

Subject:

RE: Proposal Regarding Low-Cost, Low-Risk Programs

From: [Kevin Jensen](#)

Sent: 12/10/2013 12:30 PM

To: [Kolotos, John](#); ['Chip Cameron \(fxcameo@ \[REDACTED\]\)](#); ['charlie pou \(chipbloc@ \[REDACTED\]\)](#)

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Subject: Proposal Regarding Low-Cost, Low-Risk Programs

Good morning –

I've heard the federal government is shut down today due to weather but I'm nevertheless hoping that you all will see this email and the attachment today. Richard Heath and I would like to revisit the proposal we submitted during the last session. At that session, the Department indicated that it felt that the potential for unintended consequences for certain programs had been mitigated through the definition of the minimum size of cohorts and challenge processes within each of the metrics.

After conferring with many of our colleagues on the negotiating committee during the last session, we still feel strongly that the current draft rule does not adequately recognize low-cost, low borrowing rate programs where the cohort of students used to measure the program is likely to be unrepresentative of the program in general, therefore unnecessarily threatening the Title IV eligibility of the program and burdening both schools and the Department. Furthermore, we are very concerned that, without appropriate recognition of low-cost, low-borrowing rate programs the current draft rule will incentivize some schools to leave the Direct Loan program or close effective programs. The danger of these possibilities includes limiting access to low-cost programs leaving students with no options other than higher-cost programs, or similarly restricting access to affordable federal student loan programs leaving students with no options other than private student loan markets or higher cost programs that offer federal student loans.

Please see the attached memo, where we've presented additional data and information in support of the need to make further modification to the draft rule as well as revised proposed language we think will provide institutions with appropriate, positive incentives to do everything within their authority to keep both costs and borrowing rates for gainful employment programs low.

We urge the committee to continue discussion on this topic and look forward to seeing you all this Friday.

Thank you,

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