

U.S. DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION

PUBLIC REGIONAL HEARING ON
NEGOTIATED RULEMAKING

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

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



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

ADDENDUM

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

Note to Constituents:

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

P R E S E N T

PANEL

David Bergeron

Director of Policy and Budget Development Staff
Office of Postsecondary Education

Harold Jenkins

Division Director for Postsecondary Education
Office of General Counsel

Gail McLarnon

Program Analyst
Office of Postsecondary Education

Mary Miller

Program Analyst
Office of Postsecondary Education

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 Like other colleges and universities across the country, CEC schools must address the 26 deficiencies of an educational system that graduates students from high school without the 27 basic skill competencies required for post-secondary education. Seventy-two percent of all 28 colleges are now offering remedial services, and we, like other schools, find that we must 29 provide substantial remedial classes addressing core competencies for a growing number of 30 students coming straight from high school.

31 Just as our K-12 system does not do the job it needs to do in preparing students for college, 32 the post-secondary schools and colleges, including CEC, struggle to do a better job of 33 adequately addressing these deficiencies. The Commission could not be more correct in 34 identifying this issue as burdening both students and institutions.

35 Post-secondary schools like ours are forced to spend precious student time teaching skills 36 that should have been mastered in high school. Resources must be diverted to remedial 37 programs. These resources would otherwise go to enhancing post-secondary programs to 38 offer more in-depth instruction and services that in turn provide students with skill sets that 39 allow them to succeed in the increasingly competitive global marketplace. We must do 40 better by our high school students in this country.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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ACG & SMART Grants

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

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

6 *Loan Issues*

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

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P R O C E E D I N G S

9:00 A.M.

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

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

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

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

1 which of the majors are recognized for the languages.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13 **[BREAK]**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 expressed.

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

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

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

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

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

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

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

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

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

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

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

3 **VAN NGUYEN:** Van Nguyen.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 **DAVID BERGERON:** Okay.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 tension here.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 [voice speaking off-mic]

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

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

8 **[BREAK]**

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

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

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

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

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

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

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

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

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

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

9 **DAVID BERGERON:** Bill Shiebler.

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

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

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

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

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

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

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

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

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

17 **DAVID BERGERON:** Jennifer Pae.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 [unintelligible]

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

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

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

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

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

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

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

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

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

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

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

1 giving you the general perspective here.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 thank you for your time.

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

6 **[BREAK]**

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

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

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

24 **[Laughter]**

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

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

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

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

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

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

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

20 **MOLLY JAMES:** Hello.

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

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

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

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

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

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

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

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

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

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

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

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

12 **UNIDENTIFIED FEMALE:** [Unintelligible]

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

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

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

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

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

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

16 **[BREAK]**

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

19 **KENAN WANG:** Yeah.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 Could you speak a little bit more about that?

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

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

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

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

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

10 [People noting difficulty hearing Mr. Herrera.]

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

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

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

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

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

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

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

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

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

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

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

1 been. So thank you.

2 [chatting]

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

6 **JELENA SIMJANOVIC:** No problem.

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

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

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

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

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

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

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

14 [off-mic question]

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

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

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

1 **DAVID BERGERON:** Thank you.

2 [whispering/unintelligible conversations]

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

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