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1 At this time, I will stand for
2 any questions.

3 MS. MILES: Hello. My name is
4 Moriah Miles. I am the State Chair of the
5 Minnesota State University Student
6 Association. We represent the 75,000
7 students that attend the seven state
8 universities, including Mankato, Moorhead,
9 Winona, Southwest State, Metropolitan State,
10 St. Cloud State and Bemidji State.

11 The first issue facing our
12 students we would like to address today is
13 under-regulated financial aid disbursement
14 financial institutions such as Higher One.
15 These financial aid institutions are getting
16 rich off taxpayer dollars that are intended
17 to help students. And through their unfair
18 fees, instead, end up in the pockets of
19 wealthy investors. The biggest firm in the
20 business is Higher One. It makes 80 percent
21 of its revenues by siphoning fees from
22 student aid disbursement cards totaling

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1 \$142.5 million of its \$176.3 million total
2 revenues in 2011, according to SEC filings.
3 These fees include ATM and other transaction
4 fees, overdraft fees, and interchange fees
5 imposed on merchants who accept cards. There
6 needs to be a serious discussion in this
7 process to ensure that students are not
8 continually taken advantage of in an emerging
9 market with very few consumer protection
10 regulations.

11 More and more bank regulators are
12 expressing the concern with this market and
13 the sector is growing quickly. Students need
14 protections quickly and this industry needs
15 rules before they become too entrenched. We
16 ask that this committee fast track to have
17 the card rules established in negotiations so
18 they are fully implemented by the 2014-15
19 school year. We believe a well-structured
20 debit card program can provide benefits to
21 students but many current programs provide
22 little to no choice while high fees on grants

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1 and loan money leave students in deeper debt.
2 These companies are continuing a long track
3 record of targeting colleges as gatekeepers
4 to access students to push banking products
5 that can greatly hurt our students. There
6 appears to be a gray area in current
7 regulations. While the intent is to provide
8 students free access to their aid, that is
9 not what is happening in most places.

10 There should be clarity now so
11 that the negotiations can focus on regulatory
12 review and not the uncertainty of language.
13 We ask that this committee consider issuing a
14 "Dear Colleague" letter before the start of
15 the 2013-14 year clarifying the rules. The
16 Department of Education could work to clarify
17 what convenient access to ATMs means and the
18 crackdown on aggressive and predatory
19 marketing by only allowing debit card
20 mailings to students who have affirmatively
21 opted into the service.

22 While schools obtain revenues in

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1 reducing costs by outsourcing certain
2 services, the relationship between schools
3 and financial aid institutions have raised
4 questions because students end up bearing the
5 cost most directly, including per swipe fees
6 of 50 cents, inactivity fees of \$10 or more
7 after six months, overdraft fees of up to
8 \$38, and plenty more. Other issues include
9 the effect of aggressive marketing strategies
10 by partnering companies on student choice and
11 weaker consumer protections on certain cards
12 that hold student financial aid funds.

13 Many of our students have faced
14 issues with these financial aid institutions
15 on our campus at Metropolitan State
16 University. We have heard stories of
17 students that were required to fax a form
18 containing personal information, including
19 their Social Security number, and go through
20 a process that delayed the disbursement for
21 weeks. These students were forced to go
22 through an unsecured process providing

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1 personal information in order to opt out of
2 the debit card disbursement process. Many
3 students received the debit card in the mail
4 with no prior notification and simply threw
5 the card away, incurring an additional fee
6 when trying to gain a new card. These are
7 just a few of the issues we have heard over
8 and over again.

9 Lastly, we support the basic
10 minimum standards for gainful employment.
11 Currently, for-profit colleges have 13
12 percent of the students but 47 percent of the
13 student loan defaults. Abuses by for-profit
14 colleges impair our efforts to help
15 Minnesotans receive high quality education.
16 We have limited resources for our state grant
17 program and the Pell Grant and we need to
18 ensure these investments are not squandered.

19 As I am sure you have heard and
20 will hear through these hearings, there are
21 numerous issues that need to be addressed.
22 Thank you for allowing us this opportunity to

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1 address the committee and we look forward to
2 partnering with you moving forward in this
3 process to ensure students and consumers are
4 protected.

5 Thank you.

6 MODERATOR KOLOTOS: Peter Graham.

7 (No response.)

8 MS. MICELI: Just as we're
9 waiting to call our next speaker, just for
10 anybody who has not signed up for a slot and
11 would like to speak, there are slots
12 available. We are keeping comments to ten
13 minutes and we will certainly let you know if
14 you are getting close to you time. But if
15 you do want to sign up, please just see Amy
16 here, who is up at the top with the laptop
17 and she can schedule you in.

18 MODERATOR KOLOTOS: Laura
19 Hoffman, if you want to speak now, we can.
20 Thank you.

21 I just want to remind everyone we
22 have a ten-minute limit on the testimony and

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1 I am on the clock. So, I will let you know
2 if you are running over. Thank you.

3 MS. HOFFMAN: Hi. For the
4 record, my name is Laura Hoffman. I am a
5 2013 graduate at the University of Minnesota
6 and a former member of the Minnesota Student
7 Association, which is our undergraduate
8 student body government here at the U. I am
9 speaking on behalf of current and former
10 students across the University of Minnesota
11 system and students across the country that
12 cannot be here today.

13 I am here today because I was
14 very lucky when it came to paying for
15 college. Because of scholarships I received
16 and, more importantly, the contributions of
17 my parents, I was able to avoid taking out
18 loans for my college education.
19 Unfortunately, I am the exception to the
20 rule. The reality is, total student debt in
21 the U.S. currently exceeds one trillion
22 dollars and average student debt is \$26,600

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1 in the United States and almost \$30,000 in
2 Minnesota. And although I have managed to
3 personally avoid my share of this debt, those
4 numbers still worry me immensely.

5 When I think of student debt
6 today, I think of those graduating seniors
7 whose families were unwilling or unable to
8 help them through school. I think of my
9 friend, Shane, who graduated on Sunday with
10 thousands of dollars in student debt and who
11 I haven't been out to dinner with in months
12 because his funds are so tight that he can't
13 take a night off work. I think of my friend,
14 Alexa, who graduated on Monday in a similar
15 situation. She has been working three jobs
16 since our sophomore year of school and, as
17 well as balancing the rigorous course load
18 required of a student of the Carlson School
19 of Management. And I think about the weight
20 that this debt places on students across the
21 country who have so many other things about
22 which to worry. As a recent grad, I am

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1 already under a huge amount of stress to find
2 a job in a struggling economy, especially in
3 a field that I enjoy and with a salary that
4 can pay my rent and other living expenses.
5 That is something that weighs on me daily and
6 I can't imagine what the pressure would be
7 like with \$30,000 extra dollars in debt
8 hanging over my head.

9 And here is the problem. You
10 know people are putting off getting married,
11 and buying a car, and buying a home because
12 of the debt and unemployment after they
13 graduate. Debt has skyrocketed because
14 tuition has skyrocketed. My father went to
15 the University of Minnesota back in the '60s
16 and he paid like \$500 a year to go to school
17 here. I think I paid like \$6,500 to go to
18 school this year. That is insane. Any
19 solution to fix the debt crisis really needs
20 to involve reducing tuition.

21 We have seen tuition double in
22 the last ten years at the University of

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1 Minnesota, while class sizes and
2 administrative and athletic expenses have
3 only increased. And the University here has
4 over six hundred million dollars in
5 unrestricted net assets, which is money that
6 is sitting in reserves and not being
7 dispensed to students as fellowships, or
8 grants, or scholarships that could be used to
9 be paying for quality instruction at a
10 growing university.

11 Some things that we are
12 advocating to fix these problems though are
13 first and foremost we need to ensure that
14 students are equitably represented throughout
15 the rulemaking process. We want 75 percent
16 of the members of the negotiated rulemaking
17 committee to be students. According to the
18 National Center for Education Statistics,
19 students make up 85 percent of the people at
20 institutions that receive Title IV funding
21 and the least we can ask is for fair
22 representation on a committee that is working

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1 on these regulations that will impact us all
2 so drastically.

3 As a recent University of
4 Minnesota grad, I am here to show the
5 Department that students are aware of these
6 policy initiatives affecting us and we know
7 that it is alright to be at the table to
8 direct those initiatives.

9 It is also vital that federal
10 funding for higher education is disbursed to
11 schools based on their track record of making
12 college affordable for students. Regulations
13 really must restrict and award federal
14 funding to higher education institutions,
15 based on their ability to turn school revenue
16 into affordable tuition and quality
17 instruction, keep average student debt and
18 loan rate defaults low, as well as help
19 students get jobs on graduation. Reporting
20 on finances and accounting is something that
21 benefits all stakeholders in higher
22 education, including the higher education

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1 institutions themselves. And if they expect
2 to get money from the national government,
3 they really should be able to provide these
4 resources to students and make sure that they
5 are using that money in a responsible manner.

6 Also, this year's broad coalition
7 of students introduced a bill in the
8 Minnesota Legislature called Opportunity
9 Minnesota. This will be further explained by
10 a testifier later in the day but we believe
11 that a mechanism similar to the one used in
12 the bill, which is student debt relief
13 through a refundable tax credit, could be
14 implemented in the Higher Education Act to
15 mitigate the student loan debt crisis and
16 regenerate the middle class in the country
17 once again.

18 So thank you so much for your
19 time in allowing us to speak here today about
20 these education issues -- finance issues
21 that are facing us all. I really appreciate
22 the opportunity. Thank you.

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1 MODERATOR KOLOTOS: We're running
2 a little ahead of time but if Michael Rosen
3 is available.

4 MR. ROSEN: Good morning. I'm
5 only available after an amazing cab ride we
6 got. I don't know.

7 In any case, my name is Michael
8 Rosen and I have been an economics professor
9 at Milwaukee Area Technical College for 26
10 years. MATC is one of the largest two-year
11 colleges in the nation with 50,000 students.
12 The majority are students of color,
13 economically and disadvantaged.

14 I am appearing before you today
15 to urge you to develop a strong gainful
16 employment rule to ensure that students who
17 attend college with noble academic and
18 employment aspirations are not left
19 unemployed or underemployed with huge debts
20 they have no possibility of paying back. I
21 have become an advocate for gainful
22 employment regulations, based on my own

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1 experience and that of literally dozens of
2 former for-profit college students I have
3 met.

4 Three years ago, I read an
5 article in Milwaukee's local paper about a
6 new technical college that was planning to
7 open a block and a half from MATC. That
8 piqued my interest because I wondered why
9 Everest College, which I never heard of,
10 would want to locate so close to the State's
11 largest public technical college. So I did
12 some research and was shocked to learn that
13 Everest, a subsidiary of Corinthian College
14 was mired in controversy over poor graduation
15 and job placement rates, that its credits
16 didn't transfer to most colleges and
17 universities, and that its students had
18 incredibly high student loan default rates.
19 I also learned that it was subject of several
20 lawsuits and investigations and it recently
21 settled with the State of California for
22 almost seven million dollars.

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1 I contacted the city council
2 person who represented the district Everest
3 wanted to locate in. She was equally
4 concerned and asked me to appear at a Board
5 of Zoning Appeals hearing on Corinthian's
6 request for a zoning change so they could
7 begin construction.

8 Upon hearing our concerns about
9 Everest's record, the Board held the decision
10 over for a full public hearing. Corinthian
11 representatives at that hearing threatened
12 that if they did not receive immediate
13 approval, the redevelopment deal would die.
14 That proved to be an idle threat but
15 representative of their corporate culture.

16 A hearing was finally called for
17 February 2010. Corinthian spared no expense,
18 hiring one of Milwaukee's most expensive public
19 relations firms and pressuring the Chamber of
20 Commerce to hold a public meeting to promote
21 their venture.

22 The public relations

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1 representative met with me twice and asked me
2 what Corinthian could do to get me to stop
3 opposing their project. Opposition to
4 Everest had grown, including the residence
5 council representing the housing project next
6 to Everest's desired location, the NAACP,
7 seven additional aldermen, the MATC District
8 Board, and a local Latino organization.

9 Nonetheless, the Board of Zoning
10 Appeals approved the project, which was
11 subsidized with eleven million dollars in
12 interest-free bonds. But the spotlight was
13 now on Everest.

14 Less than two years after it
15 opened, it quietly announced it was closing.
16 But because its opening had been so
17 controversial, the decision became big news.
18 Immediately, the local media learned that our
19 worst fears had been realized. As it had in
20 other cities, Everest enticed low-income
21 students with a promise that they would find
22 gainful employment after they completed their

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1 studies, encouraged and sometimes coerced
2 them to take out huge loans to pay for
3 programs that cost four times what they would
4 have paid at MATC, and had more students drop
5 out than graduate from their programs.

6 An article in the *Milwaukee*
7 *Journal Sentinel* documented the damage. More
8 than half of the 1,585 students who enrolled
9 since October 2010 when the school opened
10 dropped out. Everest placed only 95 students
11 by the end of July, less than six percent of
12 enrollees and 25 percent of its grads. By
13 comparison, according to Wisconsin Technical
14 College Systems Annual Graduate Follow-up
15 Report, 88 percent of the 2,011 graduates
16 from the technical colleges were employed
17 within six months of graduation, 71 percent
18 directly in their field of study.

19 At the time its closing became
20 public, Everest had only 300 students
21 enrolled. At the behest of the Education
22 Approval Board, a Wisconsin regulatory body,

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1 it agreed to pay the loans of the 827
2 dropouts, assuming that they can be located,
3 and those of any of the 300 students who
4 didn't make it to the end of March. That
5 debt at that time was estimated at 3.7
6 million dollars.

7 The Mayor sent a letter
8 requesting that Everest pay the loans of
9 those who had graduated and had not got jobs
10 but Everest would not agree. The school is
11 now closed and there are hundreds of former
12 Everest students who are left with broken
13 dreams, no jobs, and huge debts. One of them
14 is Michelle Reese, whose full testimony I
15 will supply to the committee electronically.
16 Her experience is like many others who have
17 been lured into attending for-profit colleges
18 by the promise of an accelerated academic
19 program that will lead to immediate and
20 gainful employment. She wrote, I graduated
21 with a 4.0 GPA and was an Everest Ambassador.
22 My credentials speak for themselves. I have

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1 had only three interviews for offices in my
2 field, all of which I found on my own with no
3 help from Everest. They promised me, based
4 on their advertising, a better life and that
5 they would place me in my desired field of
6 study. Everest was not the start of a better
7 life but more of the beginning of a long,
8 still unfinished nightmare, leaving me with a
9 ten to fifteen thousand dollar debt and no
10 new start.

11 Or Karen Kilpatrick, an Everest
12 grad. Everything they promised was a lie. I
13 could talk all day about how my decision to
14 go to this career college ruined my life but,
15 unfortunately, I don't have enough time in
16 the day because I am working two jobs as a
17 housekeeper and personal aide and have two
18 children to take care of. My intentions were
19 to give my children a better future by
20 bettering myself through education. Everest
21 ripped that dream away from me and is the
22 reason I am struggling with twelve thousand

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1 dollars in debt.

2 Or Antonia Fuentes. I enrolled
3 in the criminal justice program at Sanford-
4 Brown. My recruiter embellished on the
5 career outlook, promising a bright future
6 with a favorable career. From the salary
7 level of \$40,000 annually to the success
8 stories plastered all over the walls, it was
9 an advertisement strategy to recruit
10 vulnerable students to enroll in their bogus
11 programs. The credits I earned were non-
12 transferable to any four-year degree program.
13 I found myself stuck with close to \$30,000 in
14 loan that I may never be able to pay back.
15 It has been almost four years since I
16 graduated and I am without a job in my field.

17 And finally, one more, Kyla
18 Morrison. These are a selection of four from
19 fifteen that I have collected just when I
20 heard about this hearing. I was a good
21 student with good grades. When I finally had
22 an interview with Aurora Health Care, the

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1 lady confided in me that this school had a
2 bad reputation and no one wanted to hire
3 anyone from this school. I started talking
4 to other graduates and they, too, were having
5 the same issues. I went back to school where
6 they had people who were supposed to help you
7 find jobs. This, again, was no help. This
8 school was a total disappointment and I wasted
9 so much money on a school that got me
10 nowhere.

11 These are just a sample of the
12 testimony that I will submit but all of them
13 indicate that students, many of whom have no
14 experience with higher education, are lured
15 into enrolling in for-profit colleges by
16 aggressive and recruiting marketing
17 techniques, the promise of accelerated
18 classes and effective job placement services
19 and high-paying employment. I would submit
20 to you that this is a business model, yet
21 they wind up with their dreams destroyed,
22 credits that do not transfer, huge debts they

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1 cannot possibly pay back, and no gainful
2 employment.

3 The reason there are so many
4 dissatisfied students, multiple lawsuits, 32
5 State Attorney General investigations, is
6 that the business model is focused on
7 misleading and aggressive advertising and
8 recruitment paid for by procuring government
9 loans for students. In my conversation with
10 these students, to a person they said that
11 they chose to go to a career college because
12 they didn't want to waste their time taking
13 English and math courses. They were told
14 they could, in nine months, be graduated with
15 a degree that would get them a job so they
16 could get on with their lives.

17 Because for-profit colleges go as
18 profit not placement, their primary concern
19 is getting students signed up, not educating
20 them.

21 MS. MICELI: Sir, your time is
22 getting close.

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1 MR. ROSEN: Okay.

2 MS. MICELI: If you could just
3 wrap up your comments.

4 MR. ROSEN: Yes. Several of the
5 students I have spoken with were counseled to
6 forebear their loans, regardless of their
7 individual financial situation and despite
8 the fact that depending on the loan, interest
9 could continue to accrue in other repayment
10 plans. This practice, along with other
11 reports from for-profit schools, suggests a
12 strategy. I urge the Department also to
13 consider this possibility and other evasive
14 tactics in writing new gainful employment
15 regulations.

16 A gainful employment rule -- I am
17 ending right now -- that ensures that former
18 students attain meaningful education to
19 qualify them for jobs that pay back for them
20 -- that pay enough for them to pay back their
21 loans is very important. It is good for the
22 students and the taxpayers. Gainful

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1 employment regulations will help ensure that
2 the nation's Antonias, Karens, Kylas, and
3 Michelles, and millions like them who are
4 willing to juggle school, work, and family to
5 secure a better life for themselves and their
6 children will not be taken advantage of by
7 unscrupulous career colleges that provide
8 them with no career and no meaningful
9 education at all. Thank you.

10 MS. MICELI: Thank you.

11 MR. ROSEN: Do you want this
12 submitted in written form also?

13 MODERATOR KOLOTOS: We are
14 running five minutes early. So if Dan
15 Solomon wants to come to the microphone.

16 MR. SOLOMON: Hi, my name is Dan
17 Solomon and I work for United States Senator
18 Al Franken as his education person in the
19 State of Minnesota and I will keep my
20 comments very brief.

21 Basically, I just wanted to thank
22 you all on behalf of Senator Franken for

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1 coming to Minnesota. These field hearings
2 are important and we really appreciate you
3 and the Department taking the opportunity to
4 come out and meet with Minnesotans and get
5 their input and their feedback.

6 Senator Franken's office just
7 completed eight college affordability
8 resource nights across the state, where we
9 offered financial aid advice to parents and
10 students. And as you all know better than
11 anyone else, the issue of college
12 affordability is hugely important to our
13 state and our nation. And so on behalf of
14 Senator Franken, thank you so much for coming
15 and the Senator looks forward to continuing
16 to work with the Department as we try to meet
17 this critical need and address the crucial
18 issue of college affordability.

19 So, thank you.

20 MS. MICELI: Thank you. Thanks
21 for having us.

22 MODERATOR KOLOTOS: Todd Jones.

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1 MR. JONES: My name is C. Todd
2 Jones and I am President and General Counsel
3 of the Association of Independent Colleges
4 and Universities of Ohio. I am testifying
5 today on behalf of the organization.

6 AICUO represents 50 independent
7 non-profit colleges and universities in Ohio,
8 which educate over 130,000 students and award
9 degrees at the associate, baccalaureate,
10 masters, professional and doctoral levels.
11 Membership includes five institutions with
12 substantial online educational programs, and
13 numerous others that utilized online
14 programs. I am here today to testify on
15 three topics: the proposed state
16 authorization regulations, specifically; the
17 gainful employment regulations, specifically;
18 and third and most importantly the evaluative
19 standard used in the development of consensus
20 through the negotiated rulemaking process.

21 Before discussing these topics, I
22 will add one final matter for considering the

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1 context of my comments. I was also
2 designated by Secretary Duncan as a
3 negotiator in the 2009-2010 for the
4 independent college sector for then Proposed
5 Program Integrity Regulations. During the
6 Program Integrity Regulations, the Department
7 proposed regulations on state authorization
8 of higher ed programs, the final rules
9 unilaterally moved into content that was not
10 raised during the negotiations, and when the
11 Department's rules were challenged in federal
12 court, they were rejected as conflicting with
13 the negotiated rulemaking process.

14 The Department of Education is to
15 be commended for its efforts in this area,
16 regardless of the outcome of the federal
17 case. ED raised an important and timely
18 issue during the Program Integrity
19 negotiations: How do state regulations on
20 program authorization interrelate in an era
21 of cross-border online education?
22 Unfortunately, the Department's proposal this

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1 year to regulate yet again in this area is
2 premature and I recommend the Department
3 defer regulatory action. As the Department
4 is aware, currently the President's Forum,
5 the Council of State Governments Regional
6 Education Boards, APLU and SHIO, among
7 others, are developing the State
8 Authorization Reciprocity Agreement, SARA.
9 While there is still significant work ahead
10 for SARA, it represents two things: an
11 honest effort to forge a true consensus and a
12 process through which interested parties
13 participate with highly informed stakeholders
14 with deep knowledge of state laws and
15 practices.

16 The fixed timeframe of negotiated
17 rulemaking and the limitation of
18 participations that inherently must exclude
19 some stakeholders for the purposes of making
20 negotiations on other rules possible, makes
21 negotiated rulemaking less suited to a
22 complex issue like harmonization of over 50

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1 state regulatory regimes. However, the very
2 fact that the Department could still regulate
3 on any shortcomings of SARA if it came to
4 final agreement, means that the Department
5 would be best advised to withdraw its
6 announcement to regulate on State
7 authorization for distance education and let
8 the process run its course.

9 Gainful employment regulations
10 are another area on which the Department
11 attempted to regulate during the program
12 integrity sessions. I will only make two
13 modest recommendations on this matter.
14 First, the Department should seriously
15 consider the difficult questions it was
16 unable to answer during its initial foray on
17 gainful employment. What are the possible
18 unintended consequences of the proposal and
19 how does the Department respond to them?
20 Will the proposal encourage students to focus
21 primarily on short-term earnings increases,
22 that is the data available, and that is given

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1 emphasis by the U.S. Department of Education?
2 How could the Department ever hope to give
3 such data proper context?

4 Is a college, for example, that
5 produces significant numbers of teachers for
6 Appalachian students and Native American
7 reservations protected from inappropriate
8 scrutiny from ED for doing exactly the kinds
9 of public service jobs that are the basis of
10 the Administration's loan forgiveness
11 proposal? What will the Department do for
12 colleges that graduate significant numbers of
13 students that move out of state or
14 internationally? As senior staff will
15 remember from my dreary monologues during the
16 negotiated rulemaking three years ago, these
17 questions can go on and on.

18 Second and more importantly, is
19 there a less burdensome, less invasive, less
20 burdensome method of achieving the policy
21 goals sought by the Department? The purpose
22 of the regulation is to identify fraudulent

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1 institutions, ones that provide education
2 with Title IV funds where former students do
3 not obtain employment in the field advertised
4 by the institution at appropriate
5 compensation.

6 During the former negotiated
7 rulemaking session, I suggested other
8 significant indicators of non-employment,
9 namely, student default rates and complaint
10 rates. Having created the mechanism for
11 complaints at the state level, the latter
12 data are presumably available to the
13 Department. Default rates are also readily
14 available. The reality is the Department
15 lacks the fortitude to force closure of
16 institutions where default rates reach
17 unconscionable levels, like one-third of loan
18 recipients.

19 This Administration has been in
20 power over four years. I would like the
21 Department to report on how it is
22 aggressively investigating all institutions

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1 above some unreasonable default level.
2 However, as a former senior Department
3 official myself, the reason is as well known
4 to me as it is to today's Department
5 leadership: politics. The Department is
6 unprepared to use the obvious standard, so it
7 chooses to burden the entirety of higher
8 education because that is easier to execute
9 and more uniform in application. There is a
10 difference between balance and fairness and
11 the Department should allow itself to
12 regulate those institutions that are problems
13 and free those that are not.

14 Finally, I must mention the very
15 means by which the Department is seeking
16 change. I have a great deal of respect for
17 Secretary Duncan's efforts over the last four
18 years to help make college more affordable,
19 to protect the Pell Grant program and his
20 honest efforts to reduce fraud in federal
21 higher ed programs. Unfortunately, the means
22 used to date in negotiated rulemaking and

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1 elsewhere are greatly increasing the
2 likelihood that the policy changes he has
3 sought will be undermined or eliminated in
4 the future. The lesson of Secretary
5 Spelling's work with the creditors was lost
6 in administrative transition. Her unilateral
7 attempts to change the purposes of
8 accreditation led to direct congressional
9 rebuke.

10 In a similar manner, this
11 Administration is overriding the general
12 consensus on state authorization regulations
13 let it to go for broke, promulgating final
14 regs it wanted over a general consensus. As
15 a result, Congress acted and the federal
16 courts ultimately overturned the regulations.

17 It is worth noting -- it is worth
18 briefly cataloguing the unilateral imposition
19 of higher education policies by the
20 administration in the last four years, beyond
21 the examples I have cited. During the
22 Program Integrity session, the Department

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1 reversed an explicit unanimous consensus on
2 the definition of credit hour, with a
3 rationale that even the Administrator's
4 supporters are at pains to explain with
5 clarity to this day.

6 Other rules with essentially no
7 observable need outside the State of
8 California, like the State complaint
9 regulations, were also driven through
10 overwhelming consensus. During teacher
11 preparation sessions, the Department
12 explicitly stacked the panel with supporters
13 and yet when even these supporters were
14 unwilling to swallow what the Department
15 demanded, senior Department staff talked over
16 and refused to recognize for comment any
17 dissent. Clearly, if the regulations remain
18 in the same form once they leave the Office
19 of Management and Budget, they will remain
20 controversial.

21 In addition, the Department
22 conducted the single biggest rewrite of FERPA

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1 regulations in the law's history to suit the
2 Administration's priorities, taking no
3 significant advice from the public.

4 Finally, the Department
5 unilaterally changed a major evidentiary
6 standard for scrutinizing sexual assault
7 cases under Title IX in 2011. As the former
8 Assistant Secretary for Enforcement, I can
9 tell you that the move itself shocked me less
10 than the comments from General Counsel
11 outside Ohio with whom I have spoken. They
12 have told me they believe the new guidance is
13 actually decreasing the reporting of sexual
14 assault but they can't tell the Department
15 for fear of being targeted for investigation
16 by OCR. This is the information the
17 Department would have learned if it had
18 conducted it in an open process.

19 I raise all of these examples
20 because my great concern is that this
21 negotiated rulemaking session is going to
22 mirror the other unilateral policy processes

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1 conducted over the last four years. My
2 recommendation to the Department is that it
3 step back from imposing its current views
4 onto higher education and listen to a real
5 public consensus process. If it does not, it
6 will either be a replay of the late Clinton
7 administration where congress, democrats, and
8 republicans conducted an HEA reauthorization
9 with no input from the administration or it
10 will see a tidal wave reversal four or five
11 years hence with no deference to the legal
12 status quo because the Department and its
13 leadership refused similar deference to or
14 input from any stakeholders with which it
15 disagree.

16 Thank you for the opportunity to
17 speak with you today.

18 MODERATOR KOLOTOS: Brian Dailey-
19 Arndt.

20 MR. DAILEY-ARNDT: Good morning.
21 My name is Brian Dailey-Arndt. I am a
22 current student at the University of

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1 Minnesota and I am the Vice Chair on the
2 Board of Directors for MPIRG, the Minnesota
3 Public Interest Research Group, working with
4 the U.S. as well as the Minnesota Student
5 Association and the Minnesota Student
6 Legislative Coalition, to pass statewide
7 initiatives to address the student debt
8 crisis.

9 In addition, I am a leader with
10 Take Action Minnesota, a network of
11 grassroots power organizations spanning the
12 State of Minnesota. Take Action is an
13 affiliate of National People's Action,
14 through which students in Minnesota have been
15 working with and in alliance with students
16 from the IIRON Student Network out of
17 Illinois and Indiana to fix the student debt
18 crisis as well.

19 So I am speaking today on behalf
20 of students across the State of Minnesota,
21 across the University of Minnesota system and
22 across the country who cannot be here today.

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1 So I am here today because I
2 recognize that the United States is in the
3 midst of a crisis. Total student debt in the
4 United States exceeds one trillion dollars
5 and average student debt is \$26,600 across
6 the country. In Minnesota it is even worse,
7 rounding out at almost \$30,000. This is
8 affecting middle class, working class, and
9 poor families, pummeling them with
10 incapacitating debt and causing financial and
11 emotional devastation that, frankly, has not
12 been seen before in this country in this
13 form.

14 Students are putting off getting
15 married, buying a car, buying a home because
16 of debt and unemployment after they graduate.
17 The reduction of this economic activity,
18 which is what drives our economy, generates
19 capital, jobs, and quality of life for all
20 Americans is not relenting anytime soon. And
21 it is going to force our economy to stagnate
22 and to fall from the prosperity that it has

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1 achieved as students here today become the
2 leaders of this country tomorrow.

3 In addition, my generation will
4 be expected to finance through taxes, the
5 programs and services that our parents will
6 need as they enter retirement, as we take
7 their place as the workforce. Not since
8 World War II have young people been expected
9 to take on such responsibility for the future
10 of the nation, yet had so few resources and
11 so much opposition to fulfill that call.

12 I am here today because I want a
13 better life than what my parents had and I
14 see that that is at risk. What I want is the
15 American dream and what students today feel
16 is a birthright as citizens in this country,
17 we now see as a dream that is evaporating as
18 we speak. So I am here today to speak on
19 behalf of the students that are feeling the
20 real effects of the discussions that take
21 place in this room.

22 So presenting a few ways that we

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1 can address these problems. One, first and
2 foremost, is to ensure that students are
3 equitably represented throughout the
4 rulemaking process. Seventy-five percent of
5 the members of the negotiated rulemaking
6 community must be students. The National
7 Center for Education Statistics data shows
8 that students make up 85 percent of all the
9 people at institutions that receive Title IV
10 funding. So that seems equitable to the
11 students that are working on these issues.

12 Students are also aware of the
13 policy initiatives that are affecting us and
14 we know that it is our right to be at the
15 table to direct those initiatives, not just
16 tokenized at the table but collaborating and
17 in a partnership with other stakeholders in
18 this process.

19 The least we can ask for is fair
20 representation on a committee that is
21 establishing these regulations and that is
22 going to impact us dramatically, more than

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1 any other stakeholders, frankly, as this work
2 progresses.

3 The second point has to do with
4 administrative accountability and
5 transparency. Debt has skyrocketed because
6 tuition has skyrocketed. The average tuition
7 has doubled in the last decade across the
8 country. It has doubled here in Minnesota.
9 And so every solution that we present to fix
10 the debt crisis has to tackle tuition
11 affordability head-on.

12 So as we have seen tuition double
13 in Minnesota, we have seen parallel declines
14 in expenditures on instructional salaries and
15 increases in class size and administrative
16 costs and athletic expenses.

17 In addition, the University has
18 over six hundred million dollars in
19 unrestricted net assets. That is not an
20 uncommon thing, from what I am hearing,
21 especially in public universities across the
22 country. The University is sitting on

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1 reserves that are essentially not being
2 distributed to students as fellowships,
3 grants, or scholarships that are used to pay
4 for quality instruction at growing
5 universities. These kinds of problems need
6 to be addressed directly by regulations. So
7 it is vital that federal funding to higher
8 education be disbursed to schools, based on
9 their track record of making college
10 affordable for students.

11 So at least three things that we
12 can do to make sure that regulations are used
13 to restrict and award federal funding for
14 higher education institutions based on their
15 ability to turn school revenue into
16 affordable tuition and quality instruction,
17 to keep average student debt and loan default
18 rates low, and to help students get jobs upon
19 graduation. Those three basic things are the
20 ways that we are going to be able to mitigate
21 the suffering that our economy is going to
22 endure in the future.

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1 We have to set this kind of
2 precedent for administrative accountability
3 and transparency, simply as part of a 21st
4 Century education system in this country.
5 Adding another level of oversight at the
6 federal level making information available
7 for how schools are or are not going to every
8 effort to make college affordable must be
9 transparent and accessible for all students
10 and their families as they make decisions
11 about higher education.

12 Additionally, reporting on
13 finances and accounting is something that
14 benefits all stakeholders in this process and
15 can benefit the institutions themselves as
16 they can kind of prove their clout.

17 And as with any of these
18 regulations that are being discussed here
19 today, students need to be at the table to
20 discuss how those will play out and make sure
21 that they are implemented to benefit students
22 in the long run.

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1 Finally, I want to mention a
2 State policy initiative that MPIRG has been
3 working on a coalition with other
4 organizations. We introduced a bill in the
5 Minnesota legislature this year that relieves
6 student loan debt payments through a
7 refundable tax credit mechanism. It is
8 called Opportunity Minnesota. It is based on
9 a bill called Opportunity Maine that passed
10 in Maine in 2007. This is a really
11 innovative way to tackle the student debt
12 crisis and we believe that this is a sound
13 regulation that we can try to introduce at
14 some level at the federal level to tackle the
15 crisis head-on.

16 So the way it works is that
17 students who complete their entire
18 postsecondary degree at higher education in
19 Minnesota -- this is on the State level I am
20 talking about now -- they work here after
21 they graduate and they make their monthly
22 loan payments, reimbursed for the principle

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1 and interest that they paid on their loans up
2 to \$4,000 a year at the end of each year that
3 they qualify, based on those three things I
4 mentioned. And the amount that they can
5 receive is based on a series of income cut-
6 offs that we have established.

7 So we have gone through rigorous
8 economic analysis with the professor here at
9 the University, Elton Mykerezi. He is an
10 applied economist here at the University. He
11 indicates that because the refundable tax
12 credit mechanism incentivizes students to go
13 to college who would have otherwise been
14 priced out of going to school, the net fiscal
15 and social benefits of the program ensure
16 that it can become revenue neutral within ten
17 years. So, it is pretty incredible.

18 These benefits are accrued
19 through wage spillover effects, reduced
20 incarcerations, and reliance on social
21 programs, and a drastic increase in the tax
22 base.

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1 On a federal level, this
2 mechanism could relieve the burden of student
3 debt, while incentivizing more students who
4 go to college and for our work for sustaining
5 the United States. We could explain it from
6 a state level to a national level. Finally,
7 I mean this is just one example of how
8 students are pushing initiatives at every
9 level of our democracy to fix the student
10 debt crisis.

11 This negotiated rulemaking
12 process is yet another form in which we are
13 presenting innovative policy solutions. As a
14 constituency most directly affected by this
15 crisis and the provisions of the Higher
16 Education Act, the solutions that we are
17 presenting deserve equitable gravity in the
18 decision making process moving forward. We
19 are living in this crisis. We are the
20 workforce of tomorrow and we at least, at the
21 very least are looking for adequate
22 representation on the negotiated rulemaking

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1 committee to ensure that our interests are
2 justly served.

3 Thank you so much.

4 (Applause.)

5 MR. DAILEY-ARNDT: I have some
6 documents about the policy. I could leave
7 those with you.

8 MS. MICELI: Yes. Can you leave
9 them with me?

10 MR. DAILEY-ARNDT: Sure.

11 MS. MICELI: Thank you.

12 MR. DAILEY-ARNDT: Thank you.

13 MODERATOR KOLOTOS: Tricia
14 Grimes.

15 MS. GRIMES: Good morning and
16 welcome to Minnesota. I am Tricia Grimes. I
17 work for the Minnesota Office of Higher
18 Education, which is the state agency that
19 does one of the country's leading state grant
20 programs that complements the federal Pell
21 Grant program. We also regulate private
22 postsecondary education and provide policy

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1 analysis and information for the whole state.
2 We do not operate colleges and universities,
3 not even the public ones.

4 On the issue of state
5 authorization for distance education
6 programs, we do want to reinforce the idea
7 that it is important to ensure that
8 institutions are operating legally in all
9 states. Minnesota requires every school
10 enrolling Minnesota residents in online
11 courses or programs to register as a private
12 degree-granting institution pursuant to the
13 Minnesota Private and Out-of-State Public
14 Postsecondary Act, unless the school offers
15 the course for free or for a nominal charge.
16 This registration requirement provides
17 consumer protection to students who pay
18 tuition and consume student aid eligibility
19 with each term of enrollment.

20 Minnesota's requirements for
21 online schools are more stringent than many
22 other states. The explosion of online

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1 distance education, especially over the past
2 eight to ten years, has made the issue of
3 state authorization and approval more
4 critical than ever. Minnesota is one of the
5 leaders in the state approval process called
6 SARA that the testifier from Ohio recently
7 mentioned.

8 In an effort to balance the need
9 for consumer protection with the goal of
10 allowing postsecondary innovation Minnesota
11 adopted legislation regarding massive open
12 online courses or MOOCs in the legislative
13 session that ended earlier this week. The
14 legislation exempts institutions in online
15 course platforms offering free instruction
16 from regulation by the state higher education
17 agency, as long as fees associated with the
18 courses do not exceed two percent of the
19 undergraduate tuition charged for full-time
20 students at degree-granting institutions, as
21 published annually by the U.S. Department of
22 Education. That law is included in the

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1 attachments that we provided up there.

2 As you work to develop the state
3 authorization rule, it is imperative that you
4 include clear procedures for state regulatory
5 agencies like ours to notify the U.S.
6 Department of Education of possible illegal
7 operations by schools in their state and
8 provide a process for such claims to be
9 addressed.

10 Turning to the topic of gainful
11 employment, the increase in borrowing and the
12 difficulty in finding jobs in the current
13 economy have combined to change the meaning
14 of gainful employment from getting a job to
15 getting a job that pays well enough for
16 borrowers to repay their student loans. This
17 should apply to students attending all types
18 of postsecondary institutions, public,
19 private, for-profit, and not-for-profit.
20 Minnesota provides information on hourly
21 earnings by occupation in its iseek.org
22 website. We are, again, providing you with

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1 an example in the attachment of the
2 information on the earnings of police patrol
3 officers and their outlook for employment.
4 It gives an example of the kind of consumer
5 information that can help students.

6 The Minnesota Office of Higher
7 Education is also one of the partner agencies
8 in Minnesota's Statewide Longitudinal
9 Educational Data System, affectionately known
10 as SLEDS. The system tracks students from
11 preschool to K-12 and postsecondary education
12 into the workforce. The data system was
13 developed with federal stimulus funds and our
14 legislature recently enacted an appropriation
15 to continue it with state funds. The data
16 include information on public, not-for-
17 profit, and for-profit institutions for all
18 levels of postsecondary education from one-
19 year certificates to graduate degrees.

20 The SLEDS data system provides
21 information on employment and earnings that
22 can be tracked back to the students' type of

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1 postsecondary institution, major field of
2 study, and the industry in which they work
3 after leaving postsecondary education. While
4 information on earnings is helpful to
5 students, it is important to balance the
6 demand for data on employment outcomes by
7 institution with the burden of providing the
8 data.

9 The gainful employment the U.S.
10 Department of Education collected and
11 published in summer 2012 was time consuming
12 and expensive for institutions to provide.
13 Policymakers want postsecondary institutions
14 to minimize administrative expenses but, at
15 the same time, they demand more and more
16 outcome data, which increases those expenses.

17 If an institution is to be
18 evaluated according to the workforce outcomes
19 of its former students, which is an important
20 thing to evaluate them on, policymakers need
21 to remember that institutions do not control
22 a number of factors that affect employment.

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1 For example, institutions do not control the
2 unemployment rate and the number of companies
3 hiring in their region for any given
4 graduating class. They also do not control
5 student circumstances, such as injury, job
6 loss, sickness, divorce, and whether a
7 student has dependent children. Many of
8 these factors contribute to a lower
9 likelihood of completing a postsecondary
10 degree or certificate. In addition, demands
11 such as supporting a family and paying
12 medical bills can make it hard for borrowers
13 to repay student loans and, thus, affect an
14 institution's repayment ratio.

15 Another factor that is not in
16 control of the postsecondary institutions is
17 the federal borrowing limit. The federal
18 government increased borrowing limits for
19 undergraduates in 2008, resulting in
20 substantial increases in federal borrowing.
21 If institutions are to encourage responsible
22 borrowing, they should be given flexibility

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1 in limiting how much a student can borrow
2 based on their knowledge of what their
3 students are likely to earn.

4 And now turning to the PLUS Loan
5 program. The definition of adverse credit
6 needs to be evaluated in the context of the
7 PLUS Loan default rates. It is important to
8 analyze the effects on defaults of any
9 changes in the adverse credit definition.

10 The current credit standards used
11 for the PLUS Loan are similar to those used
12 by our Minnesota Student Education Loan Fund,
13 known as the SELF program. The SELF program
14 was described earlier a little bit by Moriah
15 Miles and Shannon Glen from the Community
16 College and State University Student
17 Associations here in Minnesota.

18 Aspects of the credit criteria
19 for our SELF program are less stringent than
20 PLUS Loans and yet the SELF program has
21 relatively low default rates. Gross SELF
22 default rates over the lifetime of the loans

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1 average five percent over a 20 year period.
2 One of the key differences is that the SELF
3 program permits people to borrow if they have
4 paid off liens, judgments, and collection
5 items. The filing of bankruptcy itself does
6 not prohibit someone from being a cosigner on
7 the SELF loan. If debts included in
8 bankruptcy are subsequently paid off, rather
9 than discharged, the person would be eligible
10 as a cosigner. The SELF program cosigner
11 credit requirements are also in the
12 attachment.

13 The PLUS Loan borrowing limits
14 may be a larger factor contributing to
15 defaults. The PLUS Loan allows borrowing up
16 to the cost of attendance without regard to
17 the parents' income and capacity to repay the
18 loan.

19 The Minnesota SELF Loan borrowing
20 is limited to \$10,000 annually for bachelor
21 and degree-granting institutions and \$7,500
22 annually for other institutions.

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1 The same disclosure requirements
2 should be applicable for PLUS Loans and non-
3 federal student loans so parents and students
4 can compare costs since, in many cases, state
5 loans are less expensive than the PLUS Loan.
6 For example, the SELF Loan variable interest
7 rate is currently 3.3 percent and the fixed
8 rate loan is 6.9 percent. And there are no
9 fees. In comparison, the PLUS Loan has a
10 fixed rate of 7.9 percent and up-front fees
11 of four percent. The overall cost of
12 repaying the PLUS Loan may not be apparent,
13 since the three disclosures required to
14 borrowers for state and private student loan
15 lenders are not required for the PLUS Loan.

16 The preferred lender requirement
17 adopted in 2008 severely restricts the
18 ability of families to compare loan options.
19 The result of the preferred lender
20 requirement is that many schools cannot talk
21 with families about lower cost alternatives,
22 such as state loans. Even though the cost of

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1 the PLUS loan may be greater than other state
2 and private loan programs, postsecondary
3 institutions are allowed to include plus
4 loans in student's financial aid award
5 packages with no restrictions. The
6 shortcomings of the preferred lender law
7 should be fixed. Minnesota, along with 15
8 other states is seeking changes to the law in
9 order to permit postsecondary institutions to
10 provide critical financing information about
11 state loan programs to students and families.

12 Thank you for the opportunity to
13 present testimony as you move ahead in the
14 federal process.

15 MODERATOR KOLOTOS: Bill Norwood.

16 MR. NORWOOD: Thanks. Good
17 morning. My name is Bill Norwood and I work
18 for a company called Heartland Payment
19 Systems. I am in their Campus Solutions
20 group and I function as chief architect. My
21 focus has been on, for many years, the higher
22 education products such as the Campus

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1 OneCard, Give Something Back Program for
2 charities, and specifically our financial aid
3 disbursement product called Acceluraid.

4 I am here today as a member of
5 the Heartland team and we appreciate the
6 opportunity you have given us to make this
7 presentation. And we will also be submitting
8 a written comment letter with the Department
9 as well.

10 Before getting started, I would
11 like to take a moment to introduce you to
12 Heartland Payment Systems. It is probably a
13 newcomer to many of you in the higher
14 education market. It is a publicly traded
15 corporation that opened its doors in 1997.
16 We provide financial transactions for over
17 250,000 merchants. We deal with about 90
18 billion in transactions a year. Heartland is
19 the fifth largest payment processor in the
20 U.S. and ninth in the world.

21 This translates to stability, a
22 company that will be around for the years to

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1 come. And it is also a significant economic
2 scale designed to save money on every
3 transaction and that is why we can do what we
4 do today with our Campus OneCard and other
5 products and solutions.

6 Heartland is committed to
7 transparency, fair dealings, and ethical
8 business practices. We believe that fees and
9 rates should be clearly disclosed so that
10 students can make an informed decision when
11 selecting their refund disbursement method.
12 We feel that it is essential to know the fees
13 you may pay with every transaction and with
14 every account.

15 I have been with Heartland for
16 the past seven years and prior I spent 35
17 years of my career working at Florida State
18 University in Tallahassee. I developed a
19 forerunner of the electronic transfer of
20 financial aid during that period, something
21 called the FSU card. It was a private label
22 ATM campus card built in '93-'94 era around

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1 the bank system which I had the pleasure of
2 presenting to the Department of Education and
3 asking for approval to use that product at
4 that period in time for dispensing financial
5 aid.

6 It seems only fair to be speaking
7 to the Department again almost 20 years later
8 referencing those justifications that I used
9 back then for developing the FSU Card program
10 20 years ago and the justifications today are
11 almost identical to what they were 20 years
12 ago.

13 These justifications usually have
14 five basic tenets. Make it simple and easier
15 for students to receive their aid, loans,
16 grants, scholarships or any other types of
17 refunds by giving them choice or selectivity
18 either ACH check, prepaid card, and today we
19 don't know what is coming next but we will
20 wait and see what that is.

21 Give students access to their
22 funds faster while complying with all of the

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1 associated regulations. And that has become
2 a bigger and bigger deal.

3 Eliminate the cost students
4 typically pay when using check-cashing
5 companies; and you do that by eliminating
6 checks. Reduce checks, eliminating all the
7 associated work which, on average according
8 to various studies, costs a campus, on
9 average today, \$5 each. So if you want to
10 know why campuses need to get rid of checks
11 or want to get rid of checks, understand the
12 work that goes on with those.

13 And also, the other beauty of
14 getting rid of checks is you eliminate the
15 lost and stolen check issues. And if none of
16 you have ever had the pleasure of working in
17 a bursar or cashier's office dealing with
18 those items, you will quickly understand why
19 that is a bad deal.

20 Twenty years ago, in order to use
21 a card for financial aid, that card had to be
22 tied to a brick and mortar bank to have

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1 access to account information. Today,
2 technology has moved past the brick and
3 mortar requirements, giving students access
4 to transactional and balance information
5 while walking down the street.

6 Look at the world students live
7 in today: Always in touch, communicating
8 constantly, using smartphones, the web,
9 tablets, mobile banking, text messaging and
10 other forms of social media. It is their
11 life every day.

12 While this change is taking
13 place, the Department of Education is setting
14 up guidelines to make sure that federal funds
15 are used as appropriate. Campuses are
16 following their guidelines. Students are
17 enrolled and attending class and graduate.

18 The U.S. PIRG Education Fund
19 Report titled "The Campus Debit Card Trap:
20 Are Bank Partnerships Fair to Students?" in
21 May 2012 raised a lot of questions and does a
22 good job of covering the basic operational

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1 aspects for reviewing a campus debit card
2 program and understanding what it is.

3 Regarding bank partnerships being
4 fair to students, campuses endorse many
5 things by simply allowing them to be on
6 campus. This includes food service,
7 operations, computer, bookstore, and much
8 more which a campus has typically contracted
9 out and they are endorsing them in the same
10 way as they are endorsing a branch bank on
11 campus, a campus card program, or financial
12 aid disbursement solution should also be
13 endorsed by the campus as well.

14 Look at what other government
15 agencies committed to removing paper checks,
16 such as the IRS, Social Security, and other
17 benefit programs have accomplished. They are
18 now using prepaid debit cards as an option to
19 replace all those checks, save the government
20 a lot of time and money, and deliver funds
21 faster to the individuals. And guess what?
22 The prepaid debit cards used in these

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1 programs have fees, reasonable fees paid by
2 the individuals that are acceptable to the
3 administration. The key words in here were
4 prepaid and acceptable.

5 Quick summary. Campuses today
6 basically follow one of four models and I
7 will run through those quickly for you when
8 handling financial aid disbursement and other
9 campus refunds.

10 Number one, campuses continue to
11 do what they have been doing for years,
12 issuing and mailing checks, handling return
13 mail and non-negotiated items, dealing with
14 lost/stolen checks, supporting ACH to
15 personal bank accounts, collecting and
16 maintaining personal bank information on
17 students.

18 Number two, company contracts
19 with the campus to handle their refund
20 disbursements where students can request a
21 check or transfer funds via ACH to their
22 personal bank account with all costs for the

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1 service being paid by the campus. The ACH
2 process requires students to submit their
3 personal financial account information, which
4 creates problems for the non-bank. The ACH
5 process typically has a one to two day delay
6 before funds are available.

7 Number three, campus partners
8 with a brick and mortar or internet bank,
9 giving students a branded debit card based on
10 a demand deposit account or something that is
11 referred to as a DDA. The bank typically has
12 fees associated with the DDA, offers checking
13 accounts and other services as well. Funds
14 are ACH to the bank, typically, again,
15 creating a one to two day delay before
16 students have access to those funds.
17 Students also have to provide PII
18 information, which creates issues for the
19 non-bank as well.

20 Number four, campus contracts for
21 a branded prepaid card that is simply
22 designed to be a disbursement refund card

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1 only and nothing more. It is not based on a
2 demand deposit account, not linked to or will
3 be linked to a checking or savings account,
4 has few and low fees, including no monthly
5 fee, no ACH fee, no POS fee, no cash back
6 fee, no transactional fee, no, no, no, no.
7 So basically, the fees that it does have
8 associated with it are associated are related
9 to use of an ATM out of networks.

10 Funds are typically available
11 within minutes to students from receipt of
12 funding from the campus.

13 The U.S. PIRG Report stated that
14 prepaid cards offered little or no consumer
15 protection, which is also not true in this
16 case. Heartland's Discover-branded prepaid
17 card has FDIC insurance, zero liability from
18 fraud, no PII requirements, no reporting to
19 credit agencies, and no overdrafts.

20 The program further helps
21 students manage their finances by giving them
22 access to view transaction history, receipt

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1 notification, real-time with deposits and
2 transactions, plus used a geographical spend
3 analyzer tool to see where they spent their
4 money. And our knowledge as far as fees are
5 concerned with this particular program, it
6 has the lowest fee structure of anyone
7 compared.

8 This program also includes live
9 customer support 24/7, seven days a week, 365
10 days a year.

11 Considering the benefits shown
12 above when using a branded prepaid card, it
13 is easy to understand why many college
14 students find a branded prepaid card to be an
15 attractive alternative to the traditional
16 checking account. A recent survey of
17 campuses using this program showed that 92
18 percent are likely to recommend using this
19 Discover-branded prepaid card to a friend, as
20 opposed to receiving a check from the
21 college. Ninety percent, when calling our
22 customer service at Heartland rated their

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1 wait time for a representative as very short
2 or short. Ninety-four percent said the
3 customer service center representative fully
4 or mostly resolved their issue. Eighty-one
5 percent said the customer service
6 representative was very knowledgeable.

7 And another example of the
8 service provided to students at a large
9 school through our call center handled 11,300
10 calls in January alone, handled another 9,600
11 in February, and the number goes up and down,
12 depending on disbursement of funds. All of
13 those calls are calls that would have gone to
14 a campus but, instead, came into the call
15 center to be handled and managed.

16 Under negotiated rulemaking, it
17 should be apparent, going through the
18 information above, that many of the issues
19 raised in negotiated rulemaking don't apply
20 to all of these programs. It is apparent
21 that branded prepaid cards are as defined in
22 the program above are not opening financial

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1 accounts, not collecting PII information on
2 students, not used to sell any other bank
3 services at any time, not passed to third
4 parties, and are as protected and secure as a
5 personal bank account.

6 MS. MICELI: Sir, your time is
7 almost up, if you could just wrap up.

8 MR. NORWOOD: How long?

9 MS. MICELI: I think we are out
10 of time.

11 MR. NORWOOD: I'm done? Out of
12 time? Okay.

13 MS. MICELI: But you can go ahead
14 and wrap up.

15 MR. NORWOOD: Okay, all right.

16 The regulations propagated by the
17 Department of Education for the express
18 purpose for Title IV funds do not address the
19 changes that have occurred in this technology
20 in the past five years, as it relates to
21 branded cards. Rules should allow these
22 cards to act the same as a check. If never

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1 accepted by the student, then they should be
2 considered the same as a non-negotiated
3 check. And the worst rule in the world is if
4 you can't get in touch with a student, you
5 don't know their address, they don't
6 communicate with you, just drop a check in
7 the mail. And that is the process we deal
8 with today and schools have to live with
9 that. Thank you.

10 MS. MICELI: Thank you.

11 MODERATOR KOLOTOS: Thank you and
12 I have to say that I do remember those
13 conversations 20 years ago with Florida State
14 University.

15 MS. MICELI: I do not.

16 (Laughter.)

17 MODERATOR KOLOTOS: Jeanne
18 Herrmann.

19 MS. HERRMANN: Good morning. My
20 name is Jeanne Herrmann and I am the Chief
21 Operating Officer for Globe University of
22 Minnesota School of Business. Thank you for

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1 the opportunity to offer comments relative to
2 the Department's planned negotiated
3 rulemaking.

4 Globe MSB is a veteran of the
5 career college community. Minnesota School
6 of Business was founded in 1877 and Globe
7 College started in 1885 in downtown St. Paul.
8 Today, these two institutions are part of a
9 family-owned educational business led by the
10 Myhre family with 12 campuses in Minnesota,
11 seven in Wisconsin, and one in South Dakota,
12 and currently serve over 8,000 students.

13 As we have grown, we have
14 maintained our fundamental mission of
15 providing student-centered and career focused
16 education. Our national accreditation
17 accountability reports review the outcomes of
18 our interaction of students and challenge us
19 to continue improvement while requiring our
20 institutions to meet benchmarks.

21 To ensure our students are
22 acquiring essential knowledge, skills, and

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1 abilities to be successful in their chosen
2 career fields, every program has learning
3 outcomes specific to the career path. The
4 learning outcomes are assessed in courses
5 throughout the program, using a variety of
6 assessment tools.

7 As part of our campus focus, we
8 have steadily increased our involvement in
9 our local communities. Most of our graduates
10 find employment in the communities
11 surrounding the campus. It is an essential
12 part of our commitment to our students to
13 help them build those relationships in the
14 community that will ultimately support their
15 search for employment. We have close,
16 established relationships with employers to
17 help design our curriculum and to make sure
18 that it is current.

19 Our Program Advisory Committees,
20 PACs ensure that our curriculum meet employer
21 industry standards and needs. Each campus
22 maintains a PAC with appropriate membership

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1 for every program offered at that campus.
2 Currently, 1,428 employers or practitioners
3 serve as active members of our PACs.

4 Through applied learning, our
5 students become engaged, ethical, and
6 responsible citizens of their communities.
7 Students apply their learning to real world
8 situations which benefit them and our
9 community partners, including employers, the
10 government and non-profit organizations. In
11 2012, our students partnered with industry,
12 to complete nearly 2,200 projects to meet
13 applied learning course requirements.

14 Globe University/Minnesota School
15 of Business support the Department's effort
16 to ensure the integrity of the federal
17 student aid programs by strengthening the
18 accountability of participating institutions.

19 The Department of Education also
20 has, as a primary responsibility, to ensure
21 access and choice for students. Increasing
22 access to postsecondary education is one of

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1 the Administration's key goals. Our comments
2 urge the Department to consider how its
3 regulatory proposals may work against these
4 goals by imposing complex, burdensome, or
5 confusing new requirements on the
6 institutions.

7 We echo the Association of
8 Private Sector Colleges and Universities in
9 encouraging the Department to postpone
10 convening new negotiated rulemaking sessions,
11 particularly for controversial topics in
12 areas likely to be impacted by
13 reauthorization. It is our hope that the
14 Department and the Congress will work out
15 complimentary schedules for both
16 reauthorization and the regulations to
17 implement the Higher Education Act.

18 Having said that, I would like to
19 offer comments for the Department's
20 consideration on gainful employment, state
21 authorization and the Department's negotiated
22 rulemaking process.

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1 With respect to gainful
2 employment, I will focus on three main
3 points. First, private sector colleges and
4 universities are committed to providing a
5 quality education, just as their counterparts
6 in traditional education, and to observing
7 both the letter and the spirit of the myriad
8 of laws that govern them. Globe is one,
9 among many private sector colleges and
10 universities that bring great value to
11 students, employers and communities.
12 Accordingly, any reconstituted gainful
13 employment regulation should be applied
14 uniformly across all sectors of higher ed.

15 Secondly, we support the
16 President's objective of regaining the
17 nation's premiere rank in proportion of
18 citizens with at least one year of
19 postsecondary education by 20/20. Adding a
20 gainful employment metric as a condition of
21 Title IV eligibility will actually work
22 against this objective by restricting choice

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1 and access.

2 Moreover, if such a metric is
3 intended to solve the problems of student
4 debt load, quality of programs or directing
5 students to programs that will prepare them
6 for highest demand occupations, it fails in
7 being the best route to all three of these
8 objectives.

9 If the goal is controlling
10 student loan indebtedness, a better approach
11 would be to permit institutions to limit the
12 amount of loan funds a student may borrow to
13 that which is needed to pay for the student's
14 educational charges, such as tuition fees.

15 We urge the Department to seek
16 and support legislative solutions that would
17 permit these new approaches, instead of
18 reconstituting gainful employment metrics
19 that were part of the 2011 final rule.

20 We also urge the Department to be
21 mindful of unintended consequences of
22 precluding students like Globe students who

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1 are working parents, young adults, military
2 personnel, veterans, career changes, and
3 other non-traditional students, those who
4 need training the most from receiving the
5 education they want and need. Why would the
6 Department pursue metrics with such a
7 significant impact on student choice at a
8 time when the gap in the economic well-being
9 between rich and poor is increasing and
10 education is that one path to bridge that
11 gap?

12 Third, the Department should
13 engage the higher education community in more
14 common sense solutions for holding
15 institutions accountable for positive
16 outcomes. If, for example, the objective is
17 consumer protection, transparency through
18 enhanced disclosure of key relevant
19 information to consumers as required already
20 in current regulation is far more effective
21 in assisting students in choosing career
22 focus programs than the application of a

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1 complex metric.

2 If student debt loads are the
3 concern, the financial aid officer should be
4 given the discretion to limit federally
5 guaranteed loans borrowed when the amount
6 borrowed exceeds educational costs, as it
7 does all too often. If better tests for
8 quality are concerned, achievement outcomes
9 such as placement and graduation rates are
10 better measures of value and quality of
11 education for students than debt load or
12 repayment rates.

13 Globe University and Minnesota
14 School of Business are accredited by the
15 Accrediting Council for Independent Colleges
16 and Schools, ACICS, a national accrediting
17 body recognized by both the Department and
18 the Council for Higher Education
19 Accreditation. Schools accredited by ACICS
20 are required to meet and maintain high
21 standards for faculty qualifications, student
22 retention, and student placement. The

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1 required ACICS reports also include audited
2 annual financial statements to verify that
3 adequate fiscal resources back our programs
4 and student support services. In addition,
5 many of our programs are programmatically
6 accredited by specialized accrediting bodies,
7 such as the Commission on Collegiate Nursing
8 Education or CCNE.

9 In addition to accrediting body
10 oversight, our schools are subject to a
11 variety of other Title IV regulations,
12 including required minimum cohort default
13 rates as well as state oversight. We take
14 compliance with a federal state accrediting
15 body triad of regulation very seriously and
16 compliance best practices are a part of our
17 culture at Globe.

18 We support reasonable fact-based
19 regulation focused on improving outcomes for
20 students. We believe that there are steps
21 that can be taken to protect and inform
22 consumers and taxpayers. For instance,

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1 educational outcomes, retention, and
2 placement that are direct measures of quality
3 are already in regulation and benefit all of
4 higher education where they are implemented
5 widely.

6 In respect to state
7 authorization, Globe University/Minnesota
8 School of Business appreciates the
9 Department's interest in ensuring the
10 postsecondary institutions that are
11 participating in federal student aid programs
12 operate with integrity and meet their
13 obligations to the programs and to students.
14 We have supported the spirit of the
15 Department's goal in proposing regulations to
16 require state authorization to ensure the
17 monitoring enforcement mechanism of state
18 statutes, rules, and regulations, and
19 protection of students and consumers. That
20 said, we remain concerned that the
21 regulations on state authorization, as they
22 are currently written intrude on state law,

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1 alter traditional relationships among the
2 triad partners, and actually work against the
3 Department's data goal of increasing access
4 to higher education, especially for adult
5 learners and traditionally underserved
6 student populations.

7 Accordingly, we believe the
8 Department should rescind the regulation or
9 limit its scope to institutions with physical
10 presence within the state, as defined in
11 state statute or regulation. The states are
12 in the best position to understand what is
13 needed to protect students, without
14 additional layers of burdensome regulations.
15 The regulations disrupt what have been
16 strong, collegial and successful working
17 partnerships.

18 It is our concern that students
19 currently enrolled in legitimate, legally
20 authorized institutions may be left in a no-
21 man's land, if the state does not pass new
22 required legislation. The consequences for

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1 institution and students within states that
2 do not comply with the state authorization
3 regulations are extremely grave. We
4 appreciate the Department's decision to delay
5 the implementation of the regulation but
6 believe that it is imperative that the
7 Department issue guidance as to which states
8 have been determined to be in compliance with
9 the regulation up to this point.

10 Many states and organizations are
11 considering the best ways to approach the
12 state authorization issue. We have heard
13 about them earlier today, including the
14 voluntary system of state reciprocity being
15 recommended by the Commission on the
16 Regulation of Postsecondary Distance
17 Education. More time is needed for this work
18 to be completed.

19 We propose that the Department of
20 Education and various other stakeholders
21 engage in a dialogue with all states to
22 develop appropriate legislation and

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1 administrative rules that protect students
2 and consumers while respecting the right of
3 each state to protect its citizens as it sees
4 fit.

5 And finally, if negotiated
6 rulemaking progresses beyond the field
7 hearings, we would strongly urge the
8 Department to implement the recommendations
9 from the Office of Inspector General Final
10 Audit Report dated June 2012 and to improve
11 the rulemaking process by creating more teams
12 with a smaller, more manageable number of
13 agenda items.

14 Globe University/Minnesota School
15 of Business appreciates the opportunity to
16 provide comments on the Department's proposed
17 regulations.

18 MS. MICELI: Thank you.

19 MODERATOR KOLOTOS: We are going
20 to take a short break at this time. We will
21 reconvene at 10:40. Thank you.

22 (Whereupon, the foregoing hearing

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1 went off the record at 10:27 a.m. and went
2 back on the record at 10:40 a.m.)

3 MODERATOR KOLOTOS: Caroline
4 Palmer.

5 MS. MICELI: If everyone could
6 just please take your seat, we are going to
7 get started. Thank you.

8 MR. SILVER: Good morning. My
9 name is Caroline Palmer and I am the staff
10 attorney at the Minnesota Coalition Against
11 Sexual Assault. Thank you for the
12 opportunity to submit comments today. And I
13 am just going to use my time to talk about
14 the implementation of the new Violence
15 Against Women Act requirements for campuses
16 and this is otherwise known as VAWA.

17 MNCASA is a non-profit
18 organization located in St. Paul and we
19 represent over 70 sexual assault victim
20 service programs statewide. Some of these
21 organizations are located on college or
22 university campuses or collaborate with local

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1 campuses to prevent sexual violence and
2 address sexual assault victim needs.

3 MNCASA also focuses activities in
4 the areas of technical assistance, training,
5 resource development, prevention, and public
6 policy advocacy, as well as the promotion of
7 the multidisciplinary Sexual Assault Response
8 Team approach. This is sometimes known as a
9 SART and this is administered through our
10 Sexual Violence Justice Institute or SVJI.

11 In fact, MNCASA actually receives
12 federal funding from the Office on Violence
13 Against Women to provide technical assistance
14 to SARTs across the country. Many of these
15 SARTs are located on college campuses or
16 include campuses in their protocol
17 development and community response to sexual
18 violence.

19 MNCASA currently advises directly
20 12 SARTs in Minnesota and all but two have at
21 least one college campus in their service
22 areas. One example of a recent success story

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1 is in Ramsey County, where a SART has been
2 actively engaged in ongoing training, in
3 communications with the many public and
4 private colleges and universities in the
5 area.

6 The primary comments I am
7 planning to provide today are based on some
8 of our experiences supporting collaborations
9 between SARTs and campuses, with a specific
10 focus on the nexus between the campus process
11 and the criminal justice response to sexual
12 assault.

13 There is a tremendous need for
14 communication between these two responsive
15 functions but there are also many different
16 tensions at play. These include different
17 timeframes for investigations, different
18 burdens of proof, different potential short
19 and long-term outcomes for both the victim
20 and the offender, and concerns about how the
21 different investigative and adjudicatory
22 processes could influence one another. With

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1 members of the criminal justice system
2 expressing particular concern because of a
3 finding of no responsibility by a campus
4 investigation could be used as a defense in a
5 criminal prosecution.

6 Further, these two investigatory
7 and adjudicative functions have different
8 goals. The campus is determining whether
9 there has been a violation of campus policy,
10 while the criminal justice system is
11 determining whether there has been a
12 violation of the law.

13 And the punishments are also
14 different. A finding of responsibility for a
15 campus related sexual assault could lead to
16 an expulsion at worst, while a criminal
17 conviction can lead to jail or prison time,
18 probation, potentially sex offender
19 registration, and the collateral consequences
20 on education, employment, housing, and other
21 issues that accompany such an outcome.

22 SARTs report varying degrees of

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1 success working with campuses. In some
2 cases, there is a close collaboration in the
3 development of protocol and sometimes there
4 is an arms-length interaction or no
5 interaction at all. It is unfortunate when
6 the latter scenario occurs because the
7 members of a SART are often the best resource
8 of training and support for a college campus.
9 A SART has representatives from law
10 enforcement, advocacy, prosecution, medical,
11 social services, and other professional
12 bodies. All of these professionals have the
13 knowledge base to train campus personnel
14 responsible for carrying out the new VAWA
15 regulations that are also known as the Campus
16 SAFE Act.

17 And these are all the local
18 professionals campus officials need to be
19 familiar with, in the event a sexual assault
20 on campus becomes the subject of a criminal
21 prosecution or requires medical attention
22 including forensic exams, or even additional

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1 confidential support from an independent
2 advocacy program.

3 So what can be done to help each
4 entity, the SART, and the campus see one
5 another as an ally and not an enemy, or at
6 least some sort of barrier. There is really
7 no need for an adversarial relationship.
8 Both entities are trying to get at offender
9 accountability and justice for victims. Here
10 is one idea.

11 Because annual training for
12 anyone involved in the response procedure
13 will be required under VAWA, the new VAWA
14 campus regulations could promote
15 collaboration with local SARTs if they exist
16 in the campus jurisdiction, not only as a
17 means of identifying possible trainers, but
18 also as a way to further the skills of the
19 campus officials tasked with investigating
20 and adjudicating sexual assault allegations.

21 Annual training is certainly an
22 important new requirement through VAWA but

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1 ongoing conversation about the issue with the
2 professionals in the community who are
3 interested in promoting safety on campus and
4 in the areas surrounding the campus where
5 students live and work will only serve to
6 enhance the abilities of the campus
7 professionals to respond when the need
8 arises.

9 Hopefully, the regulations can
10 emphasize the significance of the SART
11 approach to creating a coherent response
12 protocol across disciplines as well as the
13 ways they can benefit the campus. When
14 appropriate, there could be a requirement of
15 participation in a local SART, if one exists,
16 or at least some level of communication as
17 needed.

18 I would also like to mention
19 briefly three other areas of consideration.
20 First, it is my understanding that campuses
21 will be required under the new VAWA
22 regulations to create policy statements about

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1 victim rights and institutional
2 responsibilities around protective orders
3 issues by criminal, civil, or tribal courts.
4 It has been the experience of some of our
5 local advocates that sometimes judges are
6 reluctant to issue order that would keep a
7 student identified as a perpetrator out of
8 campus housing or out of a class. But at the
9 same time, the campus investigative process
10 has up to 60 days and some level of
11 protection may be needed in the meantime.
12 Sometimes judges see these matters as
13 something the schools just need to resolve.

14 The regulations should urge
15 campuses to coordinate with the courts and
16 legal services providers in their
17 jurisdictions to ensure that there is an
18 understanding of how and when protective
19 orders are issued. A campus has no legal
20 authority and can levy no consequences for
21 violations beyond expulsion. So, the
22 adherence to protective orders is really

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1 important and these are necessary safety
2 mechanisms that must be provided to students
3 who need them.

4 Again, SARTs can be helpful in
5 facilitating these local conversations and
6 can address these issues and protocols so the
7 regulations could further promote this type
8 of collaboration.

9 Next, I would like to address the
10 issue of confidentiality. A student cannot
11 always be assured of confidentiality when he
12 or she reports a sexual assault to someone
13 who represents the university. Therefore, it
14 is important that students are aware of local
15 off-campus resources where confidential
16 resources are available. A campus that does
17 not have the appropriate level of specialized
18 counseling for student victims of sexual
19 assault should create a partnership with a
20 local advocacy services provider, so that
21 service is available. In short, a college or
22 university has an obligation to ensure that

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1 some level of professional help is available
2 either on the campus or within a short
3 distance or by at least a 24-hour crisis line
4 and those services should be confidential.

5 And finally, please consider the
6 role of the state sexual assault coalition in
7 helping campuses to meet their goals. MNCASA
8 would like to suggest a program that supports
9 opportunities for state coalitions to bring
10 together campus representatives, to learn
11 about best practices and network with one
12 another perhaps on an annual or a biannual
13 basis.

14 So thank you very much for your
15 attention and I am happy to answer any
16 questions. MNCASA is certainly happy to
17 serve as a resource. Thank you.

18 MODERATOR KOLOTOS: A. Kate
19 Bothun.

20 MS. BOTHUN: Good afternoon. My
21 name is A. Kate Bothun and I briefly wanted
22 to take a moment to mention why I decided to

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1 present comments today.

2 I recently graduated from law
3 school and during my time as a law student, I
4 spent my time focusing on social justice
5 issues, particularly that of the impact of
6 sexual violence on women. Therefore, my
7 comments today will focus solely on issues
8 that the Department of Education should
9 consider when approaching regulations for
10 Section 485(f) of the Higher Education Act
11 that was just recently amended by VAWA.

12 In doing so, the regulations
13 should directly address two issues, the
14 training of college and university officials
15 when conducting institutional proceedings and
16 also the written explanation of a victim's
17 rights and options.

18 Beginning with training for
19 college and university officials under
20 subparagraph B of Section 304(a)(8) of VAWA,
21 officials who conduct these institutional
22 proceedings must receive annual training on

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1 domestic violence, stalking, sexual assault,
2 and also dating violence on how to not only
3 conduct the process but to do so in a manner
4 that protects the victim.

5 So in consideration of the
6 regulations, the consideration should be what
7 should qualify as adequate training on these
8 issues. For instance, the regulations could
9 articulate minimum criteria to be including
10 the training. The rationale behind doing so
11 is that the content of the training received
12 will significantly impact not only how
13 officials respond to a report of domestic
14 violence, dating violence, sexual assault or
15 stalking, but also helps to ensure the
16 victim's safety in the investigation and
17 hearing process.

18 Next, a written explanation of a
19 victim's rights and options is required under
20 Section 304(a)(8)(C). Essentially, the
21 written explanation summarizes information
22 that must be included in an institutions

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1 policies and procedures on sexual violence.
2 So this includes items such as procedures the
3 victims would have to following in making a
4 report as well as sanctions or protection
5 measures that an institutions may impose.

6 The regulations should approach
7 the written explanation of a victim's rights
8 and options by requiring the written
9 explanation to occur within a certain time
10 frame. For instance, once an incident of
11 sexual assault is reported, the regulations
12 could require that the college or university
13 provide the victim with that written
14 explanation of her rights and options within
15 a five to seven day time period. The time
16 frame will benefit both the victim and the
17 institution because the written explanation
18 provides the victim with a comprehensive
19 overview of the rights and the processes that
20 they must follow, which are articulated in
21 the institution's policies and procedures.

22 Also, a time frame on the written

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1 explanation ensures the victim receives a
2 timely response. Reporting an incidence of
3 sexual violence can be extremely difficult
4 and unpleasant for a college-aged individual.
5 Also, it ensures that a victim is aware of
6 how to proceed, the possible sanction and
7 protective measures available, the makeup of
8 the institutional proceeding, available
9 advocacy, counseling, and legal services and
10 change in academics and living situations
11 that would be available to them.

12 In summary, the regulations
13 should in addressing 485(f), seek to address
14 minimum criteria to be included in the
15 training of officials that conduct
16 institutional proceedings on campuses and
17 require college and university once a report
18 is made to provide the victim with a written
19 explanation of her rights and options within
20 five to seven days.

21 Thank you for your time and
22 consideration.

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1 MODERATOR KOLOTOS: David
2 Schejbal and I apologize for the
3 pronunciation now.

4 MR. SCHEJBAL: Thank you. My
5 name is David Schejbal and I am Dean of
6 Continuing Education Outreach and E-Learning
7 in the University of Wisconsin Extension. I
8 am here to speak about competency-based or
9 direct assessment to higher education
10 programs. And several of the criteria for
11 awarding Title IV aid that have recently
12 emerged in the March 19 Department of
13 Education Dear Colleague letter.

14 As brief context, the University
15 of Wisconsin has a system of institutions
16 that includes 26 campuses and statewide
17 extension service. My office works with all
18 University of Wisconsin campuses to help
19 increase the percentage of degree holders
20 among adult and non-traditional students. To
21 facilitate that process, we have concentrated
22 on developing new online degrees in areas

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1 that dovetail directly with significant job
2 growth sectors such as healthcare,
3 sustainability, and information technology.

4 As open courseware and massively
5 open online courses or MOOCs became popular
6 over the past two years, we began to think
7 strategically about how to utilize these
8 resources to provide more opportunities for
9 students to access higher education while we
10 work to lower the cost of higher education
11 delivery.

12 In that deliberation process, we
13 noted several key issues. One, quality
14 assurance happens at the level of assessment.
15 It is only by assessing student learning
16 abilities and knowledge that we have evidence
17 of learning.

18 Two, content and evaluation
19 expertise is critical in determining
20 knowledge and faculty have historically
21 provided both services.

22 Three, we are increasingly able

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1 to replicate or replace traditional classroom
2 teaching with technological solutions.

3 Four, discipline competency and
4 mastery in highly applied ways is critical
5 for students to be able to secure good jobs.

6 And five, engaging employers in
7 the identification and development of
8 disciplinary competency standards is
9 extremely important for ensuring that what a
10 student knows and is able to do translates to
11 meaningful and valuable job skills.

12 Given these considerations, we
13 decided to develop a competency-based or
14 direct assessment approach to higher
15 education. To date, the University of
16 Wisconsin system is the only system of higher
17 ed in the country to develop direct
18 assessment programs. Our direct assessment
19 initiative is not intended to replace
20 traditional modes of higher education.
21 Instead, it is intended to grow the pie, to
22 increase the number of access points to the

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1 University of Wisconsin so that more students
2 from more diverse backgrounds can take full
3 advantage of the education resources that the
4 University offers.

5 A competency-based or direct
6 assessment approach is a significant
7 departure from traditional higher education
8 programs. It places focus on assessment and
9 student mastery of disciplinary areas and it
10 allows students to learn whenever and
11 wherever they are best able to do so.

12 By allowing students to learn in
13 places other than traditional online or face-
14 to-face classrooms, students can
15 significantly reduce the cost of their
16 education. Students can use open courseware
17 to learn. They can learn on the job, in the
18 military, and in an array of other settings.
19 They can then demonstrate their mastery
20 through structured assessments. And if they
21 are well prepared, they can proceed through
22 the assessment process more quickly than

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1 through traditional programs. This then
2 translates to students saving money in direct
3 and indirect costs of education as well as in
4 significant time savings.

5 Direct assessment or competency
6 programs also differ from traditional
7 programs in that completion or progress isn't
8 measured in seat time or credit hours. It is
9 measured in the demonstration of subject
10 mastery. In recognition of this, the
11 Carnegie Foundation, which established the
12 Carnegie unit or credit hour as a measure of
13 student progress is currently reviewing
14 whether the credit hour is still an
15 appropriate measure of student progress in
16 knowledge acquisition.

17 In light of all of these
18 developments and changes, the federal
19 Department of Education recognized the
20 importance and value of competency approaches
21 to higher education. And in March, the
22 Department released a "Dear Colleague" letter

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1 to help universities and accreditors
2 understand how federal financial aid may be
3 awarded for programs that are based on direct
4 assessments and not on classroom seat time or
5 credit hours.

6 The "Dear Colleague" letter is a
7 very useful first step in helping to
8 establish some national standards for
9 competency-based programs. There are,
10 however, several issues in the "Dear
11 Colleague" letter that are problematic and I
12 want to highlight those today and request
13 that they be addressed and changed.

14 First, the Department stipulates
15 that in order for a program to qualify for
16 federal aid, the entire program must be
17 either direct assessment based or credit hour
18 based. Quoting from the letter, "Programs
19 that are offered partially with credit or
20 clock hours and partially via direct
21 assessment are not eligible programs."

22 It is unclear why this

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1 requirement is in place and it conflicts what
2 is likely to be best practices for how
3 students learn. Many students in direct
4 assessment programs will need to take some
5 traditional courses to build their knowledge.
6 Those traditional courses, at least for the
7 foreseeable future, will be credit-based.
8 There seems to be no clear reason why
9 students can't move between credit-based
10 courses and direct assessments, just as
11 students often take classes for more than one
12 campus or enrolling classes, some of which
13 are offered online and some of which are
14 offered face-to-face.

15 In Wisconsin, for example, most
16 of our campuses offer classes in various
17 formats and our students take them online,
18 face-to-face, or via mobile technologies. In
19 addition, we have students who take advantage
20 of large university system and enroll in
21 classes offered by two or more campuses. In
22 those cases, federal regulations allow aid to

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1 be awarded and provide clear guidelines for
2 how to do that. The same should be the case
3 for students enrolled in direct assessment
4 programs who want to take some credit classes
5 and vice versa. The objective in all of
6 these situations must be student learning and
7 student success and federal regulations
8 should help facilitate that.

9 Second, the "Dear Colleague"
10 letter requires that direct assessment
11 programs be directly tied to seat time and
12 credit hours. Quoting again from the letter,
13 "An institution must explain the method for
14 reasonably equating the direct assessment
15 program to credit or clock hours and related
16 parameters of the program, including minimum
17 weeks of instruction time." This requirement
18 directly conflicts with how direct assessment
19 programs are supposed to work. By design,
20 direct assessment programs do not focus on
21 instruction or the amount of time students
22 spend learning. The value of direct

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1 assessment programs is that they allow
2 students to take full advantage of learning
3 opportunities whenever and wherever they find
4 them. Once students have learned a subject,
5 process, skill, or a topic, direct assessment
6 tests their mastery. When students do not
7 successfully demonstrate mastery in an area,
8 then they are directed to other learning
9 opportunities to help them achieve mastery
10 and then they are assessed again.

11 Hence, seat time or classroom
12 time is not the program focus and requiring
13 that direct assessment programs be equated to
14 seat time and instruction-based programs
15 misses the point and the value of direct
16 assessments.

17 I encourage the negotiated
18 rulemaking committee and the Department of
19 Education to recognize the inherent
20 separateness of learning, on the one hand,
21 and demonstration of mastery on the other,
22 and to explore ways in which aid can be

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1 awarded for both kinds of programs,
2 independently of one another. Finally, and
3 for reasons of practicality, I suggest that
4 instead of having the Department of Education
5 review and approve direct assessment
6 programs, the crediting agencies should be
7 charged with that responsibility, just as
8 they currently review all credit-based
9 programs.

10 The relationship between colleges
11 and universities and their accrediting
12 agencies are generally positive and formal
13 approval processes work reasonably well.
14 Direct assessment programs, although new, are
15 not inherently disrupted to that
16 relationship, so the standard accreditation
17 process should be used to approve competency-
18 based programs.

19 Thank you very much for the
20 opportunity to speak here.

21 MODERATOR KOLOTOS: Laura
22 Pollastrini.

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1 MS. POLLASTRINI: Thank you for
2 the opportunity today. My name is Laura
3 Pollastrini and I represent Northwestern
4 College of Illinois in Chicago, a family-
5 owned institution of higher learning that has
6 been in the Schumacher family since 1958.
7 During this academic year, Northwestern
8 College is celebrating its 110th anniversary
9 as a family-owned institution. With just
10 three campuses, Northwestern College
11 continues to serve a population of students
12 that are not served by public universities,
13 community colleges, and non-profit
14 institutions of higher education. For 110
15 years now, we have been providing our
16 students with an opportunity to obtain a
17 college degree and, ultimately, to have a
18 better life.

19 As the U.S. Department of
20 Education ventures to begin yet another round
21 of negotiated rulemaking sessions, we
22 strongly request to consider suspending the

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1 rulemaking sessions and, instead, worked
2 jointly with the U.S. Congress to address
3 program integrity and other issues as part of
4 the reauthorization of the Higher Education
5 Act.

6 The Department's last attempt at
7 negotiated rulemaking included gainful
8 employment and the state authorization
9 regulations, which resulted in over 90,000
10 comments filed by interested parties, heated
11 debate on multiple occasions by the U.S.
12 Congress and protracted litigation via
13 several legal challenges. At a time when the
14 charges to reduce college costs and student
15 debt, instituting even more regulations might
16 very likely result in the opposite effect;
17 increases in college costs to meet additional
18 federal compliance tax, and ultimately
19 increasing the very tuition costs that it is
20 aiming to reduce.

21 The Department is moving to
22 continue a regulatory agenda that has been

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1 overturned by the federal courts, specially
2 the gainful employment and state
3 authorization regs. In a bipartisan effort,
4 members of the U.S. House disagreed with the
5 gainful employment regulation and via its
6 two-thirds majority vote, overwhelmingly
7 evidenced their desire to prohibit the
8 Department from implementing, administering,
9 or enforcing the provision. The same was had
10 for the state authorization regulation with a
11 similar vote resulting.

12 Now, if the Department does
13 pursue rulemaking, Northwestern College would
14 urge concentration of its efforts on one to
15 two topics, rather than the six to eight
16 topics explicitly named; quality over
17 quantity.

18 Here, I would like to touch upon
19 some of the rules that the Department has
20 proposed at this time. First, cash
21 management. We believe the process currently
22 in place and the time limits allotted to

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1 comply are sufficient to meet the needs of
2 the students and the institution while
3 safeguarding the funds themselves. Smaller
4 and larger institutions operate in very
5 different fashions. Northwestern College
6 finds that the current allotment of days to
7 disburse funds in Title IV student aid funds
8 to students should not be reduced. Checks
9 and balances must be met with in an
10 institution in order to ensure the integrity
11 of the process and protect against fraud.
12 Reducing the time period to comply, we feel
13 would compromise this.

14 In addition, and maybe our school
15 is archaic, but we oppose the debit card
16 distribution of excess loan funds on our
17 campuses as a mandatory regulation. First
18 and foremost, we believe that the printing of
19 an actual check double and triple checked by
20 our controller's office and the requirement
21 of in-person pickup of the funds which we do
22 following the presentation of a school ID

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1 affords Northwestern College the opportunity
2 to prevent fraud and to ensure proper
3 distribution. It further allows our business
4 office the opportunity to better counsel our
5 students on minimizing future debt through
6 encouragement of application of those funds
7 towards future tuition and educational needs
8 instead.

9 With all the talk today of debit
10 card fees that were testified to earlier, it
11 reinforces the fact that I think Northwestern
12 College's method, the checks that we actually
13 cut for our students have the best effect and
14 we also have zero fees, which would be in the
15 best interests of our students, from what we
16 have heard testified to today.

17 Second, state authorization.
18 This issue has been raised in previous rules,
19 although it has never been thoroughly honed
20 to allow for compliance. To say that the
21 current state authorization rules are
22 ambiguous and utterly confusing is a gross

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1 understatement. Multiple requests have been
2 made to the Department for clarity and
3 concise direction so that institutions like
4 Northwestern College can comply but with no
5 response. Instead, deadlines for compliance
6 continue to be kicked down the road only to
7 come up again a year later with no better
8 idea of what we need to do to comply.

9 While awaiting clarification,
10 though, the courts and Congress have weighed
11 in and overturned state authorization for
12 distance education. Some states do not yet
13 have systems in place for state authorization
14 of brick and mortar schools within its
15 boundaries. Thus, their efforts to further
16 comply with state authorization of distance
17 education without any clarification from the
18 Department is an even bigger struggle.
19 Reciprocity agreements between states should
20 also come into play.

21 If an institution is recognized
22 in the state where they maintain a brick and

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1 mortar campus and they are meeting that
2 state's regulatory requirements, there should
3 be reciprocity in states where the same
4 institution operates via distance education
5 programs. However, in order to work, that
6 home state would be responsible for
7 maintaining regulations to ensure
8 institutional integrity, institutional
9 quality, consumer protection, and
10 institutional financial responsibility. But
11 before we can pursue this innovative
12 approach, we need to know which of the 50
13 states are currently in compliance for
14 smaller institutions like Northwestern
15 College have a staff of one to determine this
16 on our own for all 50 states.

17 Title IV eligibility is at stake.
18 We need the Department to provide guidance on
19 its previous rules on state authorization
20 before it moves on to even further
21 promulgation.

22 Third, clock to credit hour

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1 conversion. The Department issued its final
2 rules on the definition of a credit hour that
3 was effective July 1, 2011. And in these two
4 years, there has been nothing but confusion.

5 The Department is on the right
6 track. Times are changing and the clock to
7 credit hour system is antiquated. Allow
8 higher education institutions working with
9 state regulatory agencies and accrediting
10 commissions to be innovative to the needs of
11 today's traditional student. Outcome or
12 competency-based conversions need to be
13 considered, for today's student is a far cry
14 from the traditional student of even just the
15 last decade.

16 If we want additional access to a
17 college education, we need to adapt to the
18 student of today and stop putting up
19 roadblocks via regulations.

20 Finally, gainful employment.
21 While the courts have struck down the
22 Department's rules on gainful employment, the

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1 litigation is still ongoing, although
2 yesterday it was announced that the
3 Department is not appealing. We maintain the
4 belief that the Department has exceeded its
5 statutory authority by attempting to define
6 this term when the U.S. Congress has, on
7 multiple occasions, chosen not to define it.
8 Further, we believe the Department exceeds
9 its authority by attempting to create
10 eligibility rules that again only the
11 Congress has the power to create.

12 In brief, we believe debt to
13 earning ratios as a means to evaluate the
14 success of a program, while a seemingly
15 balanced procedure is far from it and that it
16 is unjust to find that if a single program is
17 out of compliance with the complicated
18 metric, that an entire institution should be
19 placed on a provisional certification.

20 Further, the debt are required to
21 ensure that an institution is in compliance
22 with the metric is primarily held by Social

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1 Security, and educational institutions are
2 not privy to that data for it is
3 confidential. Thus, we have no way to
4 challenge the Department's determinations
5 that a program or an institution is out of
6 compliance which does violate our right to
7 due process.

8 Now I would like to speak to
9 additional regulations just generally.
10 Regulatory change should not be taken lightly
11 but only implemented when truly necessary.
12 For college like northwestern, it comes at a
13 cost to us in time and in money. In order to
14 comply, we must change systems, invest in
15 equipment, retrain staff, and develop
16 policies and procedures to ensure the
17 institution's compliance. That means higher
18 costs to colleges and costs that will
19 eventually have to be passed on to students
20 via higher tuition. If the Department's goal
21 is to increase access and affordability and
22 reduce student debt, additional regulations

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1 are not always the answer.

2 Finally, I respectfully ask the
3 Department to reassess its opinion of the
4 traditional college student; whereas, for the
5 last century, the traditional college student
6 was 18 to 22 years old, coming right out of
7 high school, that is no longer the case. The
8 nontraditional student is now America's
9 really traditional student: Older adults
10 balancing jobs and families and attending
11 college part-time in order to meet financial
12 and family obligations. Consequently, it
13 takes longer for them to complete their
14 degrees, most likely because they are doing
15 it part-time. Many times, it is taking
16 doubly expected timeframes because of the
17 need to start and stop as many times as they
18 do. Thus, the first time full-time
19 parameters are incompatible in outcome
20 evaluations and need to be reevaluated.

21 Thank you for the opportunity to
22 present these comments here today,

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1 Northwestern College has been providing
2 students in the Chicago, Illinois area with a
3 higher education and consequently greater
4 opportunities for over 110 years. We would
5 like to do so for another 110 years if the
6 federal government would work with us and
7 allow us. We respectfully ask the Department
8 to reconsider its decision to promulgate the
9 rules and, instead, work collaboratively with
10 the Congress to properly and efficiently
11 address the reauthorization of the Higher
12 Education Act.

13 Thank you.

14 MODERATOR KOLOTOS: Jason

15 Pleggenkuhle.

16 MR. PLEGGENKUHLE: Good morning.

17 My name is Jason Pleggenkuhle and I am an
18 Assistant Attorney General with the Minnesota
19 Attorney General's Office. Thank you for the
20 opportunity to testify about the upcoming
21 negotiated rulemaking for Title IV Federal
22 Student Aid programs.

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1 Effective regulations are
2 important to ensure that taxpayers invest in
3 quality, affordable postsecondary education
4 programs and also to make sure that these
5 programs fulfill their ultimate purpose to
6 adequately prepare students for employment in
7 a career in today's competitive economy.

8 The Minnesota Attorney General's
9 Office recommends that the negotiated
10 rulemaking committee include two additional
11 items in its rulemaking agenda. First,
12 strengthen the job placement rate disclosure
13 requirement for gainful employment programs,
14 and second, add an additional gainful
15 employment disclosure that adequately
16 discloses to students the impact that
17 national accreditation has upon the
18 transferability of credits.

19 First, the committee should
20 strengthen the job placement rate disclosure
21 requirement. Students evaluate a
22 postsecondary program by reviewing the

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1 program's job placement rate. Accordingly,
2 an institution's reported job placement rates
3 must be accurate and comparable to other
4 institutions. As you know, the technical
5 review panel or TRP convened by National
6 Center for Education Statistics or NCES to
7 establish the calculation methodology for the
8 job placement rate disclosure agreed that a
9 common metric for calculating job placement
10 rates was the most preferable methodology.
11 However, the TRP was unable to provide
12 definitive guidance and suggested that the
13 Department further study 1) how to define key
14 elements in a common metric to produce
15 meaningful data; and 2) the availability and
16 expansion of data sources to support a common
17 metric.

18 It appears that no significant
19 headway has been made since the TRP's June
20 20, 2011 report. Because the NCES has not
21 established a common metric, the regulation's
22 temporary calculation methodology has

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1 controlled since July 1, 2011. Under this
2 interim provision, an institution required by
3 its accrediting agency or state to calculate
4 job placement rates must use the accrediting
5 agency's or state's methodology to calculate
6 job placement rates for its gainful
7 employment program disclosures.

8 An institution that is not
9 required by its accreditor or state to
10 calculate job placement rates is presently
11 exempt from the job placement rate disclosure
12 requirement.

13 Government investigations have
14 found some for-profit schools manipulate,
15 misrepresent, or falsify their job placement
16 rates to mislead students and to meet
17 standards required for Title IV funding. In
18 some instances, for-profit schools inflate
19 advertised job placement rates and the rates
20 they report to accreditors or state
21 regulatory bodies.

22 For example, according to one

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1 pending government lawsuit, a Massachusetts
2 based for-profit training center advertised
3 and reported job placement rates between 70
4 and 100 percent. The school's actual job
5 placement rates were 13 to 17 percent and a
6 higher percentage were unemployed than were
7 placed in an occupation in their field of
8 study. The investigation exposed that the
9 school had been counting job placement rates
10 in any field, such as fast food and
11 housekeeping, to inflate its rates.

12 In 2012, a for-profit college
13 paid \$4.5 million to settle a government
14 lawsuit alleging similarly inflated job
15 placement rates. In 2011, a parent
16 corporation that reported 2010 job placement
17 rates for 49 -- oh, I'm sorry.

18 In 2011, a parent corporation
19 that owns about a dozen national for-profit
20 school chains was forced to revise its
21 reported 2010 job placement rates for 49 of
22 its campuses, due to a government

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1 investigation. These revisions caused over
2 30 of its campuses to fall out of compliance
3 with its accreditor.

4 In 2010, a Texas for-profit
5 training center was ordered to hire an
6 accountant to verify its reported job
7 placement rates, after allegations of
8 misrepresentations. The audit found that 90
9 percent of the programs over-reported their
10 job placement rates and that 63 percent of
11 its programs had verified job placement rates
12 that fell below its accreditor's minimum
13 requirement of 60 percent.

14 It has been reported that some
15 for-profit schools employ job placement rate
16 manipulate tactics, which may include
17 counting as placed graduates who are employed
18 in fields that are unrelated to the
19 occupations for which the program trained
20 them or require no specialized training.
21 Counting as placed graduates who work as
22 little as a few days in the field, are self-

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1 employed, are working in unpaid internships
2 or do freelance work, and counting as placed
3 graduates who had a job prior to entering the
4 program and remain unemployed in that same
5 position following their completion of the
6 program.

7 For these reasons, the negotiated
8 rulemaking committee should include
9 strengthening the job placement rate
10 disclosure requirement in its rulemaking
11 agenda.

12 We suggest two potential actions
13 the committee should take to strengthen the
14 job placement disclosure requirement. First,
15 require routine independent audits of
16 disclosed job placement rates and second,
17 adopt a common metric for the calculation of
18 disclosed job placement rates.

19 The committee should require
20 institutions to substantiate the reported job
21 placement rates through the use of routine
22 independent audits. For example, the

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1 committee could require a job placement rate
2 audit, similar to what is required for 300 to
3 600 clock hour programs. Under that rule,
4 the Department requires institutions to
5 substantiate their job placement rates by
6 having a certified public accountant audit
7 the job placement rate calculations.

8 The committee should require any
9 such audit to require the certified public
10 accountant to independently verify the
11 accuracy of the institution's job placement
12 rates, rather than rely on information the
13 institution unilaterally provides. Auditors
14 should also be on the lookout for the
15 manipulation tactics used by some for-profit
16 schools.

17 The committee should also adopt a
18 common metric for calculating placement rates
19 of gainful employment programs, so that
20 students can accurately compare job placement
21 rates. Currently, even if the job placement
22 rates disclosed by institutions are correct,

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1 it is difficult for students to accurately
2 compare the race because each institution's
3 disclosed rate is calculated differently.

4 As recognized by the TRP,
5 placement rates reported to accreditation and
6 state agencies are often not comparable.
7 Because of this, the TRP concluded that
8 calculating job placement rates using a
9 common metric was the preferable approach but
10 were recommended that the Department further
11 research how to define key elements of a
12 common metric.

13 Only with the implementation of a
14 common metric will students be able to make
15 an apples to apples comparison of the job
16 placement rates of different programs. The
17 negotiated rulemaking committee should
18 include in its agenda consideration of how to
19 define key elements such as placement, to
20 adopt a common metric to calculate job
21 placement rates for gainful employment
22 programs.

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1 Finally, the committee should
2 include in its rulemaking agenda, the need to
3 add an additional gainful employment
4 disclosure that adequately discloses to
5 students the impact that national
6 accreditation has upon the transferability of
7 credits.

8 As you know, there are two types
9 of institutional accreditation; national
10 accreditation, which typically accredits
11 vocational and online for-profit schools, and
12 regional accreditation, which generally
13 accredits degree-granting, non-profit and
14 public colleges and universities. Currently,
15 90 percent of the schools that are nationally
16 accredited are for-profit schools and 96
17 percent of the schools that are regionally
18 accredited are non-profit or public colleges
19 and universities.

20 Regionally accredited schools
21 rarely accept credits transferred from
22 nationally accredited schools. A 2005

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1 Government Accountability Office report found
2 that 84 percent of institutions consider
3 whether the sending institution is nationally
4 or regionally accredited when determining
5 whether to accept transfer credits and that
6 many institutions' transfer policies specify
7 that they only accept credits from a
8 regionally accredited institution.

9 This leaves students of
10 nationally accredited for-profit schools
11 unable to transfer the credits they earn to
12 places like a local community college. In
13 some instances, the degree a student earns
14 from a nationally accredited for-profit
15 school will not even be recognized by a
16 regionally accredited public university or
17 community college.

18 At the time they enroll, most
19 students are unaware of the differences
20 between national and regional accreditation
21 or the impact that national accreditation
22 will have on the transferability of credits.

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1 Indeed, when asked which type of
2 accreditation is more widely accepted,
3 students often intuitively choose national
4 accreditation. As a result, students often
5 do not learn that the credits they earn at a
6 nationally accredited for-profit school will
7 not transfer until long after they have
8 enrolled or are attempting to leave. The
9 student is then confronted with the choice of
10 either transferring to a regionally
11 accredited institution where the student will
12 be forced to pay for and repeat coursework he
13 or she has already completed, or receive some
14 benefit for the money and time invested by
15 finishing or building on the degree the
16 student started at the nationally accredited
17 for-profit school the student wishes to
18 leave.

19 Further, nationally accredited
20 for-profit schools often do not meaningfully
21 inform students of the difficulty they will
22 face when transferring credits to a

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1 regionally accredited institution. Some for-
2 profit schools even falsely inform students
3 that their national accreditation is highly
4 prestigious or that students will have no
5 problems transferring the credits they earn
6 to another institution. Students should be
7 fully informed before they enroll in a
8 nationally accredited for-profit school that
9 the credits or degrees they earn there, will
10 most likely not be transferable to a
11 regionally accredited community college or
12 public university.

13 We recommend that the negotiated
14 rulemaking committee add an additional
15 gainful employment disclosure to the
16 disclosures found at 34 CFR Section 668.6(b)
17 that adequately discloses to students the
18 impact national accreditation has upon the
19 transferability of credits to a regionally
20 accredited institution.

21 Thank you again for the
22 opportunity to be here.

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1 MS. MICELI: Thank you.

2 MODERATOR KOLOTOS: Okay, at this
3 time, we are going to adjourn until 1:30.
4 Thank you very much.

5 (Whereupon, at 11:24 a.m., a lunch recess was
6 taken.)

7
8
9

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1 A-F-T-E-R-N-O-O-N S-E-S-S-I-O-N

2 (1:30 p.m.)

3 MS. MICELI: Okay, good
4 afternoon, everyone. We are going to restart
5 the hearing. I just wanted to reintroduce
6 myself. I am Julie Miceli from the
7 Department of Education's Counsel's Office.
8 This is my colleague John Kolotos from the
9 Office of Postsecondary Education. And we
10 will start with --

11 MODERATOR KOLOTOS: Melissa
12 Rubio.

13 MS. MICELI: And folks, just to
14 remind everyone, you have ten minutes
15 allotted and if you get close to your time,
16 we may politely interrupt, just to remind you
17 that you are getting close and to wrap it up.

18 MS. RUBIO: Good afternoon. My
19 name is Melissa Rubio and I am a leader with
20 DePaul Students for Justice at DePaul
21 University and the IIRON Student Network.
22 The IIRON Student Network is a network of

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1 grassroots university social justice-based
2 organizations from across Chicago. The IIRON
3 Student Network is an affiliate of the
4 Community Organizing Network IIRON and
5 National People's Action.

6 The current student debt crisis
7 that is costing our country one trillion
8 dollars has created a fickle economy and job
9 market for the graduating students of today.
10 Many of us are being forced to put off major
11 milestones in our lives, such as purchasing
12 homes and starting families so that we can
13 begin to chip away at the mountains of
14 student loan debt through working low-paying
15 jobs that have nothing to do with the degrees
16 that we have studied and worked so hard to
17 attain. I am one of these students.

18 This year, I am graduating. I
19 have struggled through five years of work and
20 study to keep myself fed and housed and to
21 pay as much as possible out of pocket for my
22 education. Even so, I am graduating with

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1 \$47,000 in student loan debt. It will take
2 me at least 20 years to pay off this debt,
3 even with the new loan forgiveness plans in
4 place. Not only am I graduating with this
5 debt, but I also have no safety net to fall
6 back on. Due to the housing crisis, my
7 father lost his carpentry job in 2006, right
8 after he lost his wife and my mother from
9 hospital complications during her cancer
10 treatments.

11 I worked, as my mother had, in
12 restaurants, trying to keep our lights on and
13 the banks from seizing our home. At 16,
14 suffering from the loss of my mother, I had
15 to feed myself and keep my family from
16 falling apart. I was not successful. I
17 often went hungry. My father now lives
18 thousands of miles away with his mother,
19 drinking away the pain and the loss.

20 As you can understand, I wanted
21 to go college not just to better my own lot
22 in life, but to help others who have suffered

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1 from poverty and hunger and the loss of their
2 families and homes. So I came to DePaul
3 University to get a degree that is not often
4 offered at other universities in peace,
5 justice, and conflict resolution. I am doing
6 the work that I love to do, the work that
7 needs to be done. But the job opportunities
8 in my field are few and the pay is low.

9 I went to college believing I
10 would be able to do something good in the
11 world and someday support a family. But the
12 reality of student debt is that this is not
13 possible, at least not for me. In order to
14 pay off my loans by the time I am 40, I will
15 have to forego having a family and buying a
16 home.

17 I had access to college because I
18 worked and I took out loans. But at what
19 cost to my future? Since I began my
20 education in 2008, my tuition has increased
21 by more than \$1,000 each year and has cost me
22 nearly \$6,000 extra.

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1 I agreed to a tuition price when
2 I entered. I had no idea that I would be
3 roped in to paying so much more each year.

4 I was forced to contemplate the
5 idea of dropping out the first semester of my
6 freshman year in college because I could not
7 afford the huge expenses. I asked the
8 counselor, through tears, if there were any
9 more funds that DePaul might provide for a
10 struggling student like me. The counselor
11 assured me that it would all be okay, that I
12 could just take out more loans to cover the
13 costs. This is not financial aid. This is
14 creditors praying on the vulnerable. And
15 this story is not uncommon. This happens to
16 millions of students each year.

17 And just one month before my
18 expected graduation ceremony, while my city
19 and University are spending \$125 million on a
20 basketball stadium for our team, I am
21 scrambling to find a job, any job that will
22 allow me to pay my bills, feed myself, and

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1 keep a home to live in. But it is not
2 looking very good. I have been searching for
3 months for jobs that I am both qualified and
4 over qualified for and I am finding nothing.
5 I am shopping in a community kitchen for my
6 food and I will soon have to apply for
7 federal food assistance.

8 These are the struggles my family
9 and I dealt with my entire year -- my entire
10 life and the struggles that made me yearn for
11 a college education. When I entered college,
12 my future looked bright but now I fear what
13 is coming next and I dread my graduation
14 date. I did not put myself through college
15 for a future of struggle and poverty. This
16 is not the future I invested in.

17 And these are the choices that
18 students like me are faced with today. It is
19 clear to me that my university, while
20 benefitting from the federal student loans
21 that I incurred through Title IV funding did
22 not hold up its responsibility to keep

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1 tuition affordable.

2 The Department of Education needs
3 to create regulations that hold colleges and
4 universities accountable for keeping tuition
5 affordable and maintaining educational
6 quality. Those colleges and universities
7 that accept Title IV funding while letting
8 tuition fees skyrocket should not be allowed
9 to benefit from these programs while
10 compromising students' futures by saddling
11 them with debt. There are nearly 21 million
12 of us students enrolled in institutions that
13 participate in Title IV funding that would be
14 impacted by these new rules that are about to
15 be negotiated. We believe that students, the
16 people most gravely impacted by this crisis
17 must have adequate representation on the
18 negotiated rulemaking committee, if we are to
19 arrive at a solution that works for students'
20 needs.

21 Because students make up 85
22 percent of the individuals at institutions

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1 receiving Title IV funding, we believe it is
2 only fair that representatives of student
3 organizations should account for 75 percent
4 of the negotiators selected to be on the
5 negotiated rulemaking committee.

6 Policymakers often do good work
7 but students like myself are the ones that
8 understand what is struggling to pay for an
9 education feels like. Because we are the
10 ones suffering, we have the right to be a
11 majority on the committee. Thank you.

12 MODERATOR KOLOTOS: Weili Zheng.

13 MR. ZHENG: Good afternoon. My
14 name is Weili Zheng. I am a leader in the
15 IIRON Student Network and Roots of Justice at
16 the University of Illinois at Chicago. We
17 are a grassroots power organization composed
18 of students from universities all across
19 Chicago and we are an affiliate of IIRON and
20 National People's Action.

21 I also recently graduated from
22 the University of Illinois at Chicago and

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1 will begin at the University of Illinois,
2 College of Medicine this fall. As a UIC
3 student, I am proud to say that my university
4 has a history of providing an affordable and
5 quality education for those who could not
6 otherwise attend a four-year institution.
7 However, unfortunately, the university in
8 recent years has completely abandoned this
9 mission. In my three years as an
10 undergraduate, I have seen the university
11 display a callous disregard for students'
12 academic and financial well-being.

13 In my personal experience at the
14 largest university in Chicago, one that is a
15 leading research institution in the nation, I
16 have seen classes, class sizes for science
17 classes routinely border on 300 students.
18 And I have seen undergraduate classes left
19 with decades' old and non-functioning
20 equipment to use. As a result, students are
21 not learning what they should be and it is
22 reducing their college degrees to a long,

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1 wasteful, and expensive accreditation
2 process.

3 In my own organic chemistry
4 class, one of the most difficult classes in
5 my undergraduate program, I found myself as
6 one of 182 students in my lecture. And while
7 this may be hard to imagine, this was
8 actually the smallest lecture for organic
9 chemistry of that semester. In my three
10 years as an undergraduate, I have never sat
11 in a major class with less, with fewer than
12 20 students. In my genetics laboratory
13 class, there weren't even enough seats,
14 enough lab benches to seat all the students.
15 I found myself often doing labs on a side
16 counter away from everyone else standing. In
17 my upper level cellular biology lab class, we
18 found that we had to resort to having five
19 people complete a lab meant for only two.

20 To put it in perspective -- we
21 were so ill-equipped that to put it in
22 perspective, my public high school had better

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1 laboratory equipment than my classes at UIC
2 had. I paid thousands in tuition to go to a
3 college to attend classes that were less
4 beneficial than the ones I took in high
5 school.

6 According to IPEDS data,
7 enrollment at UIC has increased by at least
8 13 percent since 2004. In addition, tuition
9 and fees have approximately doubled in that
10 time. Yet, there has been barely any
11 increase in instructor hiring or improvements
12 upon existing classroom facilities. Instead,
13 we have had funds diverted to building
14 unnecessary residence halls that cannot even
15 adequately fill their own rooms, as well as a
16 proliferation in top administration
17 positions.

18 And how is this viable? Well,
19 state appropriations have been declining but
20 the University has compensated for this, with
21 a generous pool of Title IV loan money from
22 increasing both enrollment and tuition.

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1 In a university where almost half
2 of incoming freshmen are Pell Grant
3 recipients, this imposes an additional and
4 costly burden among students in terms of
5 debt. Students at UIC cannot afford this.
6 Moreover, the University of Illinois system
7 currently holds over one billion dollars in
8 unrestricted net assets.

9 When we attempted -- when Roots
10 of Justice attempted to reach our chancellor
11 about these concerns, she repeatedly refused
12 to meet with us. We were told that the
13 chancellor had no time to meet over the next
14 few months. Later, we even found out that
15 she had also asked our campus police for a
16 report on our organization. To her, we were
17 hostiles to the university when we were only
18 trying to bring forth academic issues.

19 In our only meeting with another
20 top administrator, our concerns were
21 repeatedly dismissed and we were repeatedly
22 condescended towards. In that moment, after

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1 all the classes that I had been through, I
2 felt that to the university I was basically
3 just a number, rather than an actual person.

4 Educators that demonstrate this
5 level of hostility towards student concerns
6 should not be present on this negotiating
7 rulemaking committee. However, moreover, it
8 is clear that universities need to be held
9 accountable in how they use Title IV funding.
10 Schools that continue to exploit students for
11 federal loans and grants without providing an
12 adequate education, they undercut the
13 integrity of a college education and cannot
14 continue to receive Title IV funding. For
15 student interests to be adequately
16 represented, students need to be fairly
17 represented as negotiators on the rulemaking
18 committee. We demand that students comprise
19 75 percent of the negotiators in the
20 rulemaking committee and we assert that the
21 rulemaking committee needs to focus on non-
22 profit university spending and tuition

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1 increases as well.

2 Thank you.

3 MODERATOR KOLOTOS: Mansi
4 Kathuria.

5 MS. KATHURIA: Good afternoon.
6 My name is Mansi Kathuria and I am a recent
7 graduate of the University of Illinois at
8 Chicago. I am a leader in Roots of Justice
9 at the University and the IIRON Student
10 Network.

11 The IIRON Student Network is a
12 network of grassroots, university-based
13 social justice organizations all over Chicago
14 and the IIRON Student Network is an affiliate
15 of the community organizing network, IIRON
16 and National People's Action.

17 Although I recently graduated
18 from the University of Illinois at Chicago, I
19 always aspired to go to Northwestern as a
20 high school student and yet, the day I got my
21 acceptance in the mail, I decided that I
22 wouldn't do it. Even a couple of years ago,

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1 my four-year Northwestern education would
2 have cost my family about \$200,000, a burden
3 that I could not put on them.

4 I chose, instead, to go to a
5 public school. And just two weeks ago, I
6 graduated with my bachelor's of science in
7 neuroscience from UIC.

8 I have spent the past six weeks
9 searching for and applying to multiple jobs
10 many of which do not even require a college
11 degree. And yet, I have not even gotten a
12 single interview. This is after completing
13 my degree in three years, graduating from the
14 honors college, and spending hours
15 volunteering, doing research, working, and
16 being a member of multiple student
17 organizations.

18 I currently work at a small
19 coffee shop 15 hours a week for minimum wage.
20 I work every Saturday and Sunday because
21 these are the only hours that the shop is
22 currently able to give me. I make under \$400

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1 a month at a job for which I am highly
2 overqualified and yet, I am not alone in
3 this. Fifty-three percent of college
4 graduates currently hold positions for which
5 they are overqualified.

6 I want to go to graduate school
7 to expand my employment opportunities but I
8 am worried that a master's degree will not
9 only not land me a job but will also leave me
10 with tens of thousands of dollars in debt.
11 Currently in our country, student debt is
12 more than one trillion dollars and is higher
13 than the sum of all credit card debt. I am
14 terrified that even after years of working
15 hard to earn multiple degrees in higher
16 education, I could be left off worse than I
17 started.

18 As tuition continues to skyrocket
19 around the country far faster than the rate
20 of inflation, it only exacerbates the student
21 debt. Meanwhile, the increased revenue from
22 this high cost of tuition is going straight

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1 into the pockets of universities and is not
2 used to benefit the students and families
3 bearing the burden of this cost.

4 At the University of Illinois at
5 Chicago, tuition and fees have approximately
6 doubled in the last nine years. And yet,
7 class sizes have grown, the number of full-
8 time instructors employed by the university
9 has shrunk, and numerous programs have been
10 cut. The cuts have forced some of my friends
11 to transfer schools. Individuals who started
12 the degree program and in the middle of their
13 college education had this program cut from
14 the university. I, myself, have been in
15 overcrowded classrooms and labs where there
16 aren't even enough chairs for all the
17 registered students to sit. Even my upper
18 level science classes are held in huge
19 lecture halls with over 100 students and
20 classes themselves aren't the only issue.
21 Seeking, advising, and registering for
22 classes is often a struggle in itself. I

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1 have frequently been shuttled from Department
2 to Department, forced to wait more than a
3 week just to get a meeting with an advisor in
4 my Department and this is not what I expected
5 from an institution of higher education. I
6 have continuously felt neglected by my
7 university.

8 And despite this, administrator's
9 salaries have increased dramatically over the
10 years, with top administrators at UIC getting
11 an average raise of more \$6,000 in the last
12 year alone.

13 Universities benefit directly
14 from the availability of Title IV funding
15 that allows a student to pay for school and
16 often take on student debt. Regulations need
17 to be developed so that universities cannot
18 draw large sums of money from the federal
19 government through Title IV funding without
20 maintaining a commitment to keep tuition
21 affordable and maintaining educational
22 quality.

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1 University administrators and
2 other parties in the education industry have
3 a clear, self-interest in not protecting the
4 financial and educational well-being of
5 students. Given this, it is crucial that
6 students make up at least 75 percent of the
7 negotiators selected to be on the negotiated
8 rulemaking committee. We make up 85 percent
9 of the population at institutions receiving
10 Title IV funding and we deserve accurate
11 representation on a committee whose decisions
12 directly impact our lives and our future.

13 Thank you.

14 MODERATOR KOLOTOS: Kevin Shi.

15 MR. SHI: Hello. My name is
16 Kevin Shi. I am a leader with Roots of
17 Justice at the University of Illinois at
18 Chicago and the IIRON Student Network, a web
19 of grassroots, university-based social
20 justice organizations from across Chicago.
21 The IIRON Student Network is an affiliate of
22 the community organizing network, IIRON, and

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1 National People's Action.

2 This upcoming semester, I will be
3 a third-year student undergraduate student
4 with a lot of new found responsibilities. It
5 has come time for me to make some real
6 choices about where I want to go in life,
7 what I want to do, and who I want to be.

8 Now since I was a child, I have
9 always dreamt of becoming a physician.
10 However, new thoughts of medical school and
11 the massive amount of debt that awaits is a
12 real frightening prospect. Yet, the
13 financial obstacle posed by the exorbitant
14 average graduate debt of \$167,000 can at
15 least be paid off with a physician's income.

16 Now what really, really makes me
17 more worried is the growing cost of tuition
18 at the undergraduate level. Tuition and fees
19 at my state university have doubled -- almost
20 doubled in the last nine years. Despite this
21 dramatic rise in cost, I have only seen the
22 quality of education decline. The laboratory

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1 science classes that I have been required to
2 take are stuffed with more students than
3 there are seats. The faulty equipment puts
4 the safety of myself and fellow students at
5 risk. And despite this increase in tuition,
6 the number of full-time instructors hasn't
7 increased to accommodate the growing student
8 enrollment.

9 We now have gigantic class sizes.
10 Instructors are teaching too many students
11 and too many classes to provide adequate one-
12 on-one help. I would like to believe that I
13 am still learning a great deal and getting
14 well-prepared for medical school but such is
15 just not the case. The University claims
16 that there isn't money to pay for more
17 instructors and better equipment, despite the
18 fact that the University of Illinois system
19 has accumulated more than one billion dollars
20 in unrestricted net assets. There has been a
21 greater percent increase in the number of
22 full-time upper-level administrators than

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1 there has instructors. And on top of that,
2 average raises of more than \$6,000 have been
3 given to these top level administrators in
4 just the last year alone.

5 Now when we, Roots of Justice,
6 met with the vice Chancellor of Student
7 Affairs, we were simply appalled by her
8 blatantly unremorseful statement that it was
9 a fact that some students would simply be
10 unable to afford a higher education. When
11 the vice Chancellor was suddenly pressed
12 about her salary, she grew quiet and
13 unwilling to comment.

14 It is not fair for my educational
15 quality to suffer while tuition skyrockets
16 and the university demonstrates the financial
17 capability to do better for me and my fellow
18 students. My university's mismanaged
19 priorities describe a major reason why
20 college tuition has become so expensive.
21 Nationwide, student debt exceeds one trillion
22 dollars. This increase has been driven by

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1 unnecessary rises in the cost of tuition and
2 fees.

3 It is unfair that my dreams of
4 living a fulfilling life and providing for
5 those that I love are being made more
6 difficult when I have worked so hard and done
7 my best to succeed. With this abuse of
8 tuition, state, and federal dollars by my
9 university and others, I believe that
10 regulations that tie university eligibility
11 for Title IV funding to institutional
12 responsibility for maintaining a quality,
13 affordable education should be enacted.

14 All colleges and universities
15 should be held accountable by the Department
16 of Education for keeping tuition affordable,
17 while maintaining educational quality. And
18 those that do not should no longer be
19 eligible for Title IV funding.

20 Additionally, because students
21 make up 85 percent of the constituents at
22 institutions that currently accept Title IV

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1 funding, it is only logical that students
2 should be a majority of the voices
3 represented on the negotiated rulemaking
4 committee. Representatives of student
5 organizations must make up at least three-
6 fourths of the negotiated rulemaking
7 committee if there are to be fulfilling
8 futures for those seeking higher education.
9 Thank you.

10 MODERATOR KOLOTOS: Bing Li.

11 MS. LI: Good afternoon. My name
12 is Bing Li. I am a former sergeant in the
13 Army National Guard and an Iraq veteran. I
14 am also a recent graduate of the University
15 of Illinois at Chicago, a leader in Roots of
16 Justice at the University and a leader in the
17 IIRON Student Network.

18 The cost of my education is a
19 burden that has changed my life in many ways.
20 I graduated high school nearly seven years
21 ago and only now am I finally graduating with
22 a bachelor's degree. In high school, my

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1 father's job situation was on and off. And
2 my senior year I knew that if I wanted to
3 pursue my dream of attending medical school,
4 I would have to fight for it.

5 So in 2006, I chose to join the
6 Army National Guard. Soon after I shipped
7 off for basic training, I found that by far I
8 was not alone in this decision. No matter
9 where I was stationed during my six years of
10 service, I found myself surrounded by many
11 young people who could not afford to go to
12 college without substantial assistance and we
13 all thought that joining the military was the
14 best option that we had. However,
15 subsistence being provided for non-deployed
16 soldiers was not enough to actually pay for
17 the growing cost of tuition.

18 After completing my months of
19 basic training and advanced individual
20 training to become a medic, I volunteered to
21 deploy to Iraq. I knew that a deployment
22 would mean a steady salary and greater

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1 benefits through the new GI Bill. However,
2 this decision nearly devastated my family.
3 My father was so ridden with guilt that he
4 had to seek professional mental help, and all
5 this while I was away from home and unable to
6 contact him regularly. By the time I
7 returned home, all of his hairs were white.

8 Even after returning home from
9 Iraq, I had to take time off of school for
10 several months in order to readjust and find
11 work in order to pay for tuition. But
12 compared to many others that served alongside
13 me, I ended up on the luckier end of the
14 spectrum. Two soldiers from our training
15 class are not with us today and many others
16 are left physically, emotionally, and
17 mentally scarred. A friend from my
18 deployment, someone who liked to laugh and
19 joke a lot, was found dead in his home only a
20 few months ago.

21 Those young people who simply
22 wanted to serve their country and make more

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1 out of their lives are now the faces of the
2 rising rates of depression and suicide
3 amongst veterans. It may seem ironic that
4 suicide rates are going up, while the
5 violence appears to be winding down but I
6 believe that this all links back to lack of
7 opportunities for veterans, students, and
8 graduates.

9 In the 1950s, veterans were
10 returning to affordable housing and job
11 opportunities. Today, they are returning to
12 rising debt and joblessness. Two soldiers in
13 my company have even had to deal with
14 homelessness and one of them was trying to
15 pursue an associate's degree at the same time
16 to better his life.

17 I went to the University of
18 Illinois at Chicago because it was an
19 affordable option for me. The University
20 actually ties itself back to the 1940s
21 providing education for the rising numbers of
22 veterans who are starting to use their GI

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1 bill benefits, after returning from World War
2 II.

3 My university prided itself in
4 providing education to many students who,
5 like the veterans, would be the first in
6 their families to achieve a college
7 education. The public university is meant to
8 be an affordable choice for students from
9 working class families who cannot afford
10 education elsewhere. But in contrast to this
11 mission and to this history, the University
12 of Illinois at Chicago has become drastically
13 less affordable over the years. The tuition
14 and fees have roughly doubled in the last
15 nine years alone. Meanwhile, the percent
16 increase and full-time upper level
17 administrative positions has been substantial
18 and a number of full-time instructors has
19 remained unchanged.

20 Top level administrators, the
21 lowest paid of which is paid \$167,000 a year
22 received an average raise of more than \$6,000

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1 in the last year alone. The university
2 claims that the tuition rises are due to a
3 lack of state funding. Yet, the University
4 of Illinois system has more than one billion
5 in unrestricted net assets. We don't know
6 exactly where all this money is going but it
7 is certainly not going to the students.

8 As our class sizes are growing
9 larger, some classrooms even lack enough
10 seats and students are not getting the
11 individual attention that they need.
12 Furthermore, many of our science labs even
13 lack the necessary safety equipment.

14 It is not fair that people like
15 myself who do not have the means to afford
16 college without substantial assistance were
17 driven to enlist in the military and risk
18 their well-being because of the exorbitant
19 prices of college tuition. As can be seen in
20 the example of my school, colleges and
21 universities do not have the best interest of
22 their students in mind, financially and

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1 educationally.

2 We want the Department of
3 Education to implement regulations that hold
4 all colleges and universities accountable for
5 the affordability of tuition and the quality
6 of education. Title IV funding should not be
7 allowed to be exploited by colleges and
8 universities to enable their worst excesses
9 and schools that do not work to keep tuition
10 affordable should not continue to be eligible
11 for Title IV funding.

12 In addition, because we students
13 understand what it means to suffer while
14 trying to afford an education, we demand that
15 75 percent of the negotiators selected to be
16 on the negotiated rulemaking committee to be
17 representatives from student organizations.
18 I am proud to go to a public university that
19 has historically been accessible for
20 veterans, working class, and lower income
21 families, and I want the Department of
22 Education to step in and ensure that this can

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1 continue. Thank you.

2 MODERATOR KOLOTOS: Lilly
3 Osborne.

4 MS. OSBORNE: My name is Lilly
5 Osborne and I am a student at Loyola
6 University Chicago, a leader with Loyola
7 Organized in Action and the IIRON Student
8 Network.

9 The IIRON Student Network is a
10 network of grassroots social justice
11 organization based at universities across
12 Chicago. IIRON Student Network is also an
13 affiliate of the Regional Organizing Network
14 IIRON and National People's Action.

15 The Loyola University
16 Administration has exploited students who are
17 already financially stretched thin. While
18 many students receive federal loans and
19 grants to make college more affordable,
20 universities like Loyola use this aid as an
21 opportunity to profit by needlessly
22 increasingly tuition and fees.

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1 At Loyola, students have been
2 outraged by a new meal plan that will
3 drastically increase the price tag of their
4 education. The least expensive option which
5 we are required to buy for two years will
6 cost me over \$2,000 extra a year. The
7 cheapest option is an increase of 150 percent
8 over that of last year's. In just two years,
9 a Loyola student will spend more than \$9,000
10 on meal plan expenses alone.

11 When we asked Dr. Rob Kelly, Vice
12 President of Student Affairs where the extra
13 money would be going, at first he claimed he
14 had no idea. Eventually, he made it clear
15 that the money wasn't actually being used to
16 pay for food. He said it would help build
17 the new business school on a separate campus
18 from the one undergraduates actually use and
19 pay for guest speakers. Although the price
20 of higher education has increased by over one
21 thousand percent in the last 30 years alone,
22 and Loyola administrators have already

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1 increased tuition twice in the last two
2 years, apparently, they need more money to
3 fund their relentless building expansion and
4 six-figure salaries.

5 In spite of the huge financial
6 burden this exorbitant plan would exact upon
7 students, in less than 40 days the university
8 quickly signed contracts to implement it
9 without the consent or acknowledgment of the
10 student body or student government.

11 After hundreds of students showed
12 strong, continued disapproval of the
13 increases, our President Michael Garanzini
14 refused to meet with students and told us in
15 an email that this is just a meal plan we are
16 talking about. However, this isn't just a
17 meal plan we are talking about.

18 Gratuitous increases like the new
19 Loyola meal plan and yearly tuition surges
20 directly contribute to growing student debt,
21 which now exceeds one trillion dollars and
22 comes second only to national mortgage debt.

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1 For me, this has been a source of incredible
2 anxiety.

3 Shortly before I entered Loyola,
4 my financial situation drastically changed.
5 Although my parents are divorced, they had
6 agreed upon a 50/50 split of the cost of my
7 education. However, when my father refused
8 to pay his portion, my mom was forced to
9 shoulder it all. But because my dad makes
10 significantly more than my mom, I am unable
11 to receive any need-based scholarships. This
12 problem was further exacerbated by constant
13 fee and tuition increases, worsening my
14 mother's financial burden, as she spent much
15 of her savings to support my education.

16 While I wrestled with my
17 impending debt, my emotional stability and
18 relationship with my father deteriorated
19 until I was suffering from regular anxiety
20 attacks. I am not alone in this struggle.
21 Students at Loyola and other universities
22 across this country not only face similar

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1 family financial issues, preventing them from
2 receiving aid for a more affordable education
3 but they also enter with an expectation of
4 how much their education will cost, only to
5 be subjected to numerous increases as time
6 goes on.

7 Like me, the financial and
8 emotional stability of students across the
9 country are being compromised by senseless
10 and ever-increasing student debt. But
11 President Garanzini and other administrators,
12 the people who are supposed to look out for
13 students' interests think it is beneath them
14 to talk with us about thousands of dollars in
15 extra costs. They are not only out of touch
16 with the financial concerns of students but
17 Loyola administrators and President Garanzini
18 are profiting off them. Unfortunately, this
19 is not an experience unique to Loyola
20 students. This is the devastating reality
21 for universities across America. It is time
22 that universities -- it is clear to us that

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1 universities are taking advantage of Title IV
2 funding by using it to support massive
3 tuition and fee increases. Given this, it is
4 absolutely necessary that the negotiating
5 rulemaking committee create regulations for
6 the Department of Education to implement that
7 hold all colleges and universities
8 accountable for keeping tuition and fees
9 affordable while maintaining educational
10 quality.

11 Those institutions that misuse
12 students' tuition dollars paid for through
13 Title IV funding should not continue to be
14 eligible for Title IV programs.
15 Additionally, we cannot trust universities
16 and their administrators who are rewarded by
17 our debt to have a voice in developing
18 regulations for Title IV funding without
19 ensuring adequate representation for
20 students. Because students make up 85
21 percent of the individuals at institutions
22 receiving Title IV funding, it is fair that

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1 representatives of student organizations make
2 up 75 percent of the negotiators selected to
3 be on the rulemaking committee, in order to
4 properly represent those most affected by the
5 struggles of paying for higher education, the
6 students.

7 Thank you.

8 MODERATOR KOLOTOS: We're running
9 ahead of schedule. So if Aneesh Nandam would
10 like to address the group? Thank you.

11 MR. NANDAM: Good afternoon. My
12 name is Aneesh Nandam. I am a graduate of
13 the University of Illinois at Chicago, a
14 leader in Roots of Justice at the University
15 of Illinois at Chicago, and a leader in the
16 IIRON Student Network. The IIRON Student
17 Network is network of grassroots university-
18 based social justice organizations from
19 across Chicago and we are affiliated with the
20 community organizing network IIRON and the
21 National People's Action.

22 So, I have extensive educational

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1 experience at the University of Illinois at
2 Chicago. In my four years there, I completed
3 two bachelor's degrees and nearly all of the
4 academic requirements of a master's degree in
5 public health. And in all of my time there,
6 I have experienced numerous abuses
7 perpetrated by the university and
8 administration both as an undergraduate
9 student and a graduate student.

10 As an undergraduate, I sat
11 through classes that had far too many
12 students for the instructors running the
13 classes to provide any meaningful
14 individualized attention. I was in lab
15 classes that did not have enough seats for
16 students to actually do work. And had faulty
17 equipment such that I was going into lab for
18 four hours a day, collected no meaningful
19 data, had to go home and write lab reports
20 every week that were totally meaningless
21 because I had no results to report. Every
22 day I went to class, I felt like I was just

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1 wasting my time. And for somebody that is
2 paying thousands of dollars per semester to
3 attend college that seems ridiculous that I
4 should feel like I am wasting my time every
5 day going to class, as that is not the
6 purpose of education.

7 And throughout the entire process
8 of my undergraduate education, I felt like
9 most of the time no one actually cared
10 whether I learned anything at all. And to
11 this day, I ask myself what exactly I did
12 learn in undergrad, except that I need more
13 education.

14 So as a graduate student in
15 public health, things did not start out well,
16 even before I even enrolled. Even though I
17 paid my tuition deposit on time and I was
18 communicating with academic support at the
19 university to just check in to see if there
20 was anything I needed to do to ensure that my
21 enrollment was going smoothly, I didn't find
22 out that the Department didn't even know that

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1 I was attending the University School of
2 Public Health until two weeks before the
3 semester actually began. I was not assigned
4 an advisor. I had to go find my own from a
5 relationship I already had at the University
6 from being undergrad. And because of my
7 delay in actually being recognized as an
8 enrolled student, I didn't even get to
9 register for classes until very late. And
10 because I was only attending the graduate
11 school for one year, my ability to attend
12 classes that I actually felt were meaningful
13 was significantly hampered.

14 And while this may seem like a
15 one-off occurrence, just a random student
16 that got unlucky, something got lost in the
17 mail, this is really just the result of
18 commitment by the University of actually
19 funding academic support, as my department in
20 the School of Public Health only had one
21 person who was in charge of managing
22 relationships with students, making sure that

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1 they were actually able to register for
2 courses properly and addressing any concerns
3 with that. And to me, it seems ridiculous
4 that one person had to shoulder that entire
5 burden. She did a great job, all things
6 considered but that didn't seem fair to me or
7 the other students that were there.

8 In addition to feeling exploited
9 as a graduate student and undergraduate, I
10 also felt exploited as a graduate student
11 worker. I worked as a research assistant as
12 a graduate student to cover my tuition and
13 fees and my living expenses and this is
14 something that was won by the graduate
15 student union through negotiations with the
16 University. But despite the tuition and fee
17 waivers, I still owed an additional \$2,000
18 per semester to cover a tuition differential,
19 which is not something that has been clearly
20 defined by the University in terms of what
21 that money is actually used for. That is
22 something that the union has struggled to get

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1 more information out of the University for
2 and has not actually had their questions
3 answered in any meaningful way.

4 So I had to borrow that
5 additional money, despite working three jobs
6 or two jobs and one unpaid internship for
7 roughly 35 hours a week while being a full-
8 time student. And for me, it seems
9 ridiculous that I should have to borrow in
10 excess while I am already nearly working
11 full-time. And this is just an example of
12 the university continuing to try to exploit
13 graduate labor as a cheap form of labor so
14 they don't have to pay significant amounts of
15 money.

16 Even a better example of this is
17 during the contract negotiations with the
18 graduate union in the last year, they tried
19 to eliminate the tuition waivers that were
20 offered to teaching assistants, many of whom
21 were shouldering very significant teaching
22 duties and it seems ridiculous that they

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1 would take away the greatest incentive for
2 actually doing that job in the first place.

3 So all of these things I
4 experienced as an undergraduate student and a
5 graduate student at the University of
6 Illinois at Chicago were justified by this
7 very elaborate narrative that had been pushed
8 to me and my fellow students since I was a
9 freshman in the University, where the
10 University simply blamed the state's
11 declining appropriations for the need for
12 tuition increases and for the need for
13 students and faculty to tighten their belts
14 and cut back and expect less.

15 What I learned as a graduate
16 student and a graduate of the University is
17 that this narrative was an outright lie and
18 that while students and faculty were made to
19 accept program cuts, growing class sizes, no
20 increases in the number of full-time faculty
21 instructors, administrators saw no losses, we
22 had from 2004 to 2011 while there was a 13

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1 percent increase in total enrollment at the
2 University and roughly no change in the
3 number of full-time instructors, we had a 15
4 percent increase in the number of higher-end
5 administrators and top-level administrators
6 who were making the lowest salary was about
7 \$167,000, had a raise of an average of \$6,000
8 in the last alone -- more than \$6,000 in the
9 last year alone.

10 In addition to that, the
11 University of Illinois system has accumulated
12 more than a billion dollars in unrestricted
13 net assets. Most of this was accumulated
14 after the financial crisis of 2008. So all
15 of these to me, point to signs of a
16 University that is not actually in fiscal
17 trouble and actually has gravely mismanaged
18 priorities that is causing all of its
19 students to suffer.

20 So the stories that I have shared
21 with you throughout my experiences in
22 undergraduate and graduate colleges at the

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1 University of Illinois at Chicago and the
2 other members of the IIRON Student Network
3 today demonstrate that colleges and
4 universities across this country are not
5 being held accountable to holding the
6 financial interests of students and their
7 families when they are making decisions about
8 how much students are actually paying for
9 school.

10 And so Title IV funding has been
11 used by these colleges to enable their worst
12 excesses, such that increases in tuition,
13 fees, supported by the easy availability of
14 loans have made colleges feel like they don't
15 have a problem with raising tuition because
16 they know that students can just borrow for
17 it. And as such, they are exploiting
18 students into taking on more debt, which has
19 contributed to the skyrocketing figure of
20 student debt, which now exceeds a trillion
21 dollars and is seconded only by mortgage
22 debt.

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1 So we want the negotiated
2 rulemaking committee and the Department of
3 Education to develop and implement
4 regulations that hold colleges and
5 universities accountable for keeping tuition
6 affordable and for maintaining educational
7 quality. Because universities that exploit
8 federal funding through Title IV programs
9 should not be allowed to continue to accept -
10 - continue to be eligible for Title IV
11 programs and simply exploit their students
12 into taking on more debt because right now
13 they are not facing any consequences for
14 that.

15 Second, we feel that students,
16 because we are the people who face the real
17 consequences and suffering of trying to pay
18 for college education deserve adequate
19 representation at the negotiated rulemaking
20 table -- the negotiated rulemaking committee.
21 Because students make up 85 percent of the
22 constituents at colleges and universities

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1 accepting Title IV funding, we think it is
2 only fair that we make up at least three-
3 quarters of those selected negotiators on the
4 negotiated rulemaking committee because we
5 are the only people who are truly able to
6 defend student interest in the process.

7 Thank you.

8 MS. MICELI: Thank you.

9 MODERATOR KOLOTOS: Okay, I think
10 we will take a break and reconvene at 2:40.
11 And if Deborah Bushway is available at that
12 time, we would appreciate it if you could
13 speak at 2:40 when we reconvene. Thank you.

14 (Whereupon, the foregoing hearing went off
15 the record at 2:23 p.m. and went
16 back on the record at 2:41 p.m.)

17 MODERATOR KOLOTOS: If everybody
18 could please take their seats, we are ready
19 to reconvene. Deborah Bushway.

20 MS. BUSHWAY: Just start?

21 MS. MICELI: Yes.

22 MS. BUSHWAY: Good afternoon. I

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1 am Deb Bushway and I am the Chief Academic
2 Officer at Capella University. On behalf of
3 Capella, I want to thank you for the
4 opportunity to speak today.

5 So just for introduction, Capella
6 University is an online institution that
7 delivers primarily graduate-focused education
8 to working adults. Approximately 75 percent
9 of Capella's learners are enrolled in masters
10 or doctoral degree-level programs. All in
11 all, we offer about 43 degree programs with
12 145 specializations. We currently enroll
13 about 37,000 students from all 50 states and
14 61 different countries and we are based here
15 in Minneapolis, Minnesota.

16 So we use an outcomes based
17 curricular model. Our program outcomes are
18 defined by expertise that is required to
19 succeed in a given profession and our courses
20 and assignments are tied to those program
21 outcomes. As a result, Capella assesses each
22 student's achievement throughout his or her

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1 enrollment with us. Our courses are designed
2 to encourage our students to incorporate
3 workplace issues or projects into their
4 studies, providing relevancy and context to
5 the curricula.

6 For these reasons, we share the
7 Department's interest in outcomes and
8 accountability. We strongly believe that
9 there needs to be a robust and effective
10 system of regulations that govern student
11 financial assistance programs. Institutions
12 should be held to the highest standards of
13 integrity when it comes to administering
14 Title IV program funds. Capella is committed
15 to such regulatory compliance and appreciates
16 the opportunity to comment on the proposed
17 changes.

18 Capella would like to introduce,
19 however, an additional topic for the
20 Department's consideration during this
21 rulemaking. We greatly appreciate the
22 Department's interest in and support of the

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1 potential direct assessment programs, as
2 evidenced by the recent "Dear Colleague"
3 letter. Under the umbrella of the
4 Department's intent to address program
5 integrity issues related to Title IV federal
6 financial aid, Capella would propose that the
7 Department consider adding direct assessment
8 or competency-based programs to the list of
9 topics considered. We believe direct
10 assessment programs have the potential to
11 significantly lower costs, increase speed to
12 degree and more effectively align learning to
13 the needs of society and to employers. This
14 is true, especially we believe, for working
15 adult learners.

16 We believe that the core to
17 success for an effective direct assessment
18 program is built around well-articulated and
19 defined competencies, as well as the
20 maintenance of a central role for faculty in
21 this model. Maximizing the potential of
22 direct assessment model will require hand-in-

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1 glove cooperation of institutions,
2 accreditors, and the Department.

3 With this in mind, we are honored
4 to have been recently approved by the Higher
5 Learning Commission to offer competency-based
6 direct assessment programs. We will continue
7 to work with the Department as this process
8 moves forward.

9 On a parallel path, we believe
10 there is opportunity to review and modify
11 current regulatory constraints, in order to
12 foster successful utilization of this
13 innovation in educational delivery.
14 Specifically, this will offer an important
15 vehicle for addressing critical questions
16 around key issues like instructional time
17 requirements and credit hour definitions. We
18 believe that revising the existing regulatory
19 restraints with a focus on protecting
20 academic quality and the integrity of Title
21 IV can continue to further two goals of the
22 Department and the Administration. One,

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1 significantly lowering the cost of college
2 and two, reducing the amount of time it takes
3 a student to complete the degree program.

4 I shift gears a bit to gainful
5 employment. Capella welcomes being held
6 accountable for the academic quality of our
7 programs and the success of our learner and
8 our graduates. We share many of the
9 Department's interest in ensuring
10 institutional integrity and quality and in
11 protecting the student.

12 We would like to work with the
13 Department to achieve these goals. We
14 believe these collective goals are best
15 achieved through a true focus on outcome
16 measures related to actual student
17 performance and would be best and
18 appropriately achieved through comprehensive
19 and thoughtful reform legislation.

20 Congressional hearings, as you
21 know in preparation for the Higher Ed
22 Reauthorization Act are already underway.

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1 Recently introduced legislation focusing on
2 outcomes and student performance, such as the
3 student's right to "Know Before You Go" is a
4 great example of how the Department could
5 achieve these goals legislatively. We
6 believe the student's right to Know Before
7 You Go would provide data critical to
8 informing a greater understanding of the
9 higher education landscape and would also
10 serve to level the playing field by ensuring
11 that key data instrumental to choosing an
12 institution and a degree is in the hand of
13 every student attending any institution.

14 Lastly on this topic, not lastly
15 overall, Capella respectfully disagrees with
16 the Department's proposal to discuss new
17 program approval requirements within the
18 context of gainful employment. Capella, like
19 many institutions, must already comply with
20 the requirements of its state regulatory body
21 and accrediting body in the development and
22 offering of new academic programs. Because

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1 Title IV eligibility for a new program cannot
2 be sought from the Department until after all
3 the necessary state and accrediting approvals
4 are obtained, the imposition of yet another
5 substantive approval process at the federal
6 level applied across the board for all
7 institutions creates great uncertainty and
8 institutional planning.

9 As the Department seeks to add
10 further protections to the integrity to the
11 Title IV federal financial aid funds, we
12 propose relying on yet another tool already
13 in place to appropriately monitor these
14 program expansions, the total provisional
15 certification. Those institutions that are
16 provisionally certified for whatever reason
17 must already seek Departmental approval to
18 offer total funds in new programs.

19 Shifting to state authorization,
20 Capella has robust experience in the area of
21 compliance with state authorization and state
22 requirements for distance education programs.

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1 While Capella has been very successful in
2 navigating the complexities of state
3 authorization, one of the largest obstacles
4 with compliance centers on various states,
5 using individualized and sometimes
6 conflicting terminology for describing their
7 state authorization requirements. This could
8 make compliance efforts for an institution
9 challenging, obviously.

10 Based on this experience, we urge
11 the Department to work constructively with
12 state partners to facilitate the development
13 of more common standards for distance state
14 education authorization and to encourage
15 reciprocity agreements, rather than again
16 imposing a rule that simply tasks state to
17 create further confusion.

18 The issue of preventing fraud.
19 As an institution that serves many working
20 adults for whom online program delivery is
21 critical to their ability to pursue higher
22 education and to advance their careers,

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1 Capella appreciates the Department's focus on
2 this issue.

3 As part of the upcoming
4 rulemaking, Capella suggested the Department
5 maintain institutional flexibility to develop
6 and apply specific protocols that work best
7 for a particular institution, rather than
8 prescribing a one size fits all solution.
9 While all institutions should have the shared
10 goal of preventing improper access to Title
11 IV and perhaps can agree to a common set of
12 red flags in this area, it may be difficult
13 to craft regulatory language that covers all
14 the contingencies and all the various
15 circumstances that arise.

16 Capella also welcomes
17 conversations around the definition of
18 adverse credit with regard to Parent PLUS and
19 Grad PLUS approvals. We recognize that these
20 two programs are important sources of funding
21 to provide student access to education and we
22 support a definition which both ensures

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1 student accesses and compromise but also
2 simultaneously safeguards federal financial
3 aid funds.

4 In terms of the makeup of the
5 committee, the rulemaking committee, as the
6 Department considers this makeup, we would
7 like to offer two thoughts. The issues
8 presented for the negotiated rulemaking range
9 from technical really down in the weeds
10 technical financial aid issues to broad,
11 substantive policy issues.

12 In order to enable really robust
13 negotiations with subject matter experts, we
14 would recommend dividing the committee into
15 two committees; one specifically focused on
16 this technical financial aid issue, the other
17 on the more substantive broad-reaching policy
18 issues. If the Department were to consider
19 this additional topic that we proposed
20 earlier about direct assessment or
21 competency-based education, we would suggest
22 that might be a third committee to negotiate

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1 on that issue.

2 Regarding the makeup of the
3 committee, we would respectfully request two
4 additional seats to be considered. Given the
5 unique impact of state authorization and
6 financial aid fraud on distance education
7 institutions, we would request that a seat
8 for distance education institutions be
9 included.

10 With respect to gainful
11 employment, the diversity of the institutions
12 affected warrants diversity on the
13 committees. We would strongly urge that the
14 Department create room on the committee for a
15 graduate education representative as well.

16 So now I am closing. We
17 appreciate the opportunity to provide these
18 comments to you. We value all the efforts
19 you are making and we ask that you accept our
20 comments as part of the hearing. Thanks.

21 MS. MICELI: Thank you.

22 MODERATOR KOLOTOS: If Samuel

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1 Levine would like to speak now, that would be
2 great. Thank you.

3 MR. LEVINE: Good afternoon. My
4 name is Samuel Levine and I, along with my
5 colleague, Colleen Bisher-Fry, am here on
6 behalf of the Illinois Attorney General.

7 As the chief consumer advocacy
8 agency in Illinois, our office handles
9 hundreds of complaints concerning higher
10 education and we enforce laws to protect
11 consumers from unfair and deceptive
12 practices. To date, we have received more
13 than 1500 complaints about Illinois colleges
14 and universities and have interviewed scores
15 of students to learn more about their
16 experiences. Additionally, our investigation
17 of the for-profit school industry has yielded
18 broader policy lessons that may be useful as
19 the Department shapes its rulemaking agenda.

20 We have carefully reviewed the
21 proposed topics for consideration and wish to
22 comment on one topic, gainful employment,

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1 that we believe is of particular importance
2 to Illinois consumers. Additionally, we
3 encourage the Department to address six other
4 topics that were not referenced in the
5 notice: cohort default rates -- I had better
6 go slowly -- cohort default rates,
7 institutional loan transparency, placement
8 rates, programmatic accreditation, and delays
9 in loan disbursement. I will be addressing
10 gainful employment, cohort default
11 manipulation, and institutional loans. My
12 colleague, during the time, will address the
13 remaining issues.

14 We believe that strong rules in
15 these areas would protect taxpayer
16 investment, aid consumers in making informed
17 choices, and level the playing field for
18 career schools that are delivering for the
19 students and the public.

20 I will first address the gainful
21 employment rule. A robust gainful employment
22 rule is vital to protect taxpayer investment

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1 and ensure that students have adequate and
2 reliable information when they enroll in a
3 career school. We recommend adoption of a
4 rule that again sets thresholds for repayment
5 rates, and debt to income ratios and requires
6 disclosures of these figures to perspective
7 students. If career schools consistently
8 fail to meet these thresholds, they should
9 lose eligibility for federal funds.

10 Debt to income ratios provide
11 perspective students with a vital snapshot in
12 graduates' ability to repay their loans. We
13 have spoken to numerous career college
14 graduates who find that their earnings are
15 lower and debt burden far higher than what
16 they expected when they enrolled. Had they
17 been given debt to income disclosures when
18 they were shopping for schools, they could
19 have made more informed decisions before
20 incurring significant debt.

21 We encourage the Department,
22 therefore, to again promulgate rules that set

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1 maximum thresholds for debt to income ratios;
2 programs in which a majority of graduates
3 don't have loans, such as community colleges,
4 can be deemed to have met these thresholds.

5 Perspective students should also
6 be entitled to information about loan
7 repayment rates, which indicate whether a
8 school's graduates are in careers that allow
9 them to cover the cost of their education.
10 Repayment rates are a vital compliment to
11 debt to income ratios because they can and
12 should account not only for graduates but
13 also for students who drop. After all, if a
14 school has a 90 percent repayment rate for
15 its graduates but only a 20 percent
16 completion rate, that school is not
17 delivering for a majority of its students and
18 taxpayers.

19 The repayment rate, therefore, is
20 a strong indicator of a college's success in
21 preparing its students for gainful
22 employment. If the rate falls below a

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1 certain threshold, that college should lose
2 its eligibility for Title IV funds. Because
3 of the importance of both of these figures
4 from schools and taxpayers, schools should be
5 accountable for both of them. Failure to
6 meet either should lead to loss of Title IV
7 eligibility.

8 The next topic that we would like
9 the Department to address is manipulation of
10 cohort default rates. Like repayment rates
11 and debt to income ratios, cohort default
12 rates are a vital measure of a school's
13 success both as educators and as stewards of
14 our taxpayer dollars. Troublingly, however,
15 many for-profit schools have evaded the
16 intentions of congress and the Department by
17 aggressively soliciting students to seek
18 forbearances and deferments so that they are
19 not accounted for in the Department's
20 measurement. Indeed, the recent *For Profit*
21 *Higher Education: The Failure to Safeguard*
22 *the Federal Investment and Ensure Student*

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1 Success Report released by the Senate
2 Committee on Health, Education, labor, and
3 Pensions details the troubling ways in which
4 for-profit schools manipulate their default
5 rates, including repeated phone calls to
6 separated students, McDonald's gift cards,
7 aggressive mailings, home visits, and bonuses
8 for default management employees who can
9 secure the most cures.

10 Manipulation of cohort default
11 rates evades accountability for poor
12 outcomes. It hurts students who may not
13 benefit from one size fits all cures, and it
14 misleads prospective students about their
15 chances of securing gainful employment.

16 Prospective students are entitled
17 to disclosures that indicate their actual
18 likelihood of paying back their loans without
19 the distorting effect of default management
20 tactics. Separated students, meanwhile,
21 don't always benefit from forbearances or
22 deferments. Some would be better off in

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1 enrolling in income-based repayment of other
2 alternatives. Students need financial
3 counseling that places their interests first,
4 not the financial interests of for-profit
5 schools.

6 Accordingly, we believe that it
7 is vital that the Department address the
8 issue of cohort default rate manipulation at
9 its upcoming rulemaking.

10 The next and final issue that I
11 will be addressing is institutional loans.
12 We believe that many players in the for-
13 profit school industry attempt to comply with
14 the 90/10 rule by setting their tuition such
15 that no more than 90 percent of their cost
16 will be covered by federal aid, thus creating
17 a gap and leaving students with no choice but
18 to take out private loans.

19 Until 2008, this gap could be
20 filled by third-party lenders. But after the
21 economic crash, these lenders have largely
22 exited the subprime market. For-profit

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1 schools then began issuing their own loans,
2 what we and others have called institutional
3 loans to fill the gap. Although these loans
4 may lose money for the school, they serve the
5 vital purpose of contributing to the ten
6 percent of non-federal revenue that the
7 Department requires.

8 Institutional loans pose a number
9 of problems for students. They frequently
10 carry high interest rates, binding
11 arbitration provisions, and mandatory in-
12 school payments. They lack the protections
13 of federal -- they generally lack the
14 protections of federal loans.

15 Many students don't realize that
16 these loans are ultimately purchased by the
17 school. And we have spoken to a number who
18 were surprised when they were pulled out of
19 class, denied externships, even denied
20 diplomas if they didn't make in-school
21 payments on time. Unfortunately for students
22 and taxpayers, schools set up complex

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1 financial arrangements with third-party
2 lenders in order to attempt to comply with
3 90/10 and conceal the fact that they own or
4 will ultimately purchase the loans being
5 issued to their students.

6 It is essential, therefore, that
7 the Department create a clear definition of
8 institutional loans. If schools have any
9 direct financial interest in a loan to
10 repayment, that loan should be considered
11 institutional. And if students are to be
12 offered institutional loans, they should be
13 informed of this fact and also of the
14 consequences if they fail to make timely
15 payments, especially while in school.

16 We are also concerned by schools'
17 lack of transparency concerning default rates
18 on institutional loans. Indeed, the only
19 information available publicly is accounting
20 figures disclosed to investors by publicly
21 owned for-profit schools. These figures
22 suggest a default rate of over 50 percent and

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1 prospective students of for-profit schools
2 should be entitled to at least the same
3 information as investors in for-profit
4 schools. After all, it is the students who
5 are taking out the loans and the students
6 ultimately who will be the most harmed if
7 they default.

8 Accordingly, schools should
9 disclose to students the default rates on
10 institutional loans in a clear, transparent
11 way, ideally according to the same measure
12 with which they calculate cohort default
13 rates on federal loans.

14 On behalf of my office, I want to
15 thank the Department for this opportunity to
16 comment on an area of great importance for
17 the consumers we are charged with protecting.

18 I will now turn things over to
19 Colleen Bisher-Fry to discuss the remaining
20 issues that we believe the Department should
21 address.

22 Thank you.

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1 MS. BISHER-FRY: Good afternoon.
2 My name is Colleen Bisher-Fry and I also am
3 an Assistant Attorney General representing
4 the Illinois Attorney General's Office today.

5 As my colleague, Mr. Levine,
6 previously discussed, we have a variety of
7 issues that we encourage the Department to
8 consider during its upcoming rulemaking
9 session, including job placement rates,
10 accreditor shopping, programmatic
11 accreditation and loan disbursement delays.
12 We encourage the Department to promulgate
13 rules that support students in their decision
14 of whether to attend higher education
15 institutions by providing them with clear,
16 accessible and accurate information.

17 The first issue I will address
18 today is job placement rates. Many students
19 choose to attend college or career schools to
20 broaden their job opportunities and potential
21 for income. As prospective students research
22 these institutions, they should be provided

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1 accurate and timely disclosures of graduate
2 job placement rates. Unfortunately, many
3 prospective students cannot rely entirely
4 upon job placement disclosures when
5 determining the actual rate of job placements
6 of graduates from any given institution. We
7 have discovered for-profit schools that have
8 counted students as placed in field when it
9 is very questionable whether or not these
10 graduates are actually placed in field.

11 For example, some schools have
12 identified students that attended one-day
13 field trips or job fairs in their area of
14 study as placed in field. We have also seen
15 instances when students have been induced by
16 institutions to identify themselves as self-
17 employed in field, so the school may count
18 the students as placed. Moreover, some
19 institutions categorize students as placed in
20 field when graduates have obtained retail
21 positions related to their program of study,
22 such as a game design graduate who is

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1 employed at Game Stop or a fashion design
2 major employed at Kohl's, or a criminal
3 justice major employed at Walgreen's.
4 Unsurprisingly, many of these practices are
5 not unique to Illinois.

6 Oral statements about job
7 placement rates from institutional
8 representatives are also questionable.
9 Students have been told that graduates
10 receive high salaries that their particular
11 institution has a 99 percent job placement
12 rate or that schools have high passage rates
13 on licensure exams that are required to enter
14 a particular professional field.

15 Many students attending or who
16 have attended for-profit schools, relied upon
17 the promises made to them either in
18 disclosures or orally by school
19 representatives when they chose to enroll in
20 that university. These students have sadly
21 discovered that their job prospects are far
22 more bleak than they expected upon

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1 graduation. In order to mitigate oral and
2 written misrepresentations about job
3 placement rates, the Illinois Attorney
4 General's Office recommends that the
5 Department require clear placement disclosure
6 for all career schools. We ask that the
7 Department again seek to develop a uniform
8 definition of in field placement for
9 graduates.

10 The Department should also
11 exclude self-employed graduates who earn
12 little or no income, hold temporary or
13 contract positions, or hold the exact same
14 job as they held prior to their enrollment as
15 placed in field.

16 The Department should also
17 require disclosure of average and median
18 salaries, along with percentile breakdowns,
19 so students have realistic expectations about
20 their future salaries if they graduate from
21 their program of choice.

22 Additionally, the Department

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1 should require independent audits to ensure
2 that institutions are properly categorizing
3 students' jobs as in field or not in field
4 after graduation.

5 Further, the Department should
6 set minimum thresholds for placement rates.
7 Schools that don't meet the threshold should
8 not be eligible to receive federal dollars
9 because schools that can't prepare their
10 graduates for employment in their fields of
11 study should not receive taxpayer money.

12 The second issue I will discuss
13 today is the practice of accreditor shopping.
14 For-profit institutions should not be able to
15 avoid accountability for poor practices by
16 simply switching accreditors. The broad
17 jurisdiction of national accreditors prevents
18 them from ensuring compliance of the schools
19 that they accredit. For example, if a
20 national accreditor believes that a school is
21 not complying with their guidelines, it may
22 request that the school provide concrete

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1 evidence of institutional compliance with
2 their guidelines in order to retain
3 accreditation.

4 In response to this type of
5 request, schools may do one of three things.
6 First, they may improve their practices or
7 provide evidence that they are abiding with
8 accreditor guidelines, which is clearly the
9 most preferred solution and the intention of
10 the request. Second, the school may shut
11 down the low-performing campus or campuses
12 and potentially open up shop under a new name
13 and in a new location. Finally, the school
14 may simply switch national accreditors, which
15 is the most troubling solution. This
16 practice allows institutions to entirely
17 avoid accountability with one national
18 accreditor and move forward with a clean
19 slate from another. As such, we request that
20 the Department promulgate rules that protect
21 the integrity of the accreditation process by
22 preventing accreditor shopping.

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1 The third issue I will discuss
2 today is programmatic accreditation. Many
3 employers see employees who have earned a
4 career-based certification or have graduated
5 from a program with a programmatic
6 accreditation related to a specific field.
7 For example, to be eligible to take the
8 certification exam to become a certified
9 medical assistant or a CMA, a graduate must
10 have attended a medical assisting program
11 that was accredited either by the Commission
12 on Accreditation of Allied Health Education
13 Programs, which is a mouthful and it is known
14 short as CAAHEP or the Accrediting Bureau of
15 health Education Schools, known as ABHES.

16 We have seen examples of for-
17 profit schools setting up its Office of
18 Postsecondary Education Identification Code,
19 also known as the school's OPEID Code in a
20 way that would inhibit a reasonable consumer
21 from discovering whether a particular program
22 is programmatically accredited. A school may

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1 have numerous campuses under one OPEID Code,
2 some of which may have programmatic
3 accreditation and some of which may not.
4 This prevents potential students and even
5 savvy higher education shoppers from
6 determining which campuses are accredited and
7 which ones are not.

8 We ask the Department create
9 rules requiring schools with one OPEID Code
10 and different programmatic accreditations for
11 different campuses to provide students with
12 clear and accessible exposures about the
13 programmatic accreditation at each campus.
14 We also ask that the Department require that
15 affirmative representations are made to
16 students regarding the status of a particular
17 campus' programmatic accreditation.

18 The final issue I will address
19 today is loan disbursement delays. As Mr.
20 Levine discussed, we believe that some
21 educational institutions circumvent the 90/10
22 rule with their institutional loans. We have

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1 found evidence that schools are delaying the
2 disbursement of their Title IV funds received
3 on behalf of students to the following fiscal
4 year. The practice of holding on to money
5 intended to be disbursed directly to students
6 allow schools to avoid applying the federal
7 loan money to the year that it is received.
8 Rather, it is applied to the year that it is
9 disbursed to the student. This loophole
10 allows schools who are approaching the 90
11 percent threshold to attempt to comply with
12 90/10. Many students anticipate their
13 student loan disbursements to meet rent, pay
14 bills, buy food, or purchase other
15 necessities. Delaying disbursement likely
16 does not benefit students but benefits only
17 the institution withholding the money. As
18 such, we encourage the Department to
19 promulgate rules that protect students in the
20 integrity of 90/10 by prohibiting untimely
21 loan disbursements to students.

22 The Office of the Illinois

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1 Attorney General appreciates the opportunity
2 to comment on an area of great importance for
3 Illinois students and taxpayers. We look
4 forward to discussing these issues in more
5 depth in written comments we will submit to
6 the Department later this month.

7 Thank you very much for your time
8 and consideration.

9 MS. MICELI: Thank you.

10 MODERATOR KOLOTOS: I take it you
11 are Matt? Okay.

12 MR. FORSTIE: Well, thank you.
13 My name is Matt Forstie. I am a student here
14 at the University of Minnesota, an
15 undergraduate student. I just finished my
16 junior year studying finance and mathematics.
17 And I want to thank the Department for
18 providing this opportunity to provide input.
19 I really appreciate the way that is being
20 sought in this process.

21 I formerly served as the
22 statewide share of an organization called the

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1 Minnesota Student Legislative Coalition. And
2 that is official representation for students
3 at the University of Minnesota across our
4 five campuses across the state. So I
5 represent over 70,000 students.

6 And I will first talk a little
7 bit about, I will frame, some of the issues
8 students are facing both here in the state
9 and nationally. And then I will talk about a
10 few broad principles that I think are areas
11 for the Department to take action as it
12 relates to the reauthorization of the Higher
13 Education Act.

14 So as you know, we have a crisis
15 in higher ed, specifically a crisis for
16 students in this country. And it is
17 primarily manifesting itself in high tuition
18 and high debt, which is a place that we have
19 gone in this country and we are just starting
20 to see the negative results of that. We have
21 a generation that is in trouble and this
22 damages our national interests.

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1 Total student debt in the U.S.
2 exceeds one trillion dollars. The average
3 student debt nationally is about \$26,000 and
4 in this state, it has reached nearly \$30,000.
5 People are putting off getting married,
6 buying a car, buying a home and other big
7 life decisions because of this debt and
8 unemployment after they graduate. So like I
9 said, we have a generation in trouble. It is
10 not just people that are in school now. It
11 is people that have graduated or that will
12 enter school and will graduate in the future.
13 And I think that that will damage the future
14 of this country.

15 There are three big players that
16 I think aren't stepping up in the higher
17 education policy conversation in this
18 country: the federal government, states, and
19 institutions. I think all of those three
20 players haven't done enough to address the
21 student debt crisis. I think all three could
22 do more and I appreciate this opportunity to

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1 address you to tell you how I think
2 specifically the federal government could do
3 more.

4 So I will move into, I think I
5 want to address four broad principles. I am
6 not an expert as some of the folks here have
7 been. But I think some of these broad
8 principles should help you guide your actions
9 as it relates to students in the Higher
10 Education Act.

11 So the first principle I want to
12 talk about is strong student representation
13 on the rulemaking committee. First and
14 foremost to ensure that students are
15 equitably represented throughout the
16 rulemaking process, a significant portion of
17 the members of the negotiated rulemaking
18 committee should be students or
19 representatives of students. According to
20 the National Center for Education Statistics,
21 students make up 85 plus percent of all the
22 people at institutions that receive Title IV

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1 funding so I think that is a strong statistic
2 that should be kept in consideration. And I
3 think the least that students can ask for is
4 fair representation on a committee
5 establishing regulations that will impact us
6 so drastically as all of these decisions will
7 impact students.

8 So as a representative of the
9 Minnesota Student Legislative Coalition
10 representing 70,000 students, I plead for
11 strong student representation on the
12 rulemaking committee. And I think strong
13 representation on that committee will produce
14 positive outcomes in the other principles
15 that I want to talk about.

16 So the second thing I want to
17 talk about is that the Higher Education Act,
18 the reauthorization I think should emphasize
19 administrative accountability and
20 transparency in higher education to help
21 students and families shop with their feet,
22 realize what they are buying, and get what

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1 they are buying. So I think it is vital that
2 federal funding for higher education should
3 be disbursed to schools based on their track
4 record of making college affordable for
5 students. Regulations must restrict and
6 award federal funding to higher education
7 institutions, based on their demonstrated
8 ability to do, I think, at least three
9 things. The first of which is turn revenue,
10 institutional revenue into affordable tuition
11 and quality instruction. The second should
12 be to keep average student debt and loan
13 default rates low, and the third should be to
14 help students get jobs upon graduation, which
15 is why the entered a higher education
16 institution in the first place.

17 So we must set some kind of
18 precedent for administrative accountability
19 and transparency by adding another layer of
20 oversight at the federal level. And I
21 believe that reporting on finances and
22 accounting is something that benefits all

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1 stakeholders in higher education, including
2 the institutions themselves and efforts by
3 the federal government to enforce this are a
4 necessary component of our modern higher
5 education system.

6 The third principle I would like
7 to talk about relates to states. Lack of
8 state funding and disinvestment by states in
9 the past decade and more is the primary cause
10 of high tuition and high debt. The
11 administration and the Department recently
12 proposed as part of President Obama's Fiscal
13 Year '14 budget proposal dollars for a Higher
14 Education Race to the Top: College
15 Affordability and Completion program. And I
16 want to thank the Department for that effort
17 because I think that goes towards something
18 that desperately needs to be done, which is
19 encouraging states to prioritize higher
20 education with their dollars. So those
21 dollars would go to states on a competitive
22 basis, block grant style to focus on higher

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1 education. And I appreciate that effort and
2 I hope that there is some kind of opportunity
3 in the higher education act to encourage
4 states to place a financial emphasis on
5 higher education.

6 The last principle I want to
7 address is addressing the student debt crisis
8 through tax credits. As I said earlier, it
9 is not just folks that are in higher
10 education institutions right now or have just
11 graduated or are just entering that are
12 facing this debt issue, it is folks that have
13 graduated and who may have been in the
14 workforce for five or ten years.

15 To address this problem, a broad
16 coalition of students, specifically in
17 Minnesota, introduced legislation in this
18 state, we call it Opportunity Minnesota,
19 which would provide student loan debt relief
20 through a refundable tax credit. And we
21 think that there is opportunity for some of
22 that conversation on the federal level

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1 because it would refund dollars for large
2 student loans for folks that are in the
3 workforce and contributing to the economy.
4 So I hope that becomes a part of the
5 conversation that is going forward.

6 So once again, I would just like
7 to thank the Department and everyone here for
8 this opportunity to provide input. I
9 appreciate it and I will be involved in the
10 ongoing process. So thank you.

11 MS. MICELI: Thank you.

12 MODERATOR KOLOTOS: At this
13 point, we have no one else scheduled but if
14 someone in the audience would like to speak,
15 now is the time.

16 (Pause.)

17 MODERATOR KOLOTOS: That's okay.
18 If nobody wants to come up, we are going to
19 remain here until the scheduled 4:00 end of
20 the meeting. So you are welcome to stay and
21 see if anyone else comes or you can go. It
22 is up to you but we will be here.

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1 (Whereupon, the foregoing hearing went off
2 the record at 3:17 p.m. and went
3 back on the record at 3:59 p.m.)

4 MS. MICELI: Okay. You know it
5 is 4:00 somewhere. So, I am closing the
6 record. The hearing has concluded.

7 (Whereupon, at 3:59 p.m., the foregoing
8 hearing was concluded.)
9
10
11
12

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