U.S. DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION

PUBLIC REGIONAL HEARING ON
NEGOTIATED RULEMAKING

Monday, June 15, 2009
8:58 a.m. – 3:51 p.m.

Community College of Denver
St. Catejan's Church
900 Auraria Parkway
Denver, Colorado
MR. BERGERON: Good morning. By my watch it may be still a minute or two before 9:00, but we're going to go ahead and get started.

I'm David Bergeron. I direct policy for the Office of Postsecondary Education at the U.S. Department of Education. With me is Zakiya Smith, from our Office of our Under Secretary; and Sally Wanner, from our Office of General Counsel. We will be starting this hearing off this morning, and others of my colleagues will be joining us or taking our place from time to time as the day goes on and it's necessary. So, we'll change name tents so you know who people are as we do that.

First of all, I'd like to thank our host here at the Community College of Denver and Metropolitan State and University of Colorado at Denver. As you know, this is kind of a unique campus where there are three institutions that share the same location. Ever since I got involved in collecting campus crime statistics, I've always been fascinated by this campus. It presents a unique experience for us because it is very different than your traditional college campus.
We do have a sign interpreter here with us, and if at any point during the morning or during the day there's somebody who needs that service, please let us know and we will have her come and join us through the morning.

On May 26, 2009, we published a Federal Register Notice announcing our intention to establish Negotiated Rulemaking Committees and that we would have hearings at three locations here in Denver. We will also have a hearing later in the week at the University of Arkansas at Little Rock, and then next week we'll be having a hearing at the Community College of Philadelphia.

Those hearings will provide the public and anyone who's interested the opportunity to tell us what they think we should be doing in terms of our regulations for the Federal Student Aid programs. These hearings are important to us because they form the basis on which we make decisions about what to include in our next round of Negotiated Rulemaking.

Subsequent to these hearings, we will be beginning to take some time and consider the comments we receive in forming a final negotiated
agenda. We will then do a subsequent Notice in the Federal Register, announcing our intention to form specific committees and what those committees will be dealing with, and inviting members of the public to nominate people to serve on those Negotiating Committees. We anticipate that we will begin negotiations in September, but a lot will depend on how this process goes and the kind of input we get, particularly the kinds of issues and the urgency of those issues that people see.

In addition to these public hearings, we will be hosting two forums tomorrow, one that will deal with issues around simplification of the process of applying for aid and the kinds of communications that the Department has to help improve college planning, preparation, and access. We will also be having a forum on how we can leverage our postsecondary education programs to foster student educational persistence and degree attainment.

With that introduction, I will begin to hear from folks who have signed up to testify, unless Sally or Zakiya have anything they would like to add.
With that, then, I will invite Bob Collins from Apollo Group to come to the podium and say what he would like to say.

Good morning, Bob.

MR. COLLINS: Good morning, David.

My name is Bob Collins. I'm the Vice President of Student Financial Aid for the Apollo Group, which includes the subsidiaries University of Phoenix and Western International University.

I've been a practicing student financial aid administrator since 1981 at various colleges and universities in the public and private for-profit sector. In fact, my career started here on this campus.

I'm also fortunate to have served on three U.S. Department of Education Negotiated Rulemaking Committees since 2002. Thank you for the opportunity to provide my experience and thoughts to this important regulatory process.

Allow me to address the topics identified in the Federal Register related to program integrity:

Satisfactory academic progress. I understand the issue of student academic progress,
or SAP, is coming forward as it relates to the year-round Pell Grants administration. First and foremost, the current SAP regulation is a template that allows institutions the flexibility to structure a program that is in the best interests of both students and institutions, and it meets the quantitative and qualitative measurement requirements of the statute. If that is true, and given that there does not seem to be a clamor in the higher education community to tinker with its provisions, why change it?

The year-round Pell provision in the Higher Education Act is designed to allow low-income students the ability to afford continuous enrollment opportunities and accelerate their education program completion. We believe that the existing SAP standards provide adequate safeguards that are consonant with the objectives of the new Pell provisions.

As for the definition of "credit hour," I believe that oversight responsibility belongs with the accrediting agencies, who can best determine whether academic outcomes are being achieved. Providing access to education for the over 70
percent of students who must work while going to school means that colleges need the flexibility to provide alternatives in scheduling. Scheduling alternatives may challenge old modes of measurement, but they are imperative to innovations that benefit students.

With respect to incentive compensation, to the Apollo Group the issue boils down to one word: clarity. Historically, these laws adopted in 1992 were not accompanied by any clear guidance until 2002. Between 1994 and 2002, the regulations did little more than restate the extraordinarily broad and vague wording of the statute itself. Without any clear and official guidance, schools had no idea what was permitted or prohibited with regard to recruiter compensation. In light of this confusion, the 2002 Safe Harbor Regulations brought about the necessary clarity that the Department and schools desired. As long as we understand what is expected, we are more than willing to work with the Department to implement this provision.

Regarding gainful employment in a recognized occupation, the gainful employment provisions in the law are legacies left over from a
period in higher education that has long since ceased to exist. These provisions apply predominantly to the proprietary sector. However, it must be noted that in today's higher education marketplace, for-profit postsecondary institutions are no longer just trade, technical, or vocational schools. Many, like the University of Phoenix, are comprehensive universities providing higher education, which doesn't fall neatly into narrow job categories.

To graduate teachers, for example, we must provide a wide array of liberal arts courses, and we have graduated thousands of teachers nationwide. Our newer environmental science programs at the Bachelor's and Master's level will open doors to green jobs of the future and should not be limited by narrow definitions.

The University of Phoenix, like many other schools of its type, is regionally accredited and offers teacher's education and nursing programs, doctoral programs, and degrees in numerous other disciplines that are not just trade and technical in nature.

The federal government's role
traditionally has been to support the broadest student choice of study possible and to avoid federal intrusion into curricular matters. Any limitation of study, particularly those derived from lists of occupations that are based on yesterday's jobs, not the jobs of the future, places limitations on educational opportunities for students. Certainly, students educated in liberal arts programs are gainfully employed in recognized occupations, yet for-profit providers have been historically shut out from offering these degrees. Any constricted interpretation of the program of study provisions, based on a narrow definition of what constitutes "gainful employment" to a recognized occupation, would run counter to the President's stated priority of making postsecondary attainment a national hallmark by 2020.

As policymakers still continue to believe these provisions are necessary at all, my strong recommendation is to leave well enough alone and maintain the current correlation to the Directory of Occupational Titles maintained by the U.S. Department of Labor. Any efforts to rein in the scope of this provision would be contrary to the
President's stated education policy goals.

On state authorizations, states have historically exercised their prerogative to find their own regulatory environment, and institutions of all types have learned to accept and operate within defined state-proscribed boundaries. Some states have a very active regulatory oversight structure, and others have little or none.

They do not act in a vacuum, however, as states are but one step in our regulatory triad. Regional and national accreditors are actively engaged in maintaining program integrity in all 50 states; and the Federal Government, of course, continues its oversight of all institutions. This system has proven to be relatively successful, and we see no reason to force change and upheaval in a system that seems to be working.

In states where authorization requirements have not been specifically set, changes to those policies should be addressed by state legislators and governors, not the federal government. Imposing a top-down requirement on states could impede state-level efforts as well as potentially complicate regulatory compliance.
Regarding the definition of "high school diploma," regulatory guidance is welcome on this matter to curb fraud and abuse, and a more easily understood definition of a high school diploma could be a key tool in our collective efforts to ensure that fully qualified students attend our institutions. Perhaps something as simple as a national registry of known related fraudulent activities would be a good start.

On other matters that should be addressed, I wish to bring attention to the potential unintended consequences of the 90/10 provisions: A requirement that no more than 90 percent of a proprietary institution's revenue may be derived from Title IV funds on a cash basis of accounting. These provisions only apply to the proprietary sector, and many quality proprietary institutions are feeling pressure to raise tuition after the recent federal loan limits simply so they will not be forced out of compliance with the 90/10 requirements.

The current economic recession and the frozen credit markets, as well as the inability of schools to deny a student federal loan, have
combined to put proprietary institutions with tuition rates below the annual loan limits at great risk of losing their institutional eligibility. The recent legislation and negotiated rulemaking offer very little and only temporary relief. This is a significant issue and needs to be addressed sooner rather than later. Since the current laws are so prescriptive, I understand the Department is limited in its capacity, and this should be addressed by Congress in statute.

In the interest of keeping this testimony brief, I'll defer further comments and supplement my response and written commentary as instructed in the Federal Register, as necessary.

Again, thank you for this opportunity, and I'm happy to answer any questions you have today.

MR. BERGERON: Thank you, Bob.

Sally, do you have any questions?

Zakiya?

As Bob knows—he's been through this before—we do occasionally ask questions of our witnesses when we need clarifying information.

I was curious to—you noted that with regard to credit hours as is principally in your
view something that accreditors should consider, I was wondering if your accreditor provides you with any standards or definitions or an explanation of how they evaluate "credit hour" for their purpose. So, do you have any insight into that?

MR. COLLINS: The accrediting agency is responsible for the quality of the education programs. Certainly, we've had numerous accreditation visits to review our curriculum and programs and our structure. And it's not just--since the University of Phoenix is nationwide, it's not just the Higher Learning Commission that is the regional accrediting agency that reviews our programs of study. Each of the states in which we operate in other regions, they also have the opportunity to review our curriculum and programs.

MR. BERGERON: I was just curious whether they, the Higher Learning Commission, provide you any clear guidance or definition that helps you determine--understand how they will evaluate your programs against credit hour standards.

MR. COLLINS: I'm not the chief academic officer.

MR. BERGERON: That's fair. That is fair.
MR. COLLINS: I'm not certain of that, but I am aware that, you know, the programs we offer generally meet all of the other traditional university components.

MR. BERGERON: Okay. Thank you, Bob.

MS. WANNER: Thank you.

MR. COLLINS: Thank you.

MR. BERGERON: Our next person testifying is Charles Lenth.

MR. LENTH: Good morning. I'm Charles Lenth, Vice President of Policy Analysis and Academic Affairs with the National Association of State Higher Education Executive Officers, generally called "SHEEO." We are located in Boulder, Colorado.

I am pleased to provide written testimony and speak on behalf of my association and its leadership. In the interest of time, I will shorten my written statements just a bit.

The 57 members of SHEEO, the SHEEO Association, are the executive officers of agencies and boards who govern, coordinate, and play other policy roles for higher education at the state level. Nearly one-third of SHEEOs also serve as a
state-level financial aid or loan guarantee agency, others exercise coordinating or budgeting roles relative to state financial aid, and all have a deep concern for both the integrity and the operations of the Federal Title IV programs.

Higher education has become a joint federal-state responsibility in ways that were not anticipated when the U.S. Constitution put education in the category of responsibilities left to the states. This has benefited and continues to benefit students, the states, and the nation as a whole. SHEEO’s vision of this relationship is that it needs to be a partnership built on mutual respect, mutual support, and mutual commitment. Such a partnership is essential to support the teaching, research, science, scholarship, public service, and other contributions of higher education to the prosperity and health of our nation.

As an organization, we applaud the federal government's increasing commitment to ensuring and expanding access to postsecondary education through Title IV programs. States, like the federal government, provide and promote access through a
variety of programs and mechanisms. States also recognize and are moving to address the need to foster student success and improve rates of degree and certificate completion.

Last summer, 96 current and former SHEEOs signed an open letter to presidential candidates, outlining the challenges ahead and calling for a new national commitment to reverse our nation's sagging education attainment and ensure global competitiveness. That statement and a published version, "Second To None in Higher Education, Second to None in Attainment, Discovery and Innovation: The National Agenda for Higher Education," are available on the SHEEO Web site.

In our view, President Obama's call to be the first in the world in educational attainment and his administration's commitment to Title IV programs herald a new era in the federal-state partnership. SHEEOs do not shy away from the boldness of the President's goal. Our association has joined with others in arguing that states together need to graduate or credential an additional one million more students a year in order to match the now leading nations of the
world.

This goal will necessitate a dramatic increase in completion rates as well as expanded commitment to reach adults, underprepared and underserved populations more effectively than in the past. Such commitments and program improvements in turn necessitate strong state roles in developing student data and information systems, collaborative financing mechanisms, more effective and lower-cost academic and administrative support. And through these and other measures, ensure academic programs of higher quality and affordable cost. Such challenges, we believe, can only be met by the federal and state governments working together more effectively and more consistently than in the past.

Part of a new, more effective partnership between the federal government and state governments is surely to make the many parts of our complex federal higher education system work more effectively. Rulemaking is an important tool for this purpose. SHEEOs have been active participants in the rulemaking groups that recently focused on questions raised in the implementation of the HEA
authorization under the Higher Education Opportunity Act of 2008. Similarly, SHEEOs have participated in early rulemaking sessions and would welcome roles at the table in any future sessions. SHEEO’s past participation in rulemaking also helps us to understand its limitations. By its nature, the process is constrained by the limited focus and by the requirement to reach consensus decisions across a wide range of interested partners. In many instances, it seems to us, the process is focused on questions that are certainly of concern to states, but not necessarily of a policy level importance. Similarly, the process is limited by the need to treat all parties and interests as essentially comparable and then deferring to the Department for any decision-making if consensus is not reached.

These limitations notwithstanding, SHEEO takes a deep interest in the six or seven topics that the Department listed in the May 26th Federal Register. All of the topics listed are areas of direct and continuing state involvement or interest, or point to new areas where states could benefit from additional federal policy guidance.
While today's hearings are not the occasion for lengthy substantive discussion, let me make a few comments on the importance of each of these areas to states and state policy roles:

One, regulations governing foreign schools, including those in the implementation of HEOA. The increasing globalization of higher education brings states face to face with a set of policy issues that go well beyond the activities of traditional international programs. Both American and foreign-born students are increasingly mobile, raising questions related to immigration or visa status, financing, liability, consumer protection, and other areas of state interest. U.S. institutions, including state-funded public institutions, are increasingly engaged in programs and investments abroad, often under unclear jurisdiction.

Most importantly, globalization demands that states compete in a much broader, more complex higher education marketplace, a challenge that some other nations address through what are, in essence, national higher education export and import strategies. These are designed to help
institutions compete globally. For example, Australia, for some years, has had an active effort to attract students to its institutions; and, on the other hand, the new government in India is proposing to continue rather severe restrictions on the activities of American institutions in that country.

These are issues—these and other areas are areas that the states simply cannot and are not prepared to act on alone, and it's not appropriate for them to act alone in many ways. States need federal leadership and assistance in this area. How far rulemaking can go and what other mechanisms we need to think about, it seems to me, are questions to be considered.

Two, satisfactory academic progress. States and SHEEOs are engaged in a variety of strategies to improve the preparation of students for postsecondary education, ensure smooth transitions, and increase program completion rates. Satisfactory academic progress criteria for purposes of Federal Title IV programs relate directly to these efforts. Moreover, there is a growing recognition within states that more must be
done both to provide students with the academic and other support services needed, and to hold institutions and students appropriately accountable for the results. If rulemaking in this area is undertaken, SHEEOs and state academic affairs officers would be appropriate participants.

Three, incentive compensation for recruiting and admissions activity. States play a variety of roles in preventing fraud and providing consumer protection in higher education as in other areas. Whether through the SHEEO agency or under the authority of the state Attorney General, these roles are both a legal obligation and important components of the regulation of postsecondary education. The forms of compensation allowable under program participation in Title IV may appear to be outside the boundaries of this state authority, but to the extent that abuses or fraud or consumer complaints occur, they are likely to involve state as well as federal laws and enforcement.

Four, gainful employment in recognized occupations. While I acknowledge and, to a large extent, agree with the comments of the previous
speaker about the need to reconsider many of the
traditional definitions and constraints in this
area, I would like to make several other comments
on this. Documentation of employment by those who
complete federal education and training programs is
done in different ways in different states. SHEEO
offices may or may not be involved in these
efforts. But those efforts aside, a growing number
of states and SHEEO agencies are involved in a more
comprehensive tracking of students from
postsecondary education into the workplace. This
generally requires the involvement of state labor
market information offices, which operate within
differing agency structures. In other words, it's
an area of growing importance to states where there
remains a lot of complexity and competing ways to
go about this. There is a growing need to bring the
various federal agencies together and their
requirements into better alignment, and to
coordinate this with the growing interest of states
in doing—in providing better data in this area.

Five, state authorization as a component
of institutional eligibility. This topic, too,
raises extremely complex issues due to the variety
of roles states play relative to institutional
operation and degree-granting authority. Suffice
it to say that SHEEOs and other state authorities
need to be included in any rulemaking on this
topic, along with a balanced representation of
postsecondary providers who enroll students across
state lines. Accrediting agencies, as we mentioned
earlier, also need to be part of this balanced
participation.

Six, definition of "credit hour" for
program eligibility. Again, starting from a
relatively confined framework, the federal
government really plays—and the National Center of
Education Statistics, in particular, really play
very important roles in establishing consistent
definitions for many of the data elements widely
used in higher education. Many of these
definitions, including those around credit hours,
are used directly by states in funding formulas,
allocation mechanisms, program review and approval,
and other functional or administrative areas.
States also defer to accrediting agencies many
times in making their definition or in using the
definitions that are available.
Credit hour definitions under Pell and other Title IV programs are one of the many factors states typically take into account. Federal and NCES leadership in this area are needed and important, particularly as students and programs use other types of metrics for student eligibility and progress such as competency assessments as a substitute for contact hour or seat-time measurements. Maintaining some consistency between state and federal definitions as these definitions change over time is also important.

Let me conclude by saying that SHEEO as an association and SHEEOs in their respective state roles welcome opportunities to be full participants in the Department's rulemaking actions. I suspect that we all realize, however, that we need to take steps that go well beyond the purposes and realms of rulemaking. What we need is a recommitment to work together more effectively to meet increasingly urgent national state and local needs. Immense progress has been achieved when the federal government marshals the efforts of institutions and leverages the resources of states to expand educational opportunity and provide the basis for
growth and innovation in the economy. It is time and it is imperative that we make this partnership work even better. Thank you for this opportunity to testify on behalf of SHEEO, and I would be pleased to respond to any questions.

MR. BERGERON: Thank you, Charlie. Sally, do you have any questions?

MS. WANNER: Could you say a little bit more about the need for state and federal involvement in the strategies to export or import our education abroad?

MR. LENTH: Sure. It seems to me that a beginning point in this area is to recognize that our educational relationships with other countries are really part of our foreign policy in many important respects, and that always has been a role of the federal government, and needs to be.

Our challenge, relative to the countries that have more of a ministerial structure for all levels of education--well, higher education in particular, is that we struggle to know who is in the lead, so to speak. And it's not just the
federal government and states; it is large institutions and other types of providers that are now actively engaged in this area.

There are very large organizations trying to bring the parts of this together, but my point of view is that neither the federal government nor the states have been as active as we need to be to be really competitive with some of the other nations in the way they're going about this. I mentioned two instances of this. But we struggle, for example, when we try to relate to the activities of the European Union in higher education. I just think it's an area that needs more conversation and discussion, and, again, in which I suspect we'll have to come up with some way for the federal government and state governments and institutions to work together a little more effectively.

MS. SMITH: Thanks.

Relating to those two instances abroad, can you speak more about what they are? Because I'm not sure I'm familiar with the India example that you shared about foreign--

MR. LENTH: I literally just took two
examples off the top of my head.

MS. SMITH: Okay.

MR. LENTH: But I'm willing to talk and share what I know, at least.

MS. SMITH: Sure.

MR. LENTH: I mean, Australia, along with other countries, has been actively promoting access to its institutions by citizens of other nations and recruiting them in very helpful ways. We, for a combination of good reasons, have traditionally been open, but more recently been more restrictive and not done much to really promote that sort of activities beyond some programs that have been in place for many, many years. And, by the way, were—have been very, very effective.

But that said, looking at the numbers, students are going to a variety of other countries in higher numbers than they used to, and our numbers tend to go up and down. And we are, in economic terms, highly dependent upon many of those students, particularly in many important fields, both in this country and in their own nations.

With respect to the restrictions and other things, there I would make the point that it seems
to me as a nation we need to be engaged with those
countries that are, in essence, opening up the
higher education markets and bringing some, not
uniformity, but ways to articulate the systems more
effectively across national boundaries rather than
following the direction that India appears to be
going in at this time, which is to sort of close
down its borders. But in both instances, we need
to be engaged and we need good federal leadership,
it seems to me.

MS. SMITH: Thank you.

MR. BERGERON: One last one for me, Charlie, and that is that you mentioned the need
for better alignment with state needs around I'll
call it "workforce development," you know, gainful
employment kinds of things, and spoke to the issue
of other federal agencies. I suspect--I have my
list of federal agencies. I was wondering if you
had a list that we should be coordinating with.

MR. LENTH: I happened, a couple of weeks
ago, to go to the national meeting of the Labor
Market Information Specialists and had--and was
really able to understand their point of view more
fully, I think. And there were a number of federal
agencies represented there: the Bureau of Labor Statistics and Department of Labor and others.

I don't know how you face it in the D.C. area, but sort of out in the states, we don't work together nearly as well as we should in most areas. But the leading examples of Connecticut and Kentucky and several other states really illustrate how much benefit can come from working with those sources, those data providers, who know the workforce education data.

I believe, and I don't mean to contradict the previous speaker, but the federal government did education and the economy, economic development, a lot of good by putting into place early, fairly well-defined prescriptions for looking at employment after education and training. I think what we face is a challenge to do more of that, involving more fields and more types of programs, but not to do it in an onerous way. And I actually think there are ways to do that.

MR. BERGERON: Thank you, Charlie.

Anyone else?

MS. SMITH: No, thank you.

MR. BERGERON: Thank you.
The next person coming to present to us is Jim Simpson.

MR. SIMPSON: Good morning. I'm Jim Simpson, Associate Vice President at Florida Community College at Jacksonville.

Florida Community College is a public four-year college serving over 82,000 students in Northwest Florida. We are pleased to offer the following comments as the Department of Education begins the process to improve accountability in Student Financial Aid Programs. Specifically, my comments are going to revolve around three areas: standards of academic progress, gainful employment, and definition of a high school diploma.

Americans want access to higher education for themselves and for their children. The dissonance between what Americans hope for and the lack of student success achieved by all sectors of public education is significant. There is a need to change the regulatory requirements for standards of academic progress in order to ensure the ongoing eligibility of Federal Student Financial Aid. But there's also a need to structure those regulatory standards to also increase the likelihood of
student success towards achieving their own educational and personal goals.

With these two goals in mind, we recommend the following two changes in determination of satisfactory academic progress. Although access to higher education is virtually universally available, many students who start in higher education programs drop out prior to completing their degree or achieving their individual academic goals. The educational philosophy of having standards of academic progress is to ensure that students are making progress towards academic goals and to serve as a mechanism to provide information to an institution that allows that institution to assist students who are not satisfactorily progressing.

Educational research demonstrates that the earlier the intervention happens, the more likely the student is to be successful; and determining academic progress at least once a year--at a minimum of at least once a year--does not lend itself to sound educational practice. FCCJ recommends that institutions monitor satisfactory academic progress at the end of each term, and in
programs that are less than one year old at the 25 percent, 50 percent, and 75 percent length of program.

In America's community colleges, over 50 percent of all first-time-in-college students tested are unprepared for the academic demands of college-level courses and programs. The percentage of underprepared students in higher education has not changed significantly across the United States in the last two decades. A high school diploma is not, nor has it been by itself, an indicator of a student's ability to benefit. Without a college entrance testing, how can we determine if a student is truly college-ready? Without required remediation of unprepared students, how can we expect those students to perform at the postsecondary level?

FCCJ recommends that all postsecondary institutions have entrance testing requirements that are consistent with the requirements for publicly supported postsecondary institutions in the state in which they're locally located. FCCJ also recommends that students who do not test into college-ready status receive remediation per the
requirements placed on publicly supported postsecondary institutions in the state in which the institution is located.

In regard to gainful employment, I'd have to agree with our previous speaker: We feel that all prospective students are entitled to accurate, detailed, and comprehensive information about recent job placement and earning history in order to make more informed choices before they invest in education or training.

In Florida, all public-supported community and state colleges are held accountable for the gainful employment of our graduates. This information is collected by the Florida Education and Training Placement Information Program, lovingly known as "FETPIP."

FETPIP is a data collection and consumer reporting system established by Florida statute to provide follow-up data on former students. FETPIP's automatic matching method of data collection replaces conventional survey-type techniques and provides third-party verification of employment status and the earnings of graduates from Florida's numerous public and independent
institutions.

We recommend the use of wage record data to track postsecondary employment and earnings of graduates. Linking wage records to student graduate files will provide all types of rich information sources for all types of institutions to gain insights into the effectiveness of their educational programs. The data made available from the state's wage record systems, like FETPIP or California's PEETS, can be used to address a wide range of needs. These include responding to federal and state accountability measures; providing information on postgraduate earnings and employment rates; and, more importantly, providing consumers with an accurate third-party information about employment and earnings of graduates from an institution.

In regard to the definition of a "high school diploma" as a condition of receiving student --or Federal Student Financial Aid, Florida public community colleges and state colleges do not accept self-reported high school diploma or GEDs. Each student admitted to a Florida public institution must provide proof that that student graduated with
either a standard high school diploma or GED.

Institutions that accept self-reporting information run the risk of accepting students ill-prepared for college-level course work.

Basing ability to benefit on self-reported high school completion without credential verification is not in the students' nor the taxpayers' best interests. We believe that institutions of higher education accepting Federal Financial Student Aid funds have the responsibility to ensure that students receiving those funds have the ability to benefit and are able to successfully complete college-level work. Colleges can make this determination by requiring verification of high school diplomas.

In concluding my remarks, I'd like to put a human face on what happens when schools take advantage of lax regulations. This is one of the reasons I flew from Jacksonville to Denver to speak to you today. At FCCJ, we see many students who seek admission to our programs and want to transfer credits at other institutions. It's always difficult to tell some of these students that they need to take remedial classes before they can take
college credit classes.

We had a student come to us with a special high--special education high school diploma who had attended a for-profit university and was seeking admission to one of our selective access programs. Although the student and their family told the university in question that the student had a special education diploma, they accepted her into a college credit program. The student and their family took out large loans to pay for the tuition and fees, and the student made the academic honor roll by earning A's and B's, including an A in College Algebra, this despite later test results from FCCJ that placed the student at an elementary school level in mathematics, language, and reading.

Since the student tested at the elementary school level and did not have a standard high school diploma or GED, they could not be considered ready for college-level work. After counseling and more testing, we encouraged the student to work on their GED, and they were re-administered an easier assessment according to our state guidelines for entry into the GED program. A ninth-grade level is required to take the GED classes, and the student
tested overall at the sixth grade, seventh month.

Under state law, none of the student's scores would have gained them entry into any credit or non-credit program offered by a public institution in the state of Florida. This student and their family took out $16,000 in student loans to pay for a two-year degree from a for-profit university that was clearly only interested in tuition money obtained from federally backed student loans. This student has been unable to find employment beyond a minimum wage entry job and will have great difficulty paying off the student loans that their family took out.

Verification of a high school diploma with an accurate assessment of academic preparedness would have quickly brought to light the challenges that this student faced. The parents of this student are to be commended for their desire to better their daughter's education, but it is a travesty that they were encouraged to take out huge student loans when their daughter has almost no chance of getting a job that would allow the eventual repayment of those loans.

Tighter federal requirements are needed to
prevent more aspiring students from facing a lifetime of financial burden that they have little or no chance of repaying.

Thank you for allowing me the privilege to speak before you. If you have any questions, I'll be happy to take them.

MR. BERGERON: Let me ask you a couple and make a comment before I do.

One of the things that is in the Higher Education Opportunity Act that we're just finishing the process of regulating around—or this phase of the process because we go public comment period—is to deal with the last kind of circumstance you described in the sense that, you know, our higher education system or postsecondary education system really doesn't do particularly well for students with certain kinds of disabilities, particularly intellectual disabilities, and one of the things in the Higher Education Opportunity Act is some provisions to address that and give students eligibility for Pell Grants and other student aid, but not student loans, so that they can pursue programs that are specifically designed to address the needs of those students.
And so I think that there are some things coming down the line that will, you know, provide an alternative for families, for students and families, in that circumstance, and I do think that there's significant promise to that approach.

With regard to your point about monitoring set more often, particularly for, you know, the very short intervals for short-term programs, I would like you to address, if you might, the response, the likely response, of some others of your colleagues, which would be that this is burdensome, this is just too hard to do. And could you speak to how you think that can be addressed as we go forward to regulate.

MR. SIMPSON: I can speak from the perspective of our own institution. We currently assess student academic progress once a term or at the benchmarks I just described. The reason for that is that, again, we want the students to be as successful as possible. We see a linkage of the student financial aid. But, more importantly, it was an impetus for us to begin earlier interventions with our students.

Is it onerous? I would say not, if you
look at your overall mission, which is to ensure
that students are going to be successful or as
successful as you can hopefully make them with the
resources that you have. So, in that regard, I
don't think it's an onerous responsibility for an
institution. I think it's in that institution's
best interest and in the client's best interest for
whom they're serving.

MR. BERGERON: And so your satisfactory
academic progress approach triggers an
intervention?

MR. SIMPSON: Yes.

MR. BERGERON: Right. So, it's really
even more than it is used to monitor for purposes
of determining aid eligibility. It's really an
educational approach to trigger--

MR. SIMPSON: That's correct. We took the
opportunity to leverage and to use it as an
intrusive intervention strategy.

MR. BERGERON: That's very helpful. Thank
you.

Thank you. Our next presenter is Pamela
Swanson.

Good morning, Dr. Swanson.
DR. SWANSON: Good morning. Thank you for allowing me to speak to you this morning.

I'm here really for the purpose of offering you a perspective from an employer of students from the University of Phoenix. And I currently serve as Deputy Superintendent for Adams County School District 50. It's an urban school district just to the west of us here. We have about 10,000 students, primarily Latino students, but we do have over 44 languages and a high poverty level, and so we face many of the challenges that urban school districts face.

I have been in partnership with--and our district has, with the University of Phoenix for at least the past five years; and, during that time, we've been very successful in working with students who have exited the programs, the preparation programs specifically, for teacher education and for administration, educational administration. I'm sure I don't need to echo what you already know about teacher turnover and supply and demand as a nation in terms of quality educators for our students.

I believe the rigor, along with the
flexibility, that the university provides to its adult students to be able to accomplish advanced degrees specifically, and now with a Teacher Ed Program to be able to enter the field of education is superior, and we've had great success. And I think it also offers more of a seamless transition because of the practical application aspects of the programs.

For our educators, and also our hope now with our high school juniors and seniors maybe wanting to enter the field of education, we're really hopeful that we can continue to have great support from the state and federal government to be able to provide support for our students entering into the University of Phoenix and other institutions of higher learning.

And I'd be happy to answer any questions you may have.

Oh, one additional thing: 2007, we started our own district cohort with the University of Phoenix, and now we have a Grow Your Own Program, and we're finding great success with that, as well. And our first graduating class will be walking this Saturday with Master's degrees.
MR. BERGERON: Thank you. No questions.

Thank you.

DR. SWANSON: Thank you.

MR. BERGERON: Randall Swanson.

MR. SWANSON: Good morning. My name is Randy Swanson, and I do appreciate the opportunity to talk with you today about the University of Phoenix.

I have two roles, actually. One is that I am a consultant and senior partner in Swanson Group, LLC, which what happens is we work to support people achieving their potential through their most valuable resource, and that's people. And so, given the opportunity to work with the University of Phoenix to create the best opportunity for success for our company and as well as the companies that people work with, it's been an honor to work with the University of Phoenix.

I also have 33 years in public education. I have been a teacher, administrator, principal, so I think I have a little bit of background on what the University of Phoenix can do for our students and what the students can do for public education. I work in the Master's Program and get to teach
with all of the adults who come through the program in educational administration and curriculum instruction.

So, just a couple of things about the University's program. It's been an outstanding program in providing flexibility for students to become more than they wanted to be. It gives them opportunities that they wouldn't have in traditional institutions because of time commitments. But the working adult gets an opportunity to grow and develop and become whatever it is that they choose, especially in the educational field. It makes a big difference in their lives.

The University of Phoenix has developed an academic rigor that is absolutely second to none. I have been an adjunct professor at two other institutions and find that the University of Phoenix rigor is as good as it gets. And students who use that academic rigor to their best abilities come out with a quality education that they can apply in any direction. I'm very proud of what it has afforded to most of the students that we work with.
It also allows them practical application. You know, in some students--in some institutions, students get the knowledge base, but they don't get to apply the program. And because they're not--they don't have the ability to use that application on a regular basis because they're not working directly in the programs as they are with the University of Phoenix, they usually don't get to make that application until after graduation of which there's still a learning process that goes on. And while students who graduate from the University of Phoenix continue to grow and develop as they go in through their--the jobs that they choose, they still have that practical application that makes a difference for what they need to do as they come out.

I place a lot of those students. The students that we work with--I work with public education as well as high school districts, school districts, all across the State of Colorado and even some out of state. We place these students in quality jobs because they're qualified, because the university has done an outstanding job of training these individuals to be productive in this society.
And I have to tell you, I kind of have a selfish reason why I support the University of Phoenix. Saturday, my daughter will be graduating with her Master's degree from the University of Phoenix, and I'm truly honored to have her been a part of that university. And the knowledge base that she's developed will carry her on through the rest of her life.

I'd be happy to answer any questions at this time.

MR. BERGERON: No questions. Thank you.

MR. SWANSON: You're welcome.

MS. SMITH: Thank you.

MR. BERGERON: Michael Goodwin.

Good morning, Michael.

MR. GOODWIN: Good morning. First, I'd like to say thank you for letting me speak.

I came up in--to speak on behalf of the students, and mainly the older students. I, myself, just received my Bachelor's and am going on to my Master's. And without the universities and the ease that they can allow us to get into them, us older people would not have that chance.

Also, you know, we're trying to balance a job;
we're trying to balance our students. And so I'm not sure what's going on with the changes, but my recommendation are, unless it's going to become easier for the student--because we're looking at higher education and I hear a lot of talk about younger students, but there's a lot of people that are a little bit older that would love to get back into it; and, without this opportunity, we wouldn't be able to.

I, myself, went 15 years before going back to college because I had no idea how or what to do or how to do it. So, I'm just trying to speak on behalf of--whatever changes are involved, I just want to make sure that the student is take care of and not just the universities and not just the colleges, but I want the students to be looked at, because it's the student that's going to make the difference.

So--and I think that's it. Just a real quick speech.

Any questions I can answer?

MS. SMITH: Thank you, Michael.

And I just wanted to say a comment about the new initiative that the President is very committed to
helping adult learners come back to school. And there is "opportunity.gov," which is a Web site, in a joint collaboration with the Department of Labor that was recently launched to help especially adult learners who have been recently laid off. So, that's a commitment of the Administration, is to really help adult learners.

MR. GOODWIN: It's a very nice thing to do, so--and I know three people that have gone through it that would not otherwise have been able to not knowing this chance, so thank you.

MR. BERGERON: Thank you, Michael. We appreciate your coming. Always good to have a student perspective.

MS. SMITH: Yes.

MR. BERGERON: Sharon Parrott, are you ready to speak? She kind of looked surprised. When I was handed the note they said that we--that you were willing to come to be fit in.

MS. PARROTT: Well, I was willing to come before the break if you wanted.

Good morning.

MR. BERGERON: Good morning. I'm trying to get my schedule back in line and I figured you
would be ready.

Thank you. Good morning.

MS. PARROTT: I'm trying. Okay.

Well, good morning. I'm Sharon Thomas Parrott. I'm Senior Vice President for Government Affairs and Chief Compliance Officer at DeVry Inc., which is the parent company for higher education institutions, including DeVry University and its Keller Graduate School of Management; Ross University School of Medicine and Veterinary Medicine; Chamberlain College of Nursing; Apollo Colleges; Western Career Colleges; Fanor in Brazil; and as well as Advanced Academics, a regionally accredited virtual high school; and Becker Education, providing test preparation for CPA and CFA post-baccalaureate certification programs.

It's my pleasure to have the opportunity to speak to you today on behalf of our more than 100,000 students enrolled in one of our nursing, health sciences, business technology, and management programs. We also plan to provide detailed written testimony on the specific issues outlined in the May 26 Federal Notice, and hope as well to participate in Neg-Reg panels convened as a
result of those hearings.

The DeVry Education Network of Colleges and Universities prepare students for meaningful and fulfilling careers by focusing on academic rigor and workforce needs. While some institutions take justifiable pride in educating Nobel Prize winners, we take pride in educating those who start and manage businesses, maintain the technologies to support our country's businesses, implement designs, provide valuable health care services, service family practitioners in urban and rural America, and monitor and troubleshoot operations.

Our student body is diverse, with many being first-time, first-generation, traditional recent high school graduates seeking a career-oriented college experience close to home; working adults looking to advance their careers; adult learners eager to re-enter higher education; and aspiring nurses and physicians seeking to close the gap in health care workers. It's important to note that our diverse population represents an opportunity for the nation to incrementally increase educational attainment and prosperity.

These so-called "nontraditional students"
include those who are not bound by a traditional academic calendar, who stop out on more than one occasion to balance work and family, who migrate from school to school to find the institution that best fits their needs, and move from job to job or career to career. They are fast becoming the traditional description of America's typical higher education population.

Our current economic challenges make it imperative that our Federal Financial Aid Programs support the access that all students require to be successful. We look forward to once again working with the Department of Education on the regulatory issues that have brought us together today.

Higher education is in a period of rapid evolution. Financial considerations are intruding on all areas. Students are decrying rapidly raising tuition, faculty are demanding higher pay and improved benefits, inflation affects occupancy cost and other expenses, and taxpayers demand smaller tax increases and more accountability.

Earlier warnings, almost 20 years ago, of our nation's state of unreadiness to deal with a declining educational attainment and the resulting
economic hardships are coming to pass. The lack of
preparedness of our workforce coupled with the
increasingly high skill level demands of the 20th
Century economy is on a dangerous convergence of
trends.

Serving the needs of current and future
students and their employers requires an effective
and efficient allocation of higher education
resources. Private investment represents an
additional source of educational capital, which
together with public and philanthropic sources can
help our society serve its growing educational
needs.

Our self-interest, our national security, our
ability to compete in the world marketplace will
require that more of our population receive a
quality education. Many students will require more
financial assistance in the future, not less. Yet,
the return on America's investment if we apply a
student-centric higher education funding approach
can yield significant benefit for our country.
In a recent report by CEOs for Cities, researchers
found that "increasing the four-year college
attainment rate in each of the nation's 51 largest
metropolitan areas by one percentage point would be associated with $124 billion increase in aggregate annual personal income." If we're going to regain our competitive prominence around the world and emerge from this economic crisis renewed, prepared, and resolved, democratizing higher education through genuine student access and opportunity in an accountable but nimble environment is a must.

In my 37 years in higher education, I've had the good fortune to be both a professor and administrator in public, independent, and privately funded institutions, along with a number of years at the U.S. Department of Education. In 1982, I came to DeVry to establish a regulatory compliance program designed to ensure federal and state program accountability. Twenty-seven years later, that regulatory oversight has exponentially grown to include federal and state education departments, the Securities and Exchange Commission, and the New York Stock Exchange.

We believe strongly that consistent guidelines should be established to assist all institutions in the sound administration of their educational and student finance programs. We believe just as
strongly that performance, not sector, should be 
the basis of any unique requirements.

Solutions that focus on reducing student access 
rather than improving program accountability can 
have catastrophic effects on this nation.
Likewise, solutions that do not harshly and swiftly 
punish abusers of students and student financial 
aid programs regardless of sector will have a 
devastating effect on our programs and on America's 
students. The following recommendations are made 
to preserve access and choice and to ensure 
educational opportunity while demanding 
accountability.

Equal and fair performance-based criteria must 
be developed and used to determine which 
institutions should participate in Title IV 
programs and to determine that level of 
participation. It is vital that any plan based on 
performance include the development of effective 
and equitable criteria and the ability of 
institutions and regulatory bodies to manage and 
enforce the plan.

We support the recent HEA amendments, which 
require strong foreign medical school Title IV
eligibility requirements, including at least a 75 percent examination pass rate. To be licensed to practice medicine in the United States, the Educational Commission for Foreign Medical School Graduates requires students to pass--to take and pass the United States Medical Licensing Exam. Our medical school, Ross University, is proud that our pass rate for first time test-takers on the U.S. MLE is over 90 percent. We are looking forward to the Neg-Reg process and working with you.

With respect to the suggested program integrity and forum topics, we offer the following comments and welcome the opportunity for dialogue with a new administration that result in a clearer understanding of and mutual support for student-centric rules and regulations.

Although some have suggested that recent changes in the Higher Education Act serve to loosen incentive compensation safe harbor regulations, we believe, as was mentioned earlier, that they've actually clarified the rules and given institutions and the Department much needed guidelines for compliance as well as program review and audit. We believe strongly in the triad: the complementary
but unique roles of state authorization, accreditation, and the U.S. Department of Education. Working together and sharing information as was mandated in HEA of 1992 --which I will say I was a part of as well--has strengthened all three and improved oversight based on each one's area of expertise.

I think we can all agree that simplification of the higher--of the financial aid application process, including a verification system that utilizes information that the federal government has at its disposal, should be implemented as soon as practical. The complicated and inefficient system we now force students to use is a deterrent to college attendance. It overwelms and discourages our most at-risk students and their families, resulting too often in them giving up.

One of the institutions in the DeVry Education Network is Advanced Academics, a regionally accredited virtual high school, that serves students in more than 200 school districts across the United States by requiring--by providing everything from credit recovery through advance placement coursework, as well as full high school
diplomas.

We agree that the Department should set standards for the definition of a "high school diploma" used to determine eligibility for financial aid. The most direct road to increasing college completion is increasing valid high school graduation.

Dual enrollment programs such as the DeVry University Advantage Academy, which operates with the Chicago Public Schools and the Columbus Public Schools, provides such a pathway to college completion. This program allows public school students to take their junior and senior year courses from certified high school teachers while simultaneously taking college courses from DeVry professors.

At the end of two years, including two summers, students graduate with both a high school diploma and an associate degree at no cost to them or their families and without using federal or state student financial aid, and we do that on the Carnegie Credit Hour. Our graduation rate is more than 90 percent with one-third getting started right in their careers after graduation and two-
thirds going on for their Bachelor's degrees. About 40 percent of those go on for their Bachelor's degrees at DeVry University. Sixty percent go on to other four-year institutions, many of them in the State of Illinois or Ohio.

In my 27 years at DeVry Inc., I would have to say that working with the Chicago Public Schools under Secretary Duncan's leadership to create the Advantage Academy has been one of my proudest accomplishments.

Again, thank you for the opportunity to testify before you today. We look forward to working closely with the Department and the greater higher education community during the Negotiated Rulemaking process. We share President Obama's vision of meeting the educational needs of our youngest citizens from cradle to grave—and career. Not grave. Cradle to career. Scratch that. This can only be accomplished if all sectors of education work as critical components of a diverse system that provide students different paths to success.

Thank you. And I'll take any questions if you have them.
MR. BERGERON: Thank you, Sharon.

Anything, Sally?

MS. WANNER: Is the high school program, is that a charter school, a public charter school? Is that what you said?

MS. PARROTT: The Advantage Academy?

MS. WANNER: Yes.

MS. PARROTT: Or the Advanced--the Advantage Academy in Chicago is--has actually been designated as a Chicago Public School, that portion of it that is the high school courses. It resides at our DeVry University campus in Chicago.

MR. BERGERON: Sharon, I know from working with you over the years that you're a very strong advocate of the triad and would ask you the question: How do you think that we as a federal government should respond in circumstances where states have chosen, for example, to loosen or eliminate their oversight of institutions because of budget concerns, or where we identify weakness with an accreditor, where we--you know, while we haven't withdrawn their recognition, we would like to bolster our oversight to address any weaknesses there? Could you speak a bit about how you see
that working in an environment where, candidly, there are fiscal pressures not just on institutions, but it falls to states and to accreditors, then. And should there be some mechanism built into our regulatory structure that is in place to address that?

MS. PARROTT: Well, I think we have a unique vantage point because we operate nationally--

MR. BERGERON: That's why I'm asking you the question.

MS. PARROTT: --and so with lots of different state bodies, all of whom are slightly different. The way we have approached it is to find the one that is most difficult that we operate in and regulate ourselves to that standard, because if we're at that standard, we've hit the hardest one; and anything that is perhaps more reasonable, I'll say, than that, we are able to accommodate. I think this kind of communication will foster that. I think if you have an accrediting body, be it regional, national, programmatic that you think you need to have that conversation with, I think that is a very valid conversation to have. I think that for the Department of Education, though, to
become the academic quality gatekeeper sounds too much like a Ministry of Education to me and very much different from how we defined education in this country.

I think that with the states there have been a variety of things going on. Some of them have reviewed the recognition criteria of accrediting bodies and determined that they could use that same criteria to make decisions with respect to authorization to operate. None of them, to my knowledge, have given up their consumer protection responsibilities, however, which I think that when you look at what each does, the blending of the three and the communication between the three, which could probably be even better than that mandated in '92, would be useful.

I think we can always do better in all three areas, and the fourth area being the institutions themselves, but I really do believe that there are unique advantages to all of the three. And what I guess I've seen over the years is more a similar reaction to institutions by the three than I've seen diverging.

So, anything else?
MR. BERGERON: Thank you, Sharon.

MS. PARROTT: Thank you.

MR. BERGERON: Louis Torres.

MR. TORRES: Good morning.

MR. BERGERON: Good morning. Welcome.

MR. TORRES: I'm Louis Torres, and I'm the Deputy Provost at Metropolitan State College of Denver. I'm going to talk about the planning and development financial assistance for emerging Hispanic-serving institutions. I've submitted this in writing, by the way, but--

MR. BERGERON: Okay.

MR. TORRES: --in consideration of time, I've cut some of that.

Metropolitan State College of Denver recommends that the U.S. Department of Education consider providing funding specifically for emerging Hispanic-serving institutions--or emerging HSIs--to develop plans by which to sooner become HSIs than they would without such funding. Currently, Title V provides funds to those institutions that are already Hispanic-serving institutions with at least 25 percent Hispanic enrollment, and Title III provides funding for its strengthening institutions
programs. However, we believe that funding for those institutions seeking HSI status would greatly accelerate the enrollment of Hispanic students and their increased retention.

The largest and most successful association advocating for Hispanic higher education is the Hispanic Association of Colleges and Universities, or HACU. While HACU states that there are no definitive statistics as to the number of HSI institutions, it lists 218 HSI member institutions in 14 states and Puerto Rico. Of these, 32 are in Puerto Rico; by definition, Hispanic-serving, of course. That means there are 186 HSIs who are HACU members in 14 states in the U.S. mainland. In addition, HACU also indicates that it has 99 associate member institutions and 55 partner institutions, not HSIs, but HACU members nonetheless. That means there are at least 154 HACU members in varying degrees of seeking to become Hispanic-serving institutions, including Metropolitan State College of Denver.

None of these institutions or similar institutions not belonging to HACU is eligible to receive funding from the U.S. Department of
Education to develop and implement plans necessary to accelerate becoming an HSI. To receive HSI designation, student--Hispanic student enrollment in a higher education institution must reach 25 percent; and, until recently, at least 50 percent of the Hispanic students had to be low-income.

Funding is set aside in Title V for HSIs by the U.S. Congress. For this past year, it was expected that upwards of $175 million was to be so set aside. Between 1995 and 2005, more than $550 million has been awarded to more than 185 HSIs. The current number of HSIs getting Federal Title V funding is 173, according to the U.S. Department of Education.

According to the Developing Hispanic-Serving Institution Program, this program helps eligible institutions enhance and expand their capacity to serve Hispanic and low-income students by providing funds to improve and strengthen the academic quality, institutional stability, management, and fiscal capabilities of eligible institutions. Also, and very importantly, funds are available to HSIs through other federal departments. For example, the U.S. Department of Agriculture has the
Hispanic-Serving Institutions National Program, whose mission is to provide mutually beneficial partnerships between the U.S. Department of Agriculture and Hispanic-serving institutions.

HSIs are crucial to the education of Hispanics. The first major statistical study of HSIs was the report "Hispanic-Serving Institutions: Statistical Trends From 1990 to 1999." It states Hispanic Americans' enrollment in all higher education institutions, from community colleges through graduate school, increased by 68 percent in just nine years. As of 1999, HSIs enrolled only 10 percent of all students in the U.S.; however, they accounted for 45 percent of all Hispanic college students. So, a high number of Hispanics concentrate in a small number of HSIs.

Even more dramatic is the impact of HSIs on Hispanic graduation. The total number of degree recipients at HSIs who are minorities grew by 87 percent between 1991 and 2000. The number of Hispanic degree recipients in these institutions grew by 95 percent, more than the increase in the number of recipients from any other racial or ethnic group. So, those are comments about current
HSIs.

However, for those striving to become HSIs, or emerging HSIs, no such federal funding program exists. This is a situation in which Metropolitan State College of Denver finds itself. Beginning with the development of a Hispanic-Serving Institution Task Force in April 2007, we have been engaged in large-scale directed planning to develop as a Hispanic-serving institution with special emphasis on what the word "serving" means in this context.

With approximately 13 percent Hispanic, but in a metropolitan area where the K through 12 student population is well over 25 percent, we have asked what will be the place of the Hispanic community at Metro State as this community becomes an increasingly large share of the population in our service area?

The mission of the ongoing HSI Task Force is to engage the Metro State community in creating the methods and processes by which the college could plan for and achieve federal designation as a Hispanic-serving institution with at least 25 percent Hispanic students within as short a time as
possible. Further, the mission of the larger HSI initiative is to equitably educate the students within the geographical area Metro State is legislatively intended to serve, including, of course, Hispanics.

So, we see that Metropolitan State College of Denver is similar to many other institutions in Colorado and nationally that are in a demographic area conducive to HSI status, that are striving to become an HSI, and that have developed a plan to achieve this goal.

We began the specifics of planning such an effort in April of 2007. Over 55 Metro State employees nominated themselves or were nominated by others to serve on the proposed HSI Task Force. We arrived at over 50 developed recommendations and a document nearly 400 pages in length. Sixteen of these recommendations became our top priorities, all 16 of which, in one way or another, were added to the college's budget for this current year, for the 2008-2009 academic year. This experience is what leads us to emphasize to the Department of Education that institutions striving to become HSIs should be eligible for developmental funding while
The need for planning and development funds can be seen in examples of how Metro State has initiated its efforts to increase the enrollment of Hispanic students and to further retain them. For example, within the past year, the Office of College Communications has devoted at least $117,000 to promote Metro State as the top choice for Colorado’s Latino students with marketing and communication efforts aimed specifically at this demographic.

Initiating one of the HSI Task Force recommendations, this office implemented an integrated marketing and advertising campaign that included direct-mail postcards; billboards along Federal Boulevard; bus boards on Denver Public Schools’ buses; and print, radio, and television ads targeting the Latino market. While no one effort can claim credit for an increase in student enrollment, the effect of this marketing and communication effort can be seen, at least in part, by the increase in Hispanic students from Spring semester 2008 to Spring semester 2009. During this period, Hispanic student enrollment increased 9.6
percent, double the white student enrollment increase of 4.9 percent. And there are several other examples that I have given in the written comments about efforts that we are engaging in to increase the enrollment and retention of these students.

Our college has a long history of providing increased access and success for Hispanic students. Among many other examples, Metro State serves as the only institution in Colorado offering a teacher licensure for elementary and secondary education in the curriculum of Chicana and Chicano Studies. Our Hispanic students have a second-year retention rate higher than the college average for the cohort of full-time, first-time-to-college, degree-seeking freshmen, which shows great promise for overall persistence.

Also, as one of the Hispanic-Serving Institution Task Force Reports revealed, our Hispanic students are majoring across the breadth of departments with, for example, an overrepresentation—according to their percentages in the college—in such fields as accounting, management, speech communications, political
science, and psychology, among others.

So, these examples of Metro State's proactive efforts to become an HSI serve to highlight the need for planning and development funds from the U.S. Department of Education, which would allow us and numerous other colleges and universities to establish an infrastructure for emerging HSIs to become successful to recruit and retain Hispanic students.

While some colleges and universities have allowed shifting demographic trends to create their future for them, others have successfully set out on a path to design and create their future for themselves. By providing funds for such planning and development, the U.S. Department of Education could hasten the day when Hispanic attendance, persistence, and graduation rates truly mirror their overall population.

Thank you for the opportunity to testify, and I would be glad to take any questions.

MS. WANNER: If there were a way to increase funding like you're speaking about, what criteria would you want the Department to use? Would it be that the institution wants to serve Hispanics or
that it's in a demographic area with lots of Hispanics? If we didn't use a 25 percent ruler, what would we use?

MR. TORRES: We think that the 25 percent rule is fine for the HSI institutions, but planning and development funds for those with a reasonable number—we have, for example, 13 percent—a reasonable number of Hispanic students already enrolled and successes at enrolling and retaining those students and, of course, the surrounding demographic area. But, also, we think that funds are necessary for planning, for developing, for figuring out how to do this, setting a timeline and really, really reaching it.

There would be criteria, of course, necessary, but from our experience in our institution and in this area that we serve, we know that we can do it. We need assistance. And so many other institutions are very similar to us that need that assistance, the financial assistance and other assistance that the U.S. Department of Education could provide to help us reach that goal.

MR. BERGERON: But the current programs, whether it's HSI or any of the other programs that
we have that have racial/ethnic characteristics of
student enrollment determining institutional
eligibility really are intended to support those
institutions in that state, because otherwise you
have issues of having federal programs that target
specific racial or ethnic groups, which I think are
unconstitutional, although I'll leave that to my
lawyer to tell me I am wrong.

So, we have programs that—most of our programs
are without regard to race or ethnicity of the
student recipient. Think about the Federal TRIO
programs or GEAR UP, for example, which are
intended to increase access and persistence in
postsecondary education. And they operate based on
objective criteria: income of family and first-
generation status of the family. Never do we use
racial or ethnic criteria.

I don't know that there's a question buried in
there somewhere, but it's a puzzle for me how you
have a program which specifically targets a racial
or ethnic group for services and, at the same time,
fits within the framework of our regulatory and
constitutional—not statutory, regulatory, and
constitutional constraints.
MR. TORRES: Well, Hispanic-serving institutions, the funding is actually provided for all students in the institution—all students in the institution—and our efforts are really directed not only at the Latino students, but at improving Metropolitan State College for all students, also.

However, in our demographic—in the area that we are legislatively mandated to serve, we have in the K through 12 population over the 25 percent that is the indication in the federal legislation that provides funding for HSIs.

So, the same is true in many of the state universities, college and state universities, that are intended to serve the population in their area. So, what we’re suggesting is a way that we can reach out and enroll and retain a larger percentage simply of the surrounding area.

MR. BERGERON: So, you would tie it to service area, population of the service area may be potentially a way to—because I—

MR. TORRES: Yes.

MR. BERGERON: --do think there's a--

MR. TORRES: The answer is yes, because we are,
again, legislatively mandated to serve the seven-
or eight-county metropolitan area.

   MR. BERGERON: Thank you, that's helpful.

Stephen Jordan?

   MR. TORRES: Thank you.

   MR. BERGERON: Thank you.

   Stephen Jordan will be next.

   MR. JORDAN: Thank you, Mr. Chairman.

For the record, I'm Stephen Jordan, President of
Metropolitan State College of Denver. Welcome to
our community.

   I'm going to pick up on some of the comments of
Dr. Torres because I think they're really crucial
for a state like Colorado, which I think
exemplifies the issues facing many states. And let
me take a moment to sort of give you a brief
demographic.

   We know that for the state of Colorado, every
age group from 0 to 44, between now and 2020, the
white population will decline and all the growth
will be in people of color, largely--largely, but
not exclusively--Latino populations.

   We also know that as we begin to take a
look at the history of Colorado, which has
historically been in the top five in educational attainment and historically been in the bottom five in those schools that actually educated their own citizens to that level, but largely imported them, that as we begin to look at the future projections, and even assuming that we could maintain our same level of importation of college-educated graduates, that with the shifting in the demographics that if we cannot get to our students of color to enter, persist, and graduate at the same rates as white students and even at greater numbers, we will have an economic catastrophe in our state. We will not be able to replace the current workforce that we see. And I suspect that is a view or vision you would see in Arizona, in California, in Texas, and many other states who are seeing these same kinds of issues. So, this question about support for achieving HSI status is a very important one.

We currently are in the top 100 in the country in serving Hispanic students. Imagine that. We're in the top 100, but only 13 percent of our students are of Latino background. And we find ourselves in this position of needing to increase the matriculation, persistence, and graduation of
these students.

So, this question about how we can receive assistance to implement some of the strategies that are necessary, which--and what our studies have found is these strategies are beneficial not just to Hispanic students, but to all students; that if you can help us to move that forward, it can make a big difference for the economic condition and workforce preparation of states like Colorado, but I think many of the Sun Belt States would be in the very same position. And what I'd like to do is share with you and give you a copy of the report that was put together so you can see that.

We put in--as was mentioned, we have funded the first 16 strategies that came forward. That's a half a million dollars in one year of funds that we have put into this effort, and yet we know that we have to do so much more.

Related to this issue that we think is important that is something in your court that you can help us out with is that we know that for many of our students--and, again, we see this particularly within the Latino culture--many of our students choose to live at home and commute. We
are a commuter school, like many of the urban institutions in other Sun Belt States. But what we see for these students is that there is a terrible culture conflict between the issue of going to school or staying to support family, and that many times we see that this staying to support family wins out over going to school, even though in the long run—in the long run—family and community would be better off if that student persisted and graduated.

So, one of the things that we want to suggest to you as a possible area of consideration is to say that within financial aid you begin to recognize that and say that students who do live at home can receive a basic stipend within the Federal Financial Aid Program that can be a contribution to home so that we don't put them in the conflict of having to say, "Work is so important that I have to put in more hours." And as they put in more hours of work, school becomes less important, and suddenly they become a casualty of the process. We would like to encourage you to think about the incentive that might be created for these students if Federal Financial Aid could be a contribution to
family at home while they lived at home in order to provide them the incentive to stay in school. One suggestion for you.

The second is—or the third is one where, again, this partnership between the federal government and the state government which has dramatically evolved since the early, I would say, late sixties and early seventies, when it was very clear that states took care of the education in a general budget, the feds took care of financial aid, and never the twain shall meet, well, now we have a much different view. And we want to suggest to you that there are ways in which the feds might be helpful in this, and let me begin with this concept:

Fundamentally, for all the conversations that have been going on nationally about performance budgeting in states, fundamentally they are at the very, very small margin. And the state funding methods for higher education have not changed since the 1960s and are still fundamentally premised upon the old research university model of large freshman classes, increasingly smaller as you go towards the graduate level, and with the concept
that we were willing to accept the losses that we were going to have in the first two years. Except times have changed, and we now say we're no longer willing to accept the losses in the first two years; and, indeed, economic conditions require us to say we need to do something very different with low-income, with students of color, with underrepresented populations, and with older students in the interest of the national economy.

So, if our fundamental practice hasn't changed, what we know we need to change is that to be successful with these students, whether they're older students, first-generation students, low-income students, we know we need to have smaller class sizes; they need to be more intrusive; they need to have a greater array of support services. And, indeed, it is likely that they will be more expensive in the first two years and less expensive in the last two years, a flip of the old model.

You can do for higher ed what you're starting to do for K-12. I saw in the paper today that the Secretary had announced his initiative to encourage states to begin moving towards a national model in terms of standards for graduation by
putting out fiscal incentives. In the same way you can provide states fiscal incentives to encourage them to begin changing their funding models to put greater services and emphasis at the first two years in order to encourage the matriculation, retention, and graduation of the very populations you are most interested as an administration serving today. And so by providing grant opportunities to states that might help support initially these efforts for states to infuse more support in the first two years and begin to change the cycle that we are in, you could make a considerable contribution in the change effort that we know you are committed to as an administration. I'll be pleased to respond to any questions that you might have.

MR. BERGERON: Thank you. Thank you for also being one of our hosts.

MR. JORDAN: Oh, it's our pleasure.

MR. BERGERON: As I said, if you weren't here at the beginning, I commented, ever since I started being involved in the campus crime statistics, this has been one of these unique campuses that we have dealt with from that
perspective, and so I've always found it an interesting and dynamic kind of learning environment where you have community colleges--a community college, an urban four-year, and then a broader, more research-oriented institution all sharing space. It's an important lesson to us all about--

MR. JORDAN: And you might be interested to know, I mean, along that fact--I mean, it is fascinating. We will tell you from an administrative standpoint it's a nightmare; from the students' standpoint it works great. But we have about 250 general classroom spaces on this campus. If you take out the first hour in the morning, the 8:00 to 9:00 hour, and you take out the 9:00 to 10:00 at night, we have a 98 percent utilization against those 250 classrooms the rest of the day. There is not a more efficiently used campus in the country, I would probably suspect in the world, than this campus right here. It is an interesting model.

MR. BERGERON: It is an interesting model and yes, I can understand that it is very administratively complicated. But it is one of
these things that does help address issues of costs, particularly.

MR. JORDAN: Yeah.

MR. BERGERON: By the efficiencies that you are able to realize.

I'm intrigued by your comments around state funding formulas and how we might leverage that. I'll have to think about it some more to see how that might play out, and we may be back in touch around that issue. I do agree with you that--you know, I grew up in the seventies and was at a large state university where I saw firsthand the willingness or the acceptance of loss of students.

MR. JORDAN: Right.

MR. BERGERON: And that was not just unique to the institution that I attended and worked for, for a short while. I think that that's one of the things that we recognized, you know, as not an appropriate approach. And it really is an area where there is a need for fundamental change.

MR. JORDAN: And, quite frankly, I mean, we know enough about attendance patterns of these very populations we're talking about to know that
they are much more likely to begin in a community college, not in a research university. If they matriculate, they're much more likely to matriculate on to a regional comprehensive institution in the long run than in the research universities.

So, it's not that one model is right or wrong, but I'm suggesting that perhaps what we need to do is think about maybe there are different models depending upon what it is we're trying to accomplish.

MR. BERGERON: Correct. Yes.

MS. SMITH: I have a question about at the very beginning where you were dovetailing from Louis, who I guess works here as well--

MR. JORDAN: Right.

MS. SMITH: --about being--and he made a comment about you're top 100 in the country in terms of serving Latino students. Is that in that report that you're going to hand us, or is that a different statistic from somewhere else?

MR. JORDAN: Well, I don't--

SPEAKER: Hispanic Outlook.

MS. SMITH: Hispanic Outlook.
MR. JORDAN: Yeah, that came from his Hispanic Outlook. And, again, I think it's one of the things about the misnomers or the--one of the problems you have when you say, okay, you become Hispanic-serving when you're 25 percent. But, unfortunately, so many of those institutions are very small institutions.

In Colorado, we're the largest in terms of numbers, minority-serving, four-year institution in the State of Colorado. We have more students of color than the University of Colorado at Boulder and Colorado State combined, and yet we're only 13 percent of our enrollment when 20 percent of the population of this region are of Latino heritage. And you begin to say, "Well, if you can't solve that problem in your largest institutions, you will not solve it through a bunch of very small institutions out in rural areas."

MS. SMITH: Right.

MR. BERGERON: Right.

MR. JORDAN: Because, again, those students are much more likely to live at home, so you've got to do it through more urban organized institutions.

MR. BERGERON: And I was interested in
your thought around this contribution for home. And we've talked about it at the federal level in terms of the need analysis changes for, you know, as long as I've been doing this, and that's years. I hate to--

MR. JORDAN: Don't give away your age now.

MR. BERGERON: I know. I hate to admit it, except there are enough people in this room who know how long I've been doing this. And one of the concepts we've talked about--and maybe you could comment on it--is not just a recognition in the cost of attendance because, you know, people can get an allowance to live at home that's part of their cost of attendance, but some notion that we could allow the expected family contribution, or whatever it is called in the future, to go negative so that, you know, it recognizes the students who are contributing to the fiscal support of the family through their wages and their earnings and not be taxed for that in the need analysis process.

MR. JORDAN: I mean, I think that could be a very constructive way to approach it, as you're well aware. I mean, we're really talking about a
cultural barrier and how do you break down a

cultural barrier.

MR. BERGERON: And it's not just in the
Latino culture. I mean, it's in many of our--in
many low-income communities there is this. You
know, I'm French Canadian by background, so go
figure. You know, there was this concept, even in
my family, which is that you contributed to the
family.

MR. JORDAN: Right.

MR. BERGERON: And--financially. And, you
started working at 14 or 15 and worked full time in
addition to going to high school--

MR. JORDAN: Right.

MR. BERGERON: --in order to give money
back to the family. And so, it is not just in the
Latino culture. And I do think it is something
that is in need of addressing.

MR. JORDAN: I would really hope that it
would be possible to do that. I think--because
really--I mean, I think we could set up some very
interesting analyses to begin to look at it if--you
know, what was the retention rate or the dropout
rate prior to implementation of a policy like that,
and we could really test its ability to see if it made a marked difference on retention in the first two years.

MR. BERGERON: And we're talking about reinventing our Experimental Sites Initiative.

MR. JORDAN: Yeah.

MR. BERGERON: And, I mean, there may be a great experiment here.

MR. JORDAN: Volunteer right here.

MR. BERGERON: I hear great experiment come—you know, I'll have to spend--

MS. SMITH: To come before our FAFSA thing tomorrow, our FAFSA forum.

MR. BERGERON: It's a FAFSA thing tomorrow for sure, but also I think that there are some room for maybe doing some experimentation around that.

MR. JORDAN: Yeah.

MR. BERGERON: That's a great idea.

MR. JORDAN: Right, great.

MR. BERGERON: Excellent.

MR. JORDAN: Thank you so much for being here. We really do appreciate it.

MR. BERGERON: Thank you.

MS. SMITH: Thank you for having us.
MR. JORDAN: Yeah.

MR. BERGERON: We were scheduled to have a break, but we're not going to do that because I have a student in the room, Andrea Davis, who we are--wanted to get to before our break.

Hi, Andrea. Thank you for being patient with us.

MS. DAVIS: Oh, thank you so much for having me. I appreciate it.

I go to University of Phoenix, and the alumni representative, Evelyn Hanson, invited me here today to basically put a face to financial aid.

I am a 33-year-old mother of five children, doing the best I can to raise them. And I had a dream in second grade to become an elementary school teacher from my second grade teacher. And it has been an inspiration in me that has been growing ever since I was eight years old, knowing that I would one day accomplish it. If it was not for the financial aid the University of Phoenix helped me to achieve, I would not be able to work towards that goal.

I am currently starting my second year at
University of Phoenix in the Elementary Education Program. My children attend school at the School District 50 that a representative spoke not too long ago about. And, again, I just would impress upon you the importance of financial aid.

I am a full financial aid student. I have no out-of-pocket expenses at all right now. And if it wasn't for that, I could not be a student; I could not be achieving my goals; I could not be an inspiration to my children or my family, who four members of my family so far have also participated in University of Phoenix as well because of this financial aid program. And it has been a wonderful opportunity for me and for my children to see me achieve the goals, and they are now inspired to achieve their goals as well. And for you to understand that and to see that through financial aid I can accomplish these goals is a miraculous thing.

MR. BERGERON: Thank you.

MS. DAVIS: Thank you for your time.

MR. BERGERON: Any questions?

MS. DAVIS: Do you have any questions?

Thank you.
MS. WANNER: Are you able to go full time?

MS. DAVIS: I am able to go full time.

With the schedule the University of Phoenix allows, I am able to attend once a week for four hours in the evening so I can maintain my family and school and career all at the same time, and help my mom with my grandmother in that, as well.

MR. BERGERON: Thank you.

MS. DAVIS: Thank you very much for your time.

MR. BERGERON: Okay. We're going to take a 10-minute break and reconvene at 5 minutes to 11:00. Thank you.

[Brief recess.]

MR. BERGERON: We are going to go ahead and reconvene, although I suspect it may not be for that long. We do have two more individuals who have signed up to speak to us this morning. The first is Andrew Parmentier. The second one is intending to be here just before the noon hour. So, if Andrew could come forward.

MS. SMITH: You're not speaking?

MR. BERGERON: Not speaking? Okay. Okay, Andrew's not--they're not speaking. So, the only
other person we have signed up for this morning is Natalie Williams, and she's not signed up until just--oh, she's here. Oh, excellent, thank you.

   MS. SMITH: Great.
   MR. BERGERON: Good morning, Natalie.
   MS. WILLIAMS: Hi. How are you this morning?
   MR. BERGERON: Good. Good to see you.
   MS. WILLIAMS: Good to see you.

Hi, my name is Natalie Williams. I'm the President for Westwood College, and I just want to thank you for the opportunity to testify today.

   Westwood College serves a very diverse student population. Many of our students are first generation students, working adults, and are single parents. We take great pride in producing life-long learners, and that's why I'd like to present today my viewpoint in regards to the challenges I face or some of my students face.

   It is the Title IV program that allows many of these students to advance their careers. You heard that previously today in testimony.

   Satisfactory academic progress. I agree with the previous statements made today. Westwood
College assesses satisfactory academic progress every term. Not only do we want to ensure compliance with Title IV, we also want to ensure the success of our students.

On the issue of GEDs, Westwood College has entrance exam and assessment, and we offer college prep courses for those students that may need additional assistance. Not only do we offer college prep courses, but we offer additional support services, such as a personal inside track coach, to help them not only with their academic issues, but also challenges that we face as we go to school.

I also went to school when I had a family, a son, and trying to advance my career and obtain the certificates and degrees needed in the workforce. And it can be challenging because you're dealing not only with school issues, but also with family issues. So, Westwood College would like to provide additional support, so we want to ensure not only that our students are prepared academically, but we also want to ensure that they are prepared with other outside issues in terms of completing their education.
On the issue of incentive compensation, provide institutions with clear and concise rule and guidance, and we'll follow them.

On the issue of credit hours, as mentioned previously, accrediting bodies regularly review credit hours for compliance.

In terms of gainful employment, pending the accrediting body, institutions are held accountable to employment standards. As stated by Charles, many institutions are involved in comprehensive strategies to track students from graduation and oftentimes prior to graduation into the workforce.

In December, Westwood College--the students at Westwood College participated in the Democratic National Convention. This opportunity allowed our students to gain applicable opportunities in the field, as you heard individuals testify today that you need the applicable side as well as the theory side.

We also offer alumni training programs at no cost to the students, which allows them to stay current in their workforce. We also participate in program advisory committees in which employers come
in to provide us feedback on the curriculum and the standards—and the industry standards.

In conclusion, I just want to say we need to make it as easy as possible for our students to access not only Title IV programs, but programs that assist them through their education to develop and to advance their careers.

MR. BERGERON: Thank you.

We currently require satisfactory academic progress to be assessed once a year. You do it once a term. Do you think that should be the standard practice?

MS. WILLIAMS: For Westwood College, once a term it works good because we have five terms in a year, so we definitely want to make sure that not only are we monitoring it for—in terms of the students academically as well. So, by monitoring it once a term, we're able to assist those students that may be at risk of falling behind in their studies and also helping them get back on track. So, for us, it is a very good tool and resource to assist our students in completing the program.

MR. BERGERON: So, you would think it wouldn't--have you developed administrative practices that make it more feasible for you to do
than some other institutions, or do you think even
if it's difficult, it's something you should
pursue?

MS. WILLIAMS: I think even if it's
difficult it is something that you could--should
pursue to help those students complete the program.

MR. BERGERON: Sally? Zakiya?

MS. WANNER: Is the SAP review mainly like
looking at grades on a term-by-term basis, or you
do--

MS. WILLIAMS: It's--oh, go ahead, I'm
sorry.

MS. WANNER: --you do the whole thing?

MS. WILLIAMS: It's actually looking at
grades and completion rates. So, for example, you
don't--students as they go along, if they are
continually dropping out of classes, you know, you
definitely want to assist in that matter as well.
So not only grades, but completion rates as well.

MS. WANNER: Thank you.

MR. BERGERON: Thank you.

MS. WILLIAMS: Thank you.

MR. BERGERON: We appreciate you coming.

If there's anyone else who would like to testify,
please go see Mary or Kristin out in the foyer.
And otherwise, we will go ahead and take another
break until there's somebody who is available.

I would say, I don't have the schedule in
front of me for the afternoon, but we do have at
least two people who have signed up to testify this
afternoon, one right after the break, so just at
1:00, and then one a little bit later on in the
afternoon. So, we do have a couple of people who
are speaking this afternoon.

But until somebody else signs up to speak,
we'll take a break. Thank you.

[Brief recess.]

MR. BERGERON: We have no one else signed
up for the morning, and so it is about quarter to
12:00 right now, so we're going to go ahead and
take--and adjourn until 1:00, when we'll reconvene.

So, enjoy lunch, and we'll see you back
here in about an hour and 15 minutes.

Thank you.

[Whereupon, at 11:44 a.m., a luncheon
recess was taken.]
AFTERNOON SESSION

[1:20 p.m.]

MR. BERGERON: I was wondering if Jennifer Cook is here.

[Pause.]

MR. BERGERON: Hi, Jennifer. We'll go ahead and hear from you.

MS. COOK: Okay. Hi, my name is Jennifer Cook, and I'm here representing the Canadian Consulate, and we have an office located here in Denver. And I'm here to highlight the potential impact that the proposed U.S. student loan reforms could have on approximately 21,000 U.S. American students who are enrolled at foreign institutions, over 9,000 of whom study in Canada.

Currently, these foreign institutions are not eligible for direct lending. Thus, the new legislation would negatively impact U.S. students who rely on these loans to attend colleges or universities abroad. I think I would best illustrate the issue by a letter that was written and sent--written by the International Education Council and sent to Representative George Miller, Chairman of--sorry, Chairman on the Committee on
Education and Labor. It arrives with the support of many countries and hundreds of institutions:

"The International Education Council is an association of colleges and universities outside the United States that are eligible institutions under the Higher Education Act, so their enrolled students can receive federal student loans. It is important to note that these students are seeking a degree as opposed to a study abroad program where they remain enrolled at a home campus in the United States. The members of the association comply with most of the same regulations and application procedures as U.S. schools so their American students can pay for higher education.

"There are approximately 21,000 American students enrolled in colleges and universities abroad--or around the world who receive Federal Family Education Loans, the only type of federal aid that they are currently eligible for. Without these loans, educational plans would have to be curtailed and students would have to seek more expensive private loans, which are currently difficult for them to obtain.

"We understand that this new legislation
would eliminate the FFEL Program and have all federal loans made through the Direct Loan Program. We ask that you make the appropriate changes to ensure that foreign schools are made eligible for the Direct Loan Program so that American students can continue to go to the college of their choice, including colleges abroad.

"We also ask that the appropriate steps be taken to assist foreign schools with the transition process to the Direct Loan Program to ensure that Americans enrolled in foreign colleges and universities will have similar opportunities for federal financial aid as those enrolled in the United States.

"In detail, we propose the following: Modify Section 102(a)(1)(c) of the Higher Education Act to delete the words 'only for purposes of Part B of Title IV,' and insert 'only for the purposes of Part A, Subpart 1, and Parts B and D of Title IV.'"

"On behalf of the Board of Directors and the members of the IEC and of the thousands of American students who want to pursue higher education abroad, we urge you to adopt these recommendations. The IEC is working with
representatives of the embassies of our members' countries on these proposals, and we'd be pleased to coordinate answers to any questions you may have.

"Thank you for your consideration.

Sincerely, Harrison M. Wadsworth, Executive Director of the International Education Council."

Thank you.

MR. BERGERON: The problem with participation in Direct Loans is not statutory; it is administrative.

MS. COOK: Okay.

MR. BERGERON: The way the Direct Loan Program and our other grant programs, Pell Grants included, operate is they're--the institution has a direct federal--an account with the Federal Government from which it draws funds. And so that is the impediment to a foreign school participating in the Direct Loan Program.

We have interpreted the statute in a manner that would permit a foreign school to participate, but have this administrative problem. You know, whatever budget legislation's enacted will provide some approach or remedy to that
specific--

MS. COOK: Okay.

MR. BERGERON: --problem to avoid that administrative issue. But it's, you know, never been anyone's intent that students attending foreign schools be ineligible.

MS. COOK: Okay.

MR. BERGERON: And so we're aware of the problem and think that there is a fairly easy solution.

MS. COOK: Okay.

MR. BERGERON: That said, were you suggesting that foreign students attending foreign institutions also be eligible for Pell Grants and Academic Competitiveness and National SMART Grants and TEACH Grants? Because they're all in--

MS. COOK: That's not what's been discussed so far, so--

MR. BERGERON: Well, the reference to Part A gets you there.

MS. COOK: Yes.

MR. BERGERON: Okay.

MS. COOK: I'm getting a little bit out of my area of expertise.
MR. BERGERON: That's okay. I just--

MS. COOK: Yeah.

MR. BERGERON: Yeah.

MS. COOK: Okay. Thank you.

MR. BERGERON: Thank you.

If there is anyone else who wishes to speak, go see Mary and Kristin because we have no one else signed up this afternoon.

So, we'll go off the record until somebody does either show up newly to speak or one of you decides you want to.

Thanks.

[Off the record from 1:10 p.m. to 3:45 p.m.]

MR. BERGERON: Okay. So, it's 10 minutes to 4:00, and we have no one else who's indicated that they are interested in testifying this afternoon, so we're going to go ahead and end this hearing.

We will next have a hearing in Little Rock, Arkansas, on Thursday. So, you know, we'll continue to keep the record open and receive public comments through our e-mail at "Neg-Reg09@ed.gov."

We will be keeping that receipt of those public
comments open until the last hearing, which occurs on June 23rd in Philadelphia.

I want to thank everybody who participated in the hearing and our hosts at the Community College of Denver, the Metropolitan State, and University of Colorado at Denver.

Thank you. Have a great afternoon.

[Whereupon, at 3:51 p.m., the hearing was adjourned.]