The Public Hearing convened at 9:00 a.m., in the Camille O. Hanks Cosby Center Auditorium at Spelman College, Atlanta, Georgia, Julie Miceli, Deputy General Counsel, U.S. Department of Education, presiding.
PRESENT FROM THE DEPARTMENT OF EDUCATION:

LEIGH ARSENAULT, Senior Policy Advisor to the Undersecretary

JULIE MICELI, Deputy General Counsel

PAMELA MORAN, Office of Postsecondary Education

PUBLIC COMMENTERS LISTED CHRONOLOGICALLY:

THEODORE L. DAYWALT, CEO and President, VetJobs

EVERETTE J. FREEMAN, President, Albany State University

RODNER WRIGHT, Interim Provost and Vice President of Academic Affairs, Florida A&M University

CARLTON E. BROWN, President, Clark Atlanta University

GILBERT L. ROCHON, President, Tuskegee University

CATHERINE HURD, Dean of Enrollment Services, Johnson C. Smith University

AKUA JOHNSON MATHERSON, Associate Vice Chancellor for Enrollment Management, North Carolina Agricultural and Technical State University

JOHN SILVANUS WILSON, JR., President, Morehouse College
ROBERT JENNINGS, President, Lincoln University

ERIC R. EATON, Chief Financial Officer, South Carolina State University

DAVID H. SWINTON, President, Benedict College

CHUCK KNEPFLE, Director of Financial Aid, Clemson University and Chair Elect, National Direct Student Loan Coalition

DWAUN WARMACK, Vice President of Enrollment Management and Student Development, Bethune-Cookman University

MYRA R. WOODSON, Service Employees International Union (SEIU)

BEVERLY TATUM, President, Spelman College

DEBORAH KARVEY, Public Policy Chair and Former Co-President, American Association of University Women of Georgia

ERNEST McNEALEY, President, Stillman College and Chairman of the Board of NAFEO

JOE STEFFEN, Director of Legal and Governmental Relations, Savannah State University

SYREETA MONROE, Financial Aid Officer, Savannah State University

GREGORY H. JONES, Chairman, American Association of Cosmetology Schools Government Relations Committee

JIMMY JENKINS, President, Livingstone College
KENNETH ALLEN, JR., Student, Bethune-Cookman University

ANGEL JOHNSON, Student, Bethune-Cookman University

JOHNNY NIMES, Executive Director for Enrollment Management, Port Valley State University

MILDRED SINGLETON

TOM NETTING, Executive Director, Allied Health Leaders Coalition

DARRYL JACKSON, Financial Aid Director, Alabama A&M University

ANNETTE JACKSON, Spelman graduate and Executive Director, The Ken Ford Foundation

NIA WESTON, Spelman College alumna
C-O-N-T-E-N-T-S

Call to Order and Opening Remarks
  Julie Miceli ............................. 6

Theodore L. Daywalt .......................... 14
Everette J. Freeman .......................... 26
Rodner Wright ............................... 33
Carlton E. Brown .............................. 39
Gilbert L. Rochon ............................. 48
Catherine Hurd ............................... 52
Akua Johnson Matherson ....................... 63
John Silvanus Wilson, Jr. ................. 68
Robert Jennings ............................... 76
Eric R. Eaton ................................. 82
David H. Swinton ............................. 88
Chuck Knepfle ................................. 98
Dwaun Warmack ................................. 107
Myra R. Woodson ............................. 111
Beverly Tatum ................................. 118
Deborah Karvey ................................. 129
Ernest McNealey ............................... 136
Joe Steffen .................................... 142
Syreeta Monroe ................................ 143
Joe Steffen .................................... 145
Gregory H. Jones ............................... 151
Jimmy Jenkins ................................. 160
Kenneth Allen ................................ 165
Angel Johnson ................................. 167
Tom Netting .................................. 177
Darryl Jackson ................................ 189
Annette Jackson ................................ 195
Nia Weston .................................. 208
Adjourn ....................................... 214
9:00 a.m.

MS. MICELI: Good morning, everyone.

I am Julie Miceli. I am the Deputy General Counsel at the U.S. Department of Education.

I want to welcome everyone to Atlanta for the last of our four public hearings.

I also want to thank Spelman College and President Tatum and her staff for hosting us today.

And I also would like to introduce my Department of Education colleagues who have joined us here in Atlanta.

We have Amy Wilson, who is in the Office of Postsecondary Education, who is outside at the checkout table.

She is also joined by Gwen Dodson of the Federal Student Aid Office.

Here I have Senior Policy Advisor to the Undersecretary, Leigh Arsenault.
I have Pam Moran from the Office of Postsecondary Education.

We are also joined in the audience by some of our colleagues at FSA, Lenny Springs and Joel Harrell.

I hope I haven't missed anyone.

We are going to get started with the hearing in just a moment, but I would like to start with a few introductory remarks about what we are here to talk about today, and then, we will go ahead and open it up for public comment.

In today's global economy, a college is no longer a privilege for some, but rather a prerequisite for all. In the last year, 60 percent of jobs went to those who had at least a bachelor's degree and 90 percent went to those with at least some college. Over the next decade, as many as two-thirds of all new jobs will require education beyond high school.

This is why the President's plan for a strong middle class and a strong America calls for expanding the availability of postsecondary
education training for every American. Providing every American with a quality education is not just a moral imperative, but an economic necessity. And we want to make sure that all students, regardless of income, race, or background, have the opportunity to cross that finish line.

Today's hearing gives us an opportunity to begin conversations with the higher-education community on rules that will ensure that colleges and universities are giving students a high-quality education that prepares them for the workforce and lifelong success.

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

This process builds upon previous steps to develop regulations that protect taxpayer funds and ensure that all students are
able to access and afford a quality higher education.

We know college is one of the best investments anyone could make, but we want to ensure that students and taxpayers are investing in programs that prepare graduates with the skills and knowledge they need to compete for high-paying jobs.

The work of the people in this room, the contribution and feedback that we have received throughout the last four years has raised our awareness about a number of years, and we are interested in learning more through these conversations.

Last year the Department held discussions about rules that would be designed to prevent fraud and abuse of Title IV federal student aid funds, especially within the context of current technologies. In particular, the Department announced its intent to propose regulations to address the use of debit cards for dispersing federal student aid as well as to
improve and streamline the campus-based federal student aid programs.

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

One, cash management. The Department is interested in looking at the regulations governing when and how institutions disburse federal student aid, and how institutions invest and manage those funds, and other issues related to this topic.

State authorization for distance education programs. This is number two. The Department had previously regulated on this issue, but a court vacated the rule on procedural grounds in 2011. With that regulation no longer in place, the Department is interested in ideas for how to address the requirement that states authorize the institutions that provide distance learning to its residents when an institution is not physically located in the
state.

Three, state authorization for foreign locations of domestic institutions. Similarly, the Department is interested in ideas of how foreign locations of domestic institutions should be treated under the state authorization regulations since current rules do not specifically address foreign locations.

Four, clock-to-credit hour conversion. Given concerns raised by institutions of higher education, the Department is interested in whether regulations governing the conversion to clock hours and a program to credit hours should be reviewed.

Five, gainful employment. Last June a U.S. District Court vacated regulations defining what it meant for a program to provide gainful employment in a recognized occupation, but the Court affirmed the Department's authority to regulate in this area. The Department is now interested in public input on other potential approaches to distinction.
between successful and unsuccessful programs
that seek to prepare students for gainful
employment, thoughts on what are the best
measures or thresholds for setting gainful
employment, and how best to construct an
accountability system for these programs.

Next, campus safety and security
reporting. The reauthorization of the Violence
Against Women Act made some changes relating to
the information that institutions are required
to collect and to disclose as part of their Clery
Act disclosures. The Department is proposing to
develop regulations to implement these new
requirements.

And last, definition of adverse
credit for the Direct PLUS Loan Program. The
PLUS loan program requires that applicants not
have an adverse credit history to receive a loan.
What constitutes adverse credit was defined in
regulations published in 1994 when credit
conditions and consumer markets were different,
and loans were made through two different
programs. Since these conditions have changed, the Department is interested in comments on whether it would be appropriate to modify the definition of adverse credit and, if so, what changes should be made.

Based on the comments gathered at these hearings and the public comment which will close tomorrow, the Department will draft a list of topics to be considered by rulemaking committees. It is likely that negotiations will begin this fall, and prior to that, we will issue a Federal Register notice seeking nominations for negotiators.

I thank you all for dedicating your time and expertise to this very important process. We all look forward to hearing your contributions today.

Just a few logistical matters. If you are here and you have not yet signed up for a time, but would like to speak, please see Amy Wilson at the table in the front.

Also, we are asking everyone to keep
their remarks limited to 10 minutes, so we can everyone who is scheduled to speak in. If, for any reason, you get close to your 10 minutes or just go slightly over, we will try to interrupt you so you can wrap up.

Thank you.

And with that, Pam, do you want to call our first speaker?

MS. MORAN: Yes. Good morning.

Our first speaker is Mr. Ted Daywalt.

MR. DAYWALT: I have my timer with me.

Good morning.

Let me first thank you for the opportunity to come before the Department of Education hearing today to share with you information that is relevant to DOE's discussion on improving Title IV student aid. I will be addressing the issue from the perspective of the active military and veteran community, where Title IV funds are used in conjunction with Department of Defense training assistance funds.
and the Veterans Administration's GI bills.

VetJobs' unique vantage point in these discussions is, by the nature of our business, VetJobs deals with veterans and their family members on a daily basis who are pursuing employment and the education necessary to get that employment.

What follows is a discussion of my observations as a businessman/president of that job. So, I am not going to read the whole thing. You have got copies of it. But I will hit some of the highlights.

The post-9/11 GI bill, as it applies to payments in conjunction with Title IV, has been usurped by predatory for-profit schools. The actions and behaviors of the predatory for-profit schools need to be curtailed. Note I use the term "predatory for-profit schools," as not all for-profit schools are engaged in less than ethical or illegal behavior. Western Governors University is an example of a good one.

I want to be very clear that not all
for-profit schools are bad. But at the core of the predatory for-profit school problem within the military is the 90/10 rule as it applies to Title IV. Under this principle, institutions are required to receive no more than 90 percent of their revenues from federal sources to be eligible to receive federal aid. The 90/10 requirement was put in place to prevent schools from existing merely as a means of collecting taxpayers' subsidized education benefits, but that is exactly what several of the predatory for-profit schools have become.

The requirement also sought to improve school quality by incentivizing proprietary institutions to enroll at least some students willing to invest with their own money in the education offered by the school. However, a loophole in the 90/10 rule allows predatory for-profit schools to continue to receive federal funds even if the institution has reached its 90 percent limit on federal student aid.
As the 90/10 rule is currently constructed, over federal aid administered from the Department of Education is counted towards the 90-percent limit. Revenues received from the VA benefits like the GI bill and the DoD TA monies are treated as non-federal sources under the current 90/10 rule. In other words, a school that has reached the 90 percent limit of DOE funding can solicit revenue from post-9/11 GI bill beneficiaries instead of recruiting students who are willing to pay out of pocket. And some of these schools are now 100 percent being supported by federal funds.

Currently, military and veteran educational benefits do not count towards the 90 percent restriction. Thus, most predatory for-profit schools and universities market towards the service members and veterans and their dependents because a veteran can now give their GI bill benefits to their children or their spouses.

A GAO undercover investigation on
applications at 15 of the predatory for-profit colleges found that four of the colleges encouraged fraudulent practices and that all 15 made deceptive or otherwise questionable statements to GAO's undercover agents.

Four undercover applicants were encouraged by the college personnel to falsify their financial aid forms in order to qualify for federal aid. We found instances of where the college recruiter would be chasing down a spouse, and the spouse would say, "Well, I didn't graduate from high school." And they would say, "Don't worry. We'll get you in."

In spite of the findings of the GAO undercover investigation, the Veterans Administration and DoD continue to allow predatory for-profit schools to enroll active duty military personnel, veterans, and their spouses.

While it is understood that not every institution within the for-profit sector is engaged in these practices, the factual and
testimonial evidence from past and recent press reports has found that many predatory for-profit schools and institutions have engaged in improper and unethical recruiting practices while also reporting record profits generated from billions of dollars in taxpayer credits. You may have read about the Justice Department move against EDMC for $11 billion in fraud.

Post 9/11 GI bill benefits were expanded in 2008. The expansion means that the more than 1.2 million veterans deployed since 2001 to Iraq and Afghanistan will be able to use this generous benefit whenever they choose to go to school, even to those career education programs that have been aggressively and deceptively recruiting them into programs shown to be a very poor education.

We owe it to our veterans to give them the tools they need to make sure their one-time GI bill is not ripped off. Now at VetJobs we have observed many disturbing activities by the predatory for-profit schools directed at the...
veterans or their family members.

Problems have included aggressive and deceptive marketing to veterans and active duty component members; aggressive, deceptive marketing to spouses, especially on military installations. One of our customer service reps is married to a Marine. She signed up with one of these programs thinking she wanted to go to school and, then decided not to. And they were calling her three, four, and five times a day at work and six or seven times at night at home. I got on the phone with this recruiter and I said, “If you call her again, we are going to charge you with stalking,” and that finally shut the SOB up.

Telling veterans their programs are accredited when, in fact, the programs are self-accredited. Many of the predatory for-profits cannot get accreditation through normal accrediting agencies like SAC or the AACSB. So, what they did, they created their own accrediting agencies and they accredit
themselves. That is very deceptive, and the Department of Education needs to go after these fake accrediting agencies.

Another problem is credits not transferring, especially for graduate programs. We have got an example of one veteran who stayed on active duty for six years, got his bachelor's, BBS, from a predatory for-profit in Virginia. When he got out, he applied to over 90 business schools, and every one of them turned him down, telling him his degree was not recognized and it is not accredited. And yet, the school kept telling him that they are an accredited program, but they accredited themselves. And in your paper there I give you the links to be able to check that out.

Employers not accepting degrees as accredited. We have heard from a lot of people who had an associate's or a bachelor's from one of these schools. And then, when they went to work, they found out that their pay may be four or five, six, seven ranks down from where they
thought they were coming in. And then, the employer says, "Well, you would have been up there, but because your degree is not accredited, we don't recognize it."

Schools not providing marketable skills that give gainful employment. We can sit here all day long and talk about that. Some technical for-profit schools do not provide adequate training so a student can, then, obtain a license for their work or get certification. In fact, some for-profit technical training schools are not recognized by the state authorities. And yet, they are still out there taking federal funds.

Another example is, once enrolled, students are offered excessive amounts of additional financial aid, often in the form of risky private student loans, not federal loans, to cover the high cost of attending these institutions while earning less worthy degrees. And it turns out that some of the predatory for-profit schools own the loan company that
they are loaning them this money at from 18 to 24 percent.

I have got a big section in here about gainful employment, which I recommend that you take a look at. But I would like to make the following recommendations for you to consider:

Veterans and active members of the military need to have better information to make informed discussions about what school to attend. Education counselors on military installations and commands need to be better educated to adequately assist veterans and their dependents to choose an appropriate school for college and graduate education.

There is a need for greater oversight and accountability not only by DoD and VA, but by DOE, of career education programs. Because what happens too many times is DOE or VA or DoD turns on the spigot for money, and then, nobody follows up to see what is happening. That is not right.

For-profit schools should be limited
as to how much money they can use for recruiting, marketing, and commissions. If a school is receiving federal funds, the sales marketing commission should be limited to a maximum of 5 percent of the school's revenue. Some predatory for-profit schools now spend as much as 50 percent or more on marketing, selling, and commissions.

I sat on the Board of a legitimate university, and I can remember when the Business School Dean came in and wanted to raise the marketing funds from 4 to 7 percent. You would have thought somebody had raped the queen and killed the pope.

Accreditation issues need to be examined to find a way to ensure that a school's accreditation is legitimate. DoE should cut off all funding for programs whose graduates are not eligible to sit for licensing exams in their fields that require a license. The 90/10 rule needs to be changed, and the 90/10 rule needs to be enforced. And predatory for-profit schools
that persist in behavior found by GAO should be banned from using military facilities.

That concludes my comments. I appreciate your time. If you have any questions, I will be glad to answer them.

MS. MORAN: Okay. Thank you.

Thank you, Mr. Daywalt.

Our next speaker is Dr. Everette J. Freeman.

DR. FREEMAN: Good morning. I am Everett Freeman, the President of Albany State University in Albany, Georgia, a Historically Black College and University established in 1903. And it is now a part of the 31 institution university system of Georgia.

I wish before giving my formal remarks to thank President Tatum for her hospitality in hosting these hearings. It means very much to us that one of our sister institutions has been so gracious. So, thank you, President Tatum, for doing so.

What I would like to do, I am going
to leave copies of my formal presentation in the
back. If any of you are interested in having it, it will be available to you.

I come to talk about the impact of the reformulation, and for us the reduction, in parent PLUS funding available to our students and how that is continuing to have an adverse impact not just on our students, but on the regional economy in southwest Georgia and on the potential of not just the students, but the families and, indeed, generations to come to receive an education.

Over 90 percent of Albany State University's students receive some form of federal financial aid, and many of our students receive federal parent PLUS loans. The parent PLUS loan program borrowing at Albany State University has decreased by over 10 percent this current academic year, from 1392 student to 1247 students. The number of Albany State students approved for federal parent PLUS loans have been in decline over the past several years.
Median approval rates of the three-year period between 2008 and 2011 was 45.95 percent. In 2011 and 2012, that number declined to 37.2 percent. And for the current academic year that is coming to a close, the number of approvals for federal parent PLUS loans plummeted to 18.8 percent. So, that gives you a measure of how dramatic the reductions in federal parent PLUS loans approval has impacted our students.

Overall, the amount of parent PLUS loans received by Albany State University has declined by half. In the 2011-2012 academic year, for example, our students were able to apply and receive $4,585,982 in parent PLUS loans. The following year, 2012-2013, that number dropped by half to $2,125,091.

Now the federal parent PLUS loan has at least one feature that helps students and at the same time it hurts students. A student who is denied a federal parent PLUS students is able to apply for a federal Stafford loan. The
federal Stafford Loan Program, if it is not repaid, has a direct and negative impact on the institution's ability to draw down federal funding.

Our institutions as a group have been trying to move away from Stafford loans, to the degree that we have been able to. And with the changes that were wrought last year, that has allowed us, unfortunately, prompted us to increase the number of applications for Stafford loans. We are worried about this.

We know that the federal government monitors our default rate. We certainly monitor our default rate, and this is one of those canaries in the mines, that if we do not return to provisions that allow for a credit formula that makes sense, we will, indeed, find an increase in the Stafford loan and the corresponding negative impacts that defaults will create.

Due to direct costs associated to out of state students, most of our students who are
out of state, because of the changes in the formula for parent PLUS loans, have only been able to attend Albany State for one semester. It takes roughly $25,000 for a student living on campus who is out of state to attend Albany State University. The average amount of funding available to a student through all the financial aid instruments and, also, through parent PLUS loans is about $13,000. And with the rejection rate of the parent PLUS loans, students have just simply attended a semester and walked away.

By walking away, these students are walking away from educational opportunities, walking away from entering or remaining in the middle class, and walking away from the life that many of us enjoy.

What we ask at Albany State University is that there be thoughtful, and, indeed, prayerful consideration of remaining faithful to the obligations that we establish in this country, beginning with the GI bill, but certainly moving forward to provide an education.
for all.

Let me just give you one example. A female student from our State whose parents did not meet qualifications for the parent PLUS loan was not able to matriculate because there was simply not enough aid for her to meet the tuition requirements. Her tuition and living expenses were only met for one semester. She left Albany State University. She is now working at McDonald's. There are not enough McDonald's in the world to provide the kind of economic opportunities to those students' needs.

We respectfully ask that we reverse the 2012-2013 changes in the parent PLUS loan to allow far more students to attend Albany State University and all our sister Historically Black Colleges and Universities, indeed, all of our institutions of higher education in the country.

We ask also that you be very careful and very mindful that you make available to the institutions the very formula that we use. Parents ask us over and over again, "Upon what
basis have we been denied?" And we simply can't tell them. We don't know the formula. We don't know how the formula is computed. And we, then, take the brunt of the criticism, the anger and the disappointment of parents and students who are left literally without any understanding of what has happened and a way forward.

Finally, we ask that you give consideration to a more robust plan for communication that the parent PLUS loans are now available to students. We find that students are not aware, even though we, as an institution, vigorously communicate that there are efforts -- we know that you have communicated to parents and students -- that the restoration for this present academic year was made available, but students are not getting it.

They are not getting it through their social media outlets. Their social media outlets are the ones that they most readily and easily rely upon, and we recommend that you use those, to the degree that you are able to, to get
the message across.

That is the end of my formal remarks.

I am more than happy to answer any questions you may have.

Thank you.

MS. MORAN: Thank you, Dr. Freeman.

Our next speaker is Rodner Wright.

MR. WRIGHT: Good morning.

I am Rodner Wright, Interim Provost and Vice President for Academic Affairs at Florida A&M University.

Thank you for this opportunity to share with you our thoughts on changes to the parent loan program. I thank you for your focused, strategic efforts to work with all of us to craft a permanent rule that will work best to serve the needs of students, parents, and the American public.

This is something that we have thought and we had in place prior to the Department's October 11, 2011 shift in interpretation of the existing regulation.
At Florida A&M, the nation's largest Historically Black College and University, this unanticipated shift in regulatory interpretation resulted in the last-minute denials of approximately 1,074 PLUS loans for students who were in the good standing in the fall of 2012. These loans had a dollar value of about $5,582,016. Seven hundred and ninety-seven of those denied parents had borrowed through the parent loan program just the year before. Others were parents of incoming freshmen and were coming on the loan program to help them cover their tuition this year.

This denial of loans at such a late date and the inability of these students to pay their tuition left these students with no alternative than to place their hopes on continuing their college education this past fall on hold and stay home.

The most recent change to the parent loan program, coming on the heels of the loss of
the summer Pell grant funds, have dealt would-be students and continuing students a devastating blow. With reduced state support and limited endowment funds, institutions like Florida A&M University are unable to stand in the gap in offering funding to those students whose parents lost the PLUS loan as a result of the shift in regulatory interpretation.

Further, the anticipated loss of additional funds due to sequestration could place further hardship on students, families, and universities. For many HBCUs, the majority of which have a majority African American student population from low-income backgrounds, those financial foundations were shattered as a result of the Great Recession.

While the stated purpose of the parents' PLUS loan program and its predecessor is to expand college access by making low-cost loans available to students and parents, the Department's October 11, 2011 interpretation of the adverse credit regulation seems to be
working counter to that stated goal.

These changes have posed a serious threat to the students not only at an institution like Florida A&M, but a threat to low-income minority students everywhere. These are our next generation of leaders and professionals, who have done everything by the books, worked hard, studied hard, and were working to achieve the American dream, only to have the federal government pull the rug out from under them in the pursuit of that dream.

Because of the income disparities that exist, we know that low-income families are much more likely to use debt to pay for college. Conversely, parents of the HBCU students are more than twice as likely as non-HBCU students for parents to take out parent PLUS loans.

In conclusion, there are a few critical points I want you to consider. The Department of Education should leave in place the definition of adverse credit history that it has been operating since 1994. That definition
has worked and allowed families to help their children obtain their college degrees.

Given that there exists no data to show higher default rates created and an unacceptable risk to taxpayers, we ask that the Department return to its pre-September 2011 position.

The second is HBCUs, in particular, serve a community of students who have and will be disproportionately impacted by the new standard. As America continues to become more diverse over the coming years, we need to ensure that we have a pipeline of highly educated and diverse future workers and leaders.

Changing the credit criteria for PLUS loans by formally adopting the September 2011 position will directly and negatively impact schools like Florida A&M and the HBCU community's ability to continue to provide America this diverse pipeline of future leaders.

President Obama articulated a North Star goal of increasing, doubling the number of
college graduates by 2020 to retain our place in the world. This change in policy is totally inconsistent with achieving that goal.

The past five years have been some of the worst financially for America. And while things appear to be improving, we are not out of the rough yet for financial difficulty. Basing decisions on credit history during this period ignores the reality that many solid and otherwise creditworthy parents do not pose major credit risks.

Florida A&M University looks forward to working with the Department, Congress, and a range of diverse stakeholders in perfecting parent PLUS in the days and months ahead.

Thank you kindly for affording me the opportunity to share these remarks this morning. Thank you very much.

MS. MORAN: Thank you, Mr. Wright. Our next speaker is Dr. Gilbert L. Rochon.

(No response.)
Okay. So, I guess we will go on to our next speaker, Mr. Carlton E. Brown.

MR. BROWN: Good morning.

I am Carlton Brown. I am the President of Clark Atlanta University, which is literally next door to Spelman and part of the Atlanta University Center, the four institutions that constitute the Center.

We enrolled 3,400 students this year as opposed to the 4,000 students we enrolled prior to last fall. We are significantly first-generation college students from low-income backgrounds. We are located, as I said, just next-door. We were established in 1988 as a consolidation of Clark College and Atlanta University, founded in 1869 and 1865, respectively.

Atlanta University was the only standalone graduate institution in the HBCU community, and Clark College was the lead institution among the 11 United Methodist affiliated HBCUs. So, in 1988, this
consolidation created a comprehensive graduate institution maintaining a Carnegie classifications research university, offering 38 undergraduate majors, a number of master's degrees, and seven doctoral degrees.

We are a member of the Georgia Research Alliance, and along with the University of Georgia, Georgia Tech, and Emory, we conduct biomedical research as well as other significant aspects of technical and scientific research.

One of our leading research ventures is the Center for Cancer Research and Therapeutic Development which focuses on prostate cancer research, treatment, and prevention.

Last year alone, we filed five significant research disclosures leading to three patents and an additional two patent applications, marking significant progress toward the cure of prostate cancer.

Now I share all that to give you a flavor for the kind of institution that I am
talking about, national student and international student body with only 30 percent of our students originating in Georgia, followed by California, New York, Texas, Florida, South Carolina, and the upper Midwestern states.

We are, as I said, one of the four members of the Atlanta University Center. We have a number of high quality honors programs. We do study abroad in 27 countries.

But last year the drastic decision to change the credit regulations controlling the parent PLUS loan without effective evaluation of its impact nationally, and specifically on HBCUs, and without prior communication and input, has resulted in a tornadic effect through the denials of 400,000 parent PLUS applications, 28,000 of those for students at HBCUs.

The national impact gives us a one-year drop of over 50 percent in approved parent PLUS loan applications, more than $50 million in revenue losses that propagated forced cuts in institutional budgets, significant
layoffs, student enrollment decline, and the inability to assist returning students who now could not pay tuition or fees.

14,616 HBCU students in good standing could not return to school as a result of the loss of the parent PLUS loan. So, given that our students are disproportionately low-income and first in their families to attend college, many rely on in absolute way, or have relied on in absolute way, on the parent PLUS program as a form of financial aid, as really for many the only avenue for the exit of poverty and the achievement of any kind of middle-class status and participation in the modern workforce.

But this drastic decrease in the acceptance rate of applicants for the parent PLUS loans have become an epic encumbrance on the ability of HBCU students and their families to finance postsecondary education. Many of the institutions themselves have, through good faith and earnest endeavor, exhausted every
effort to close financial gaps that now impact both students and institutions alike. So, for many students attending or aspiring to attend one of our institutions, this was one of the critical options for assisting and financing a college education.

Although the Secretary of Education agreed to the reconsideration of the 400,000 parent PLUS applications that were initially denied, as of February 2013, less than 10 percent of the denied HBCU applications were approved. Even after several meetings with various stakeholders and Secretary Duncan's agreement for a temporary fix and long-term modifications, the majority of HBCU students who were impacted by this shift have not returned to college.

Therefore, we ask consideration to return to the parent PLUS loan criteria of pre-October 2011, and then, engage with Department leadership in examining an approach to a comprehensive review of the capacity of low-income students to finance a college
education in all the various settings in which that education is sought.

Specifically for Clark Atlanta University, the approval rate as we are going into the fall semester is 48 percent. So, that is 590 students being approved out of 1,235 applicants. In 2011, we were at 57 percent. But last year, with the change in the credit criteria, that dropped to 32 percent. That meant a decline in the aggregate PLUS award amount from a high of $24.3 million to $13.5 million and a decline in our undergraduate enrollment figures of 495 students. That is 16 percent of our undergraduate enrollment. And what that has meant is we work now at a margin that we had worked very diligently to avoid for many, many years.

We are not suggesting that there be no change in how federal financial aid is awarded. We are suggesting that the federal government has an obligation to systematically approach this matter and not to do so in a blind
way, as it impacts many institutions.

So, with this negative impact, there are students whose college educations come to a halt, but many with loans already in the pocket, if they are unable to continue their education somewhere, then those loans become due in a low-employment environment, and it becomes yet another deleterious effect on the fortunes of African Americans throughout this country.

So, we are suggesting that HBCU presidents have a seat at the table with the Department of Education when we begin to consider how the parent PLUS loan must work. But, most importantly, it is time for the Department of Education to exercise national leadership with states and with private entities to talk about the fundamental issue of just how do low-income students enable themselves to attend colleges and universities.

I must also say that in this dialog we will find that there are differences in the capacities of state institutions versus private
institutions to manage these matters. So, last fall, for example, in my interactions with Members of Congress, their response to me was, "It doesn't matter if a parent is denied the parent PLUS loan because, then, there is a bump in the Pell and an upgrade in the Stafford."

That is true and that works if the parent PLUS loan was for less than $3,000. However, private institutions, those loan applications are never for $3,000. So, the denial actually terminates a college education.

So, I want to thank you for the opportunity to address you this morning, and I truly do hope that the Department of Education decides to exercise some national leadership in addressing what has become a cataclysmic problem.

Thank you.

MS. MORAN: Thank you, Mr. Brown.

We understand that Dr. Rochon from Tuskegee is here to make his remarks.

DR. ROCHON: Good morning, and thank
you for the opportunity to address this body.

I am Gilbert Rochon, President of Tuskegee University and also serving as Chair of the Council of 1890 Universities.

The decision by the U.S. Department of Education to utilize more stringent criteria in evaluating applications for parent PLUS loans, specifically extending purview of parents' credit history from 90 days to five years, has adversely impacted Historically Black Colleges and Universities, whose student bodies include a disproportionate share of low-income students.

At Tuskegee University in Tuskegee, Alabama, approval rates for parent PLUS loans plummeted from 55 percent in academic year 2011-2012 to 23 percent in academic year 2012-2013. As a result, 700 of our students were denied loans, and only 276 benefitted from the program. The proposed "fix" to the catastrophic impact, namely, to allow parents who were denied to reapply under less stringent criteria, could
not recapture parents of potential freshmen who were forced to consider delayed enrollment, other institutions, or non-academic options for their children.

Consequently, Tuskegee University had little option but to transfer resources from badly needed infrastructure improvements to internal student loans and scholarships, so as to salvage as many students as possible.

All of this was set within the context of a simultaneous elimination of summer Pell grants, thereby delaying graduation for many students. And to date, a $9.5 million reduction in Tuskegee University's research funding, approximately 20 percent, is a direct request of the sequestration.

In the event that a dramatic increase in student loan interest rates is not averted, our students who do succeed in collegiate matriculation will be placed in even greater economic risk upon graduation.

The United States has a great need
for highly skilled contributors to the workforce and for well-educated leaders in corporate America, in government, in NGOs, and in institutions of higher learning. HBCUs are assiduously preparing such leaders and technologically advanced engineers, scientists, scholars, and professionals.

Tuskegee University, for example, is the number one producer of African American PhDs in material science and engineering, a major supplier of African American engineers in aerospace, mechanical, chemical, electrical and systems engineering, and has conferred the Doctor of Veterinary Medicine degree on 75 percent of all African American veterinarians in the USA, and has graduated more African American flag officers than any college or university in America, including the military service academies.

But Tuskegee University is not alone. Although HBCUs represent only 3 percent of American institutions of higher learning,
HBCUs awarded 17 percent of all bachelor's degrees, 17 percent of all first professional degrees, 8 percent of all master's, and 8 percent of all doctorate degrees earned by African Americans in 2011.

The 18 Historically Black Land Grant Colleges designated by the second Morrill Act of 1890 awarded 45 percent of all bachelor's degrees, 44 percent of all master's degrees, 16 percent of all doctorate degrees, and 32 percent of all professional degrees awarded to African Americans by Land Grant institutions.

The impact of the parent PLUS loan approval criteria change has placed an onerous burden on our collective institutions that have historically reached out to talented, low-income youth, and prepared them for leadership careers.

We urge effective remediation of this problem and a major reinvestment in America's future leaders.

Thank you.
MS. MORAN: Thank you, Dr. Rochon.

Our next speaker is Catherine Hurd.

MS. HURD: Good morning.

My name is Catherine Hurd, and I am the Dean of Enrollment Services at Johnson C. Smith University. On behalf of Dr. Carter, thank you for hosting this event here today and allowing us to come and to speak to you about the parent PLUS loan and the effects that it has had on Johnson C. Smith University and other HBCUs.

Johnson C. Smith University enrolls more than 1600 students who are primarily first generation students from low-income backgrounds. We were founded in 1867, and we are one of the nation's private Historically Black Colleges and Universities.

Johnson C. Smith University is dedicated to providing a world class education to its students, those that are highly motivated with diverse talents. The students at JCSU come from a variety of ethnic, socioeconomic, and geographic backgrounds.
The University provides an environment where they can explore and grow intellectually, physically, socially, culturally, and spiritually, and where they can develop a sense of social and economic responsibility.

Some of the significant accomplishments that we have had at Johnson C. Smith include our STEM College, our College of Science, Technology, Engineering, and Math, which has been ranked by Diverse Issues in Higher Education magazine as 18th in the United States in graduating African Americans in computer and information science.

In addition, in 2012, we began our efforts in our sustainability with the construction of a sustainability village designed to provide students a unique new living and learning alternative built on sustainable development, community food systems, and alternative lifestyles that promote conservation.
Today I would like to focus on the U.S. Department of Education's devastating decision to change the eligibility rules for parent PLUS programs, particularly in the decision to use tougher credit standards and the impact that this decision had on students and families.

Under the Department's new credit standards and loan application review process, thousands of low-income minority students are being denied access to college and a college degree that is necessary for them and a stepping stone in today's economy to a good job and to the middle class.

As a result of the changes that were implemented, more than 400,000 students nationwide were initially denied the parent PLUS loan, including 28,000 students of Historically Black Colleges and Universities. According to the data that was provided by the Department of Education, only about 10 percent of these students have been reconsidered and have
actually received approval for a parent PLUS loan.

As we all are aware, the higher education marketplace has become very competitive, and this is particularly true for the highly motivated and highly talented students at JCSU that we recruit. We are excited that we were able to enroll 1800 students in the fall of 2012. However, 120 plus of these students were not able to continue their higher education at Johnson C. Smith. It was difficult for the administration, the staff, and the faculty as we lost these 120 plus students because of financial strains placed on them as a result of the changes in the parent PLUS loan application review, as well as other changes in both state and federal funding, for an example, the year round Pell.

We worked diligently with the students and their families to help them find the options to pay their balances, which included increasing our unfunded institutional aid,
resulting in an unexpected hit to the University's operating budget.

And then, again, in addition, in spring 2013, we were once again faced with tough decisions, as we had 50 plus students who could not meet their financial obligations because of the constraints that were placed on them by the Department of Education.

We realize that Johnson C. Smith is no different from many other colleges and universities across the nation, particularly Historically Black Colleges and Universities, and feeling the effects of the U.S. Department of Education's decision to change the criteria, the rules, and the approval process for families for the parent PLUS loan.

Regardless, it still didn't make it any easier to watch these students put their academic careers on hold and, for some, to give up altogether. We are proud that the University did not shy away from the challenges caused by the parent PLUS loan, but, rather, looked for
other ways, for financial resources and other alternative means to try to help these students.

As a point of comparison, Johnson C. Smith University had 853 parent PLUS loan applicants in 2011-12. Four hundred and forty-four were approved. That is a 52 percent approval rate. However, in 2012-13, as a result of the changes implemented in the criteria by the Department of Education, 740 applicants, only 175 were approved, resulting in a 24 percent approval rate.

It is obvious by this data that the decision by the Department of Education in regards to the parent PLUS loan had a tremendous and negative impact on our students and their families.

In sitting back and trying to come up with a couple of examples of how students were affected and testimonies of students, it was very difficult for me to do this. As the Dean of Enrollment Services, I was the firsthand involvement with all the students and families.
as we went through this crisis.

So, just to give you a little bit of an example of what I personally experienced while trying to work with families and students, I will tell you that one single mother had to decide whether or not to make a house payment or to send the house payment money to her daughter to help fill the gap in her tuition, to help pay her bill.

Students and families in my office distraught to tears because their dreams and their life goals of becoming the first in their family to graduate from college had suddenly been shattered by decisions that were not part of Johnson C. Smith, but rather the Department of Education and the criteria change.

Family, parents, grandparents, aunts, uncles calling and begging for extended time to pay for their student's balanced. And then, finally, one single mother who had been denied the parent PLUS loan, who was at the same time, unfortunately, involved in a domestic
violence situation, resulting in her being homeless, called begging me to allow her daughter to stay in school because it was her daughter's dream to graduate from college, but, more importantly, because Johnson C. Smith University provided a safe haven for her daughter. She agreed to send her weekly paycheck to Johnson C. Smith until the balance was paid, and that she would continue to remain homeless until she could get her feet back on the ground. But her daughter's education was that important. And as a result of the changes in the criteria for the parent PLUS loan, she had no other alternative but to turn to these means.

So, you see not just one story, but many stories, some 120 plus students whose dreams and goals of graduating from college were all shattered because of these decisions by a government entity who did not stop to think about the impact that their decisions would have on our future leaders, the impact that these decisions would have on the future of our United States of
So, Johnson C. Smith University and the other HBCUs recommend that we would like for the Department to return to review all parent PLUS loan applications for the current and upcoming academic year under the credit standards that existed prior to October 2011.

We urge the Department to consider fair, flexible, and reasonable credit criteria for parent PLUS loans under the 2013 negotiated process. And we also, in light of the fact that educational access for students at HBCUs has suffered greatly as a result of the new parent PLUS loan standards, we ask that the HBCU institutions are granted representation among the negotiators as we work through these issues.

While Johnson C. Smith University shares the Department's concerns about families being burdened with large amounts of debt, we do not believe that the answer is restricting access to college for low-income families who most need higher education.
Over the last five years, the annual African American unemployment rate has averaged 70 percent higher than the national unemployment rate and higher than any other demographic group. The percentage of African American families living below the poverty level between 2011 and 2007 is nearly double the national rate.

African American families have been hit especially hard by the housing crisis and more than twice as likely as the national average to have received a foreclosure notice.

And then, in a report, 2013 report by the Bureau of Labor Statistics, overall homeownership rates fell by 2.1 percent from 2008 to 2010. For African Americans, the relative decline in homeownership during the period was at least double for that entire sample and the highest of any other racial group.

These same families who continue to suffer from the effects of the economy should not have to face increased barriers to providing access to college for their children.
So, again, we ask that you go back and reconsider the standards and also remember that there are many students out there who have been affected, the 120 plus at Smith, and other HBCUs as well have students.

Thank you for your consideration of this request. While we are eager to participate in the upcoming negotiations, we know that the process will be lengthy, but it is a matter of urgency.

MS. MORAN: If you could wrap up?

MS. HURD: Our students and their families need immediate relief.

Thank you.

MS. MORAN: Thank you, Ms. Hurd.

Our next speaker is Mrs. Akua J. Matherson.

MS. MATHERSON: Good morning.

My name is Akua Johnson Matherson, and I am Associate Vice Chancellor for Enrollment Management. I bring you greetings on behalf of North Carolina Agricultural and
Technical State University and our Chancellor,
Harold L. Martin.

We appreciate the opportunity to share with you some alarming statistics and data witnessed on our campus this past fall as it related to the unforeseen changes to the parent PLUS loan.

North Carolina A&T's financial aid office processed 2,691 applications for the parent PLUS loan for fall 2012. Only 647 were approved. Two thousand ninety-three of the applications were denied. That equates to slightly over 75 percent of the loans being denied.

In academic year 2011-12, we processed 2,275 applications, and 837 were denied, or about 65 percent were approved. In academic year 2010-11, we processed 1707 applications, and 686 were denied, or about 60 percent of the loans were approved. And in 2009-10, we processed 1454 applications, and 602 were denied, or about 60 percent were approved.
For the previous three years, North Carolina A&T hovered around an approval rate of between 60 and 65 percent. However, for the academic term that we just completed, 2012-13, only 24 percent of the PLUS loans were approved.

This created significant difficulty for our students and their families at a time when we also showed a measurable increase in the number of overall applications received. While not realizing the immediate significance of the changes to the credit reporting for parents, North Carolina A&T encouraged students to have their parents apply for the PLUS loan to help bridge the gap between aid and scholarship packages to allow students to go to school.

We were blindsided by the volume of denials and scrambled for answers and ways to assist students. While we were able to help some, we did end up losing students, both the returning and the new freshmen, because of an inability to pay.

While there are several factors that
can contribute to a student dropping out of or not returning to school, we were able identify that several hundred students did not return to school because of an inability to pay. And this was linked to financial difficulties incurred by not receiving the parent PLUS. For junior and senior level students, this was an awful realization of so near, yet so far away.

Once our financial aid office did understand the gravity of the changes to the PLUS loan, we still encouraged students to have their parents apply, except now we are coaching students on getting their parents to apply, knowing that the parent will get denied, but that the student will qualify for a subsidized loan based on the parent's denial. This puts students in a precarious position, upsets parents and guardians, and led to some embarrassing and demeaning situations for both student and parent.

Other students were forced to seek alternative and private loan options. These
options often commanded a higher overall interest rate. This was definitely not an atmosphere that we wanted our students to start a new academic year, but it was certainly the arena that we were forced to play in this past fall.

North Carolina A&T strongly suggests that we review and revise the criteria for PLUS loan approval, so that parents are able to assist their students in obtaining a college degree.

At a time when our nation is emphasizing the benefits of a college degree, and that every student should have the ability to obtain said degree, the recent changes to the PLUS loan approval fly contrary to this notion.

In particular, at HBCUs, where parents may not have the significant resources to pay for education and school coffers do not have billion dollar endowments, the PLUS loan is the mechanism to afford all students the opportunity of higher education. We have to remember this is not a handout; it is a loan.
The students and parents must and will pay it back. We just need to be able to pay it forward, so that they have an opportunity to attend, matriculate, and graduate to become positive vehicles in moving our economy forward.

Thank you.

MS. MORAN: Thank you, Ms. Matherson.

Our next speaker is Alton Thompson.

Is Alton Thompson in the room?

(No response.)


DR. WILSON: Thank you. Thank you for this time. It is good to see some familiar faces in the front of the room and in the back of the room.

The Department of Education is right to periodically address and reassess the rules and the administration of the Direct PLUS Loan Program. It is obligated to ensure that PLUS is as accessible and beneficial as possible to the
broadest segment of the population, at the same
time that it ensures a fair return on the
investment of taxpayer dollars. The
Department's responsibility, therefore, is
clear and compelling.

In considering the possible changes
to PLUS, the Department must also find ways to
protect and promote the original intent of the
program, which was designed to help ensure
access to higher education for all Americans.
Without PLUS, many parents simply could not fund
the college education for their children, and
this was particularly true, this is particularly
true for poor and minority students whose
families may have few or no resources to pay for
college.

Now the Department's most recent
change to PLUS which tightened the credit
criteria for parent loan eligibility appears to
have contributed to enrollment declines at
Morehouse College, as at a number of HBCUs. For
eexample, in the 2012-13 academic year, at
Morehouse College we enrolled 125 fewer students than expected. Normally, about 8 percent of Morehouse students who pay a deposit to attend do not enroll, but that number doubled to 16 percent, in part, we believe, because of the new loan rules.

The loss in tuition revenue to Morehouse is approximately $5 million a year this past year, and it looks to be in the future as well, if the criteria remain the same.

But the greater loss is the possible negative impact on the young men themselves and, ultimately, on society. Perhaps these students attended another college last year. Perhaps they stopped out long enough to save the money and will return. But the worst case is that they may have dropped out of higher education altogether. We may never know that.

But what we do know is that, according to the National Center for Education Statistics, students who enroll in college in the fall immediately following their high school
graduation have greater college completion rates than those who delay. And we also know that the students who graduate from college earn 84 percent more income over their lifetimes than students who do not and who only graduate from high school.

And finally, we know that there are about 4.3 million African Americans with some college and no degree. We do not want to add to that number.

The bottom line is that college education is a good investment. It is good for the students. It is good for the families. It is good for the nation. You all know that.

With that in mind, I recommend that the credit criteria for PLUS be reconsidered. I am not going to stand here and say that we revert, simply revert back. I think that is not the most responsible thing that I could say, even now that I am a college president.

I arrived at Morehouse in the midst of this controversy. And the thing that
occurred to me was, while I understand the adverse credit issue and the responsibility of the Department, what about those students, in our case what about the young men who were performing quite well academically, and yet, their family's condition made it so that they would have to drop out?

So, that situation leads me to this recommendation. And I will just state it very quickly and sit down. I want to suggest that we tie the PLUS loan interest rates and repayment to student academic performance and persistence to graduation.

For a variety of social and economic reasons, populations most likely to need PLUS may also be most likely to take longer to graduate from college. And this places an extra financial drain on the families. But a student performance provision would incentivize parents to work more closely with their children to ensure progress toward graduation, and colleges and universities would also be incentivized to
do a better job at academic advisement, which is a key factor in persistence to graduation, if the performance of their PLUS loan students, in particular, was included in the President's College Scoreboard.

So, I want to suggest that we rebrand and remarket PLUS, the PLUS program for parents, as a family higher education loan. The idea is that the students and their parents should come to think of the loan as "our investment" as opposed to the parent's debt.

Because we know that students benefit financially from having a college degree, we should set the expectation that they will share the responsibility of helping to pay for the cost of their education from their future income, even as colleges and universities work to ensure college is affordable by keeping the cost down.

So, what I am suggesting is that we adjust the criteria for parent creditworthiness in accordance with current economic conditions.
In cases where there is an economic downturn, the rules will be relaxed in a performance-sensitive way, so that parents do not have to forego or postpone higher education for their capable children because of job loss or negative financial conditions that are likely to be reversed when the economy recovers.

With this approach, an individual's academic performance can trump a family's adverse credit. All right? Thus, this adjustment empowers the colleges to advise PLUS about making exceptions for those students who clearly have performed well enough to legitimately be regarded as a better investment.

So, it is a very simple idea. Rather than just revert, I suggest that we innovate and add an academic performance measure to this, because those students, no matter what their family credit is, those students are more likely to be employable and employed upon graduation, which is precisely what we want.

Thank you.
MS. MORAN: Thank you, Dr. Wilson.

Our next speaker is Mr. Chuck Knepfle. Pardon me if I have mispronounced.

(No response.)

Is Mr. Chuck Knepfle in the audience?

(No response.)

Oh, I'm sorry. Mr. Alton Thompson?

(No response.)

Mr. Robert Jennings is with us from Lincoln University?

DR. JENNINGS: Good morning.

I am Robert Jennings, the President of the Lincoln University, the nation's oldest degree granting institution for persons of African descent in the world.

I am delighted to appear before you today to share my concerns on how the PLUS loan program is impacting the students who apply to my University, in particular, and low-income students in general, especially those who are minorities.

You may not be aware of it, but for
the last 159 years the Lincoln University has combined the elements of a liberal arts and science based undergraduate curriculum along with the select graduate programs to meet the needs of those living in a highly technological and global society.

Today we enroll 2,000 young men and women. My University is a State related institution in the Commonwealth of Pennsylvania, meaning we receive a small appropriation, approximately 14 percent of our budget, from the state. This amount, however, has been cut each year for the past five years, and we have been notified that the amount for the incoming year will be the same as it was last year.

This is devastating because we have to raise tuition as a means of meeting the increase in insurance cost, deferred maintenance, and faculty salaries. In fact, staff salaries have not been raised in the last four years, not even a cost-of-living increase,
which we all know has continued to rise.

Most importantly, we have had more than 173 percent increase in scholarship requests by those students who attend our University. This is understandable because 64 percent of all of the students are the first in their families to ever go to college, and 57 percent come from single parent headed households, mostly headed by females.

Just three years ago, we had an enrollment of 2500 students. This past year, we only had 2,025 students. Our research shows that students did not return or apply because of a lack of financial aid, including the parent PLUS loans that many of our parents were denied.

In 2011-12, 1,295, or 51 percent, applied for parent PLUS loans. However, 573, or 44 percent, were denied. During the 2012-13 school year, 1,160, or 45 percent, applied for a PLUS loan. Of this number, 858, or 74 percent, were denied.

The greatest need at the Lincoln
University is by far scholarship support for both married and need based students. Even after adding up scholarships, grants, and the maximum amount that most of our students can take out in federal student loans, the cost of an education, even at a State related institution like Lincoln, is still out of reach for many of them.

For years, the parent PLUS loan program has been a necessity and certainly a help to most of the students attending the Lincoln University. In most instances, parents applied, and the government quickly approved the loans. Today, the change in parents having any indentation on their credit report is causing them to be denied, including one or two late payments which they may have caught up or could have been lost in the mail, as one parent reported to me a couple of weeks ago.

Even though there is an appeal process, when you are not a parent with a college education, as many of our parents are not, you
often become frustrated and give up on the process. Thus, is not helpful to the son or daughter who desperately needs the support to attend or to stay in school.

Falling into delinquency on the loans has damaged the credit of several parents who would use this as a means of their assisting their child. As one parent explained to me just yesterday, "This economy has taken a toll on our entire family. There were four adults residing in my household. We were all working, but three have been laid off due to company closures or cutbacks."

All of these individuals, as she explained, were pitching in to help the student to pay to get a degree. As a result of this parent losing her job, she was late making payments on several of her bills, leading to a negative indentation on her credit report and making her ineligible to borrow more for her child's education.

This parent is not alone. As the
cost of college has spiraled even upward and median family income has fallen, the parent PLUS loan program has become indispensable for increasing numbers of parents desperate to make their children's college plans work.

The shift in regulatory interpretation has resulted in the loss of students attending the Lincoln University, not to mention that, for every 100 students we lose, it amounts to $2 million in revenue. This is adversely the University's survival and crippling students, their families, and the communities that we are known for serving.

The departmental shift in regulatory interpretation has disproportionately affected the number of students enrolling in our University for the fall semester, which begins August 15th. Our numbers are down by more than 800 students. And when we started calling more than a month ago to find out why they were not accepting our offer of enrollment, we were told by more than 86 percent of those with whom we
spoke that it was because they could not get the PLUS loan to help pay for their expenses.

Your change was definitely not anticipated. And with the cuts that you have proposed and will be making in other federal funding sources upon which our institutions depend, this is devastating.

Let me close by asking you to reconsider your position and delay your actions until next year, which would at least give parents and families ample time to make other arrangements.

Thank you.

MS. MORAN: Thank you, Mr. Jennings.

Our next speaker is Eric Eaton. Is Eric in the audience?

MR. EATON: Good morning, everyone.

My name is Eric Eaton. I am the Chief Financial Officer at South Carolina State University in Orangeburg, South Carolina.

I would like to thank you for the opportunity to address the panel on the issue
related to parent PLUS loans.

All the speakers that have gone before me have very articulately framed the issue as it relates to the impact of the change in the programs at all institutions, but specifically HBCU institutions. And what I would like to take a few minutes to do is just to give you essentially the color and the flavor of how these changes have specifically impacted students at South Carolina State.

South Carolina State University is a four year, comprehensive teaching and research institution in Orangeburg, South Carolina. Our current student enrollment is approximately 3,500, which is down significantly from just a couple of years ago, when our student enrollment was 4,500 students.

In the State of South Carolina, the University still turns out a very high proportion of students in the fields of teacher education, speech pathology, engineering sciences and technologies. Our students go on
to graduate and professional schools at very high rates.

In addition to that, the school runs a very active and prominent ROTC program. To date, we have turned out 17 general or flag level officers to the ranks of the United States military.

To give you a flavor of our student population and their economic demographics, you will look at the typical South Carolina State University student and find that roughly 90 percent of our student population requires some form of financial aid. With that in our student population, roughly 54 percent of those students come from families with household income of less than $30,000 a year.

In addition, as described by many of the speakers, you also find South Carolina State is still the destination for many of these students who are very much first time college attendees from their families.

So, South Carolina State plays a
large role in this. We serve a community and a student populace that is very much in need of a university like ours because it gives them a step up to move forward and to break a cycle of economic disadvantage that has existed for them.

The changes in the parent PLUS loan for us over the last three years has had a catastrophic effect on our student population, and I will summarize those statistics as follows, just to give you some flavor of the impact:

In our academic and fiscal year ended June of 2011, we processed 3,100 applications for the parent PLUS loan. We had 954 approvals, about a 31 percent approval rate, and we disbursed $8.7 million in funds. In the succeeding year ending June 30th of 2012, we processed 3,400 applications. We experienced a slight decrease in the approval levels to 26 percent. So, we had roughly 900 approvals, but at a higher loan rate, most likely due to economic conditions. We disbursed $10.5 million...
million in funds. For the academic and fiscal year that will be ending in a couple of weeks, the application levels that we processed dropped down to 3,000 students, but our approval rates fell to 11 percent, and we only had 335 students approved, and we disbursed only $4.7 million in loan proceeds.

The impact to the students and to the University as well, was substantial. We saw other evidences of this impact at the beginning of the fall semester of this academic year, whereby we had 1100 students that had some level of financial aid, but with the absence of the parent PLUS loan and probably other resources, only 400 of those students were able to continue their education in this academic year. That has seriously contributed to a very difficult environment of student attrition that we are experiencing at the University.

In closing my comments, I would echo the comments of the speakers before me. We would look forward to working with the Department of
Education on revamping and restructuring the criteria for the parent PLUS loans. Actually, to paraphrase a comment that just recently occurred, we can look at a number of ways to do this creatively. Even though we call this a loan, this is actually an equity investment in the future of America and the future of the students of the United States. So, we would very much call on the agency to revisit how this program operates.

Thank you very much.

MS. MORAN: Thank you.

And with that, we are going to take a 15 minute break. We are running a little bit ahead of schedule. So, if we could reconvene in 15 minutes that would be 10:40.

(Whereupon, the foregoing matter went off the record at 10:27 a.m. and went back on the record at 10:41 a.m.)

MS. MORAN: Okay. We will resume again.

Chuck Kneple, who was scheduled for
10:40, is he in the room?

(No response.)

No?  Okay.  Then, we will move on to Dr. David Swinton.

DR. SWINTON:  Good morning.

To the Chairman and the members of the Committee, I appreciate the opportunity to present before the Committee today on behalf of Benedict College and other similarly situated college and universities.

We thank the Department of Education for the work it is doing to address the problems created by the change in PLUS credit criteria last fall.  While this change was abrupt and without clear notification and explanation, the more important issue is that this took change took away resources that thousands of students and their parents needed to be able to afford to attend the college of their college.  And the Department did not provide an alternative source to replace most of the lost funds.

We believe that the Department of
Education has an obligation to ensure that adequate financial resources are available, to provide equitable access to the opportunity to attain a higher education for all Americans. This is especially important if the country is to achieve the national goal of having the highest proportion of college graduates in the world by 2020.

The PLUS loan action taken in the fall has had, and will continue to have, just the opposite impact unless it is reversed. The impact of this action was particularly harmful for Benedict College and our students. We serve students and families that are extremely disadvantaged. We serve large numbers of students who come from the segments of our population who have high poverty rates. Over 85 percent of our students are eligible for Pell Grants. They have relatively low family incomes, limited wealth and family human capital, low academic achievement in a public school system pre-college, and many racial and
socioeconomic disadvantages.

Benedict College has been committed to serving such disadvantaged students for 143 years, but our ability to serve these students, and serve them effectively, depends on the availability of financial resources to these students. Yet, serve them we must if America is to achieve its national educational goal and her true potential.

Federal financial aid is the main source that this constituency has to pay for their college education. Further, loans and grants, state and private grants and scholarships and college support in the form of scholarships and grants make up the bulk of resources available to these students and their families. And among these sources, federal loans are the most important for our families.

In 2011-2012, for example, federal loans accounted for $39.8 million, or 67.6 percent, of available external funds for these families. In 2012-2013, federal loans declined
to $34.3 million, or 66 percent of available external funds.

Federal Pell grants and FSEOG grants totaled $13.9 million, or 23 percent, in 2011-2012, and they also declined in total to $12.7 million, or 24.65 percent of external resources in 2012-13.

In both years, however, federal funds accounted for over 89 percent of non-college aid available to these students. The college provides students with scholarships and need based grants totaling $16.9 million in 2011-2012 and $18.4 million in 2012-2013.

The abrupt PLUS loan change had two distinct impacts on the college. First, the college lost over 300 first-time freshmen who did not report in the fall because of the unavailability of the PLUS loan to help pay their cost. Parents and students receive information from the college about the cost of attendance and the potential availability of resources to cover the cost. Most of our families cannot cover the
An out of state student would have aid ranging from 9.5 to 16 thousand, depending on the amount of Pell and FSEOG they are eligible for. An in-state student would have aid ranging from 9.5 to 23.6 thousand, depending on the amount of Pell, FSEOG, and South Carolina aid they are eligible for.

The total direct cost of attendance for a boarding student at Benedict is $26.4 thousand. That is even with our modest private college cost. Before any Benedict College aid, a student may have a shortage ranging from $2.8 thousand to $16,890. The PLUS loan is the only form of federal financial aid that would enable a family to cover 100 percent of unmet need.

Like all colleges, we plan and budget based on our historical experience. We expect financial aid receipt by students to be relatively stable. Thus, for the fall of 2012-2013, we expect roughly the same average
PLUS loan approval rates we experienced over the recent past. The PLUS loan approval rate was always relatively low for our constituency. In 2009-2010, it was 35 percent. In 2010-2011, it was 38 percent. And in 2011-2012, it was 43 percent. It had been going up for the last three years. Over the past three years, the average approval rate was 39 percent.

It was a shock when we determined that the initial rate in 2012-13 was only 12 percent for students who actually enrolled. Relative to the approval rate in 2011-2012, the approval rate in 2012-2013 was only 28 percent of the previous years.

We appreciate the fact that the Department of Education implemented an appeals process that produced significant increases in approvals. The rate after appeals doubled, increasing by an additional 12 percent, to a total approval of 24 percent. Nonetheless, even with our aggressive approach to pursuing the appeals process, the final 2012-2013 approval
rate was still only 55 percent of the previous year's approval rate.

We estimate that, taking into account the 300 students who did not enroll and allowing the maximum $4,000 extra unsubsidized loan available for denied enrollees, the college and our families lost over $11 million in revenue because of the PLUS loan credit criteria change.

Benedict College worked with our parents and students to not return any student back home because of the Department of Education's denial of a PLUS loan. We, however, had no additional revenue to replace these lost funds. We were able to absorb this in 2012-2013 by drastically reducing normal operating costs, cutting all faculty staff and administrators' pay, and refinancing outstanding debt to reduce debt service cost. However, these adjustments need to be restored once this problem is resolved to allow the college to operate at a more normal level.

Because the Department's appeal
process is not symmetrical for new students, the situation will worsen as more new students enter or attempt to enter college without a change in the criteria.

We believe that the Department of Education should recognize that federal student loans are financial aid designed to promote greater college attendance by reducing the financial barrier to attendance. It is inappropriate, in our view, and unfair to use credit criteria to deny access to this aid to the very families who need it most and who have not defaulted on any federal obligation.

Obviously, because of the poor socioeconomic status of most of the disadvantaged, they will have low credit ratings by traditional industry standards. To apply these criteria will exclude the neediest families, despite their willingness to sacrifice and borrow the funds to support their students, and students from the resources they need to attend college.
There is no way to promote equal opportunity for the most disadvantaged without taking some risk greater than that taken for advantaged students. But if we want to achieve the college attendance goals for our society, we must be prepared to accept this greater risk.

At the present time, black male four-year college graduation rates are only 19.2 percent compared to 35.5 percent for white males. Similarly, black female four-year college completion rates at 22.9 percent are 10.6 percentage points lower than the completion rate for white females. If we do not change these criteria, these rate gaps will only worsen.

The federal government could eliminate the entire issue very easily by significantly increasing grants to substitute for the loans. If the Pell grant had the same purchasing power today has it had in the 1970s, it should be $13,000 instead of $5,500. This, however, would clearly be far more expensive for
the government, but would be the most helpful
solution for the excluded families.

In the absence of sufficient
additional grants and aid, it is absolutely
essential --

MS. MORAN: If you could just wrap
up? You are at time.

DR. SWINTON: Yes, I am about
finished.

MS. MORAN: Okay.

DR. SWINTON: It is absolutely
essential that the revised credit standards be
revoked. We suggest that the Department of
Education should not deny any family a loan to
cover the direct cost of attendance, so long as
they are not in default to the federal government
and the student is just beginning or is
continuing to make satisfactory academic
progress.

Thank you for the opportunity to
present to you.

MS. MORAN: I understand that Mr.
Chuck Knepfle is here.

MR. KNEPFLE: Good morning.

My name is Chuck Knepfle. I am the Director of Financial Aid at Clemson University and Chair-Elect for the National Direct Student Loan Coalition.

As well as providing comments relevant to the students up the road at Clemson, I also speak to you today on behalf of the schools in the National Direct Student Loan Coalition, a grassroots organization comprised of institutions dedicated to the continuous improvement and strengthening of the direct loan program.

I would like to thank the Secretary and the Undersecretary for the opportunity to share with you, comments on federal student loan program regulations that may be addressed in the negotiated rulemaking process later this year.

It is my hope and request that the Direct Loan Coalition be able to participate as we have in the past. I believe we provide a
balanced student centered approach to the negotiation process and can effectively represent all 5,000 plus direct loan schools.

My testimony will focus on four distinct areas that I urge the Secretary to consider when selecting regulations to submit for negotiation.

Seamless front-end for loan servicing, enhancing electronic options for disbursement, reduced administrative burden, and defining adverse credit in the Direct PLUS Loan Program.

Students continue to be confused by who services their Direct Stafford loan, and there is a fear that the recent increases in cohort default rates may be related to an individual student's ability to know and understand who holds his or her direct loan. While they may look up the name of the servicer in the NSLDS database, the reality is that many do not take this extra step.

The technology exists to have one
point of entry into federal loan servicing,
where a student logs into the system and is
automatically redirected based on which
servicer holds the loan.

The same could be accomplished with
a toll-free phone number that asks the student
to log in and, then, redirects the call to the
appropriate servicer. There is no reason a
student needs to know the servicer to whom their
loans are assigned.

The IRS works like this. Tax filers
are assigned to a private servicer, but we do not
know to whom we are assigned.

Since the Department can always link
a borrower to a servicer, even the customer
service surveys could be accurately matched
without the borrower knowing who was servicing
loan.

This service improvement has the
potential to simplify the process for borrowers
and reduce administrative burden for financial
aid office staff who are spending increasing
amounts of time assisting former students in navigating the unnecessarily complex loan servicing environment.

Disbursement options. Disbursement using electronic funds transfer is widely used on many campuses. This process generates cost savings for institutions and can be more timely and convenient for the student. Use of debit cards to access funds in lieu of EFT presents opportunities and challenges, and regulatory guidance should focus on student needs, security, transparency, and accountability.

Students should be able to decide between electronic options for receipt of funds. Access to funds should be convenient, not be limited. Funds should be available without a fee to the student.

Institutional relationships with the debit card provider should be disclosed. Guidance should prohibit inducements for the institution from the service provider.
Given the rapid rate of technological advancement, regulatory guidance in this area should be drafted to accommodate new technologies, as long as there are appropriate safeguards and no student fees.

Third, reducing administrative burden. The current process used to request and report on utilization of Higher Education Act Title IV campus based funds, the FISAP, would benefit from re-engineering. Most of the data required is currently available in other Department of ED data systems. Much of the data is not relevant in light of current funding levels and the current allocation formula for campus-based aid. And categories of information collected are out of date and provide little value for analysis by the Department of Education or by schools. A review of this process to collect data that is meaningful and not available from other sources is long overdue.

Second, consideration for
performance based regulations prevents the opportunity to reduce administrative burden for institutions while simultaneously improving outcomes. There are currently important public policy goals that could be targeted as performance measures, such as reducing average debt at graduation, reducing institutional default rates, or making significant improvement in graduation and/or retention rates.

Examples of regulatory relief in other areas where regulations are burdensome or of questionable value would be loan proration for students completing the final term of a four-year degree program. This requirement currently reduces available resources when students are so close to achieving their goals.

Entrance loan counseling. Meaningful counseling can be offered at more strategic times, when it is proven to be more beneficial for borrowers, not necessarily at the beginning of the loan period.
Additional flexibility for schools in the transfer of funds between FSEOG and work/study. A redesign of requirements for awarding FSEOG, acknowledging that institutions can determine how best to serve their neediest students.

Also, increased flexibility to allow a student to authorize use of refunds for prior year charges and other incidental charges such as parking tickets or library fines.

Or, in cases where a check would be issued for a small refund, say $10 to $25, to a student, the institutional option to roll that credit balance forward to apply to future charges or include with a subsequent refund.

And lastly, few graduate students receive need based funding now that the interest subsidy on federal loans has been eliminated.

Though income data is necessary for some graduate students who are eligible for work/study or Perkins, we propose the skip logic they use to eliminate income questions for
graduate students who are not requesting consideration for needs-based programs.

And finally, adverse credit in the Direct PLUS Program. It is critical that any changes to the PLUS loan approval regulations keep the process consistent and predictable for borrowers. I understand that measuring a family's ability to repay a PLUS loan is a complicated issue that needs to balance a measure of a parent's ability to repay against preventing excessive debt burden which could force the borrower into default. But I urge negotiators to ensure the consistent availability to borrow over all years of a student's educational program, avoiding a situation where the loan debt from the first years prevents the ability for that parent to borrow in the last years.

In closing, I would like to thank you again for the opportunity to present this testimony on behalf of both Clemson University and the National Direct Student Loan Coalition.
Many of our members were the first schools to implement the Direct Loan Program almost 20 years ago and have years of expertise on operational policy issues as well as compliance with the regulations for the program. The Coalition looks forward to participating in the negotiated rulemaking process that will occur later in the year.

Thank you.

MS. MORAN: Thank you.

Our next speaker is Dr. Dwaun Warmack. Pardon if I am mispronouncing.

DR. WARMACK: Good morning.

My name is Dwaun Warmack, and I serve as the Vice President for Enrollment Management and Student Development at Bethune-Cookman University, Daytona Beach, Florida.

I am just going to touch briefly -- there has been a lot of rich information here -- so I am just going to talk about the systemic impact at Bethune-Cookman University, and then, walk you through a story.
So, 2010-2011, Bethune-Cookman University had 2,141 applications. Nine hundred and seventy-eight of those were approved; so, giving us a 46 percent approval rate, netting about $8,900,000. The following year, 2011-12, we had 2,410 applications, about a 49-percent approval rate, bringing in about $10,800,000. In 2012-2013, we had 2,097 applications, with applications that are approved, 318 out of 2,097, giving us about a 15-percent approval rate, bringing in about $3 million, so a net loss of about $7.5 million between those two years without any sort of warning, which impacted us in a lot of different ways.

Because after we ran our data a little more deep with that we noticed that 237 of our juniors and seniors were going to be systemically impacted by that. So, I challenged my President along with my Chief Financial Officer to tap into institutional funds to allow those students to graduate. And so we did that.
So, we took a huge hit there. But, institutionally, we can't survive that again, as an institution.

So, I will even say, looking at our current numbers now, we have 612 applications, 85 approved. So, giving us a 13.8 percent approval rate for the upcoming fall semester, which is extremely challenging.

So, for me, it is that we want to ask that you guys really consider the impact that it is having on our students.

I want to walk you through a story really fast. It should take no more than two minutes. You can close your eyes and walk with me.

Imagine a young African American male from Detroit, Michigan, growing up in the projects called Parkside Project in that city. A single parent home; mother raised five boys by herself in this project. This kid is the middle of three. Two older brothers never attended college. Both have GEDs. Mom has a middle
school education.

At 16, this young man was shot at a family function during a drive-by. After that, the young man ended up graduating from high school with a 1.9 GPA, 40 absences in a row.

Because of that, the young man's educational endeavors were challenged, but he had the opportunity to attend a local community college two hours away. Because of that, his federal financial aid, his mom's financial situation with zero EFC allowed him to have a substantial Pell grant, but mom did not want to allow that student to move back to Detroit. So, with that being said, the parent challenged him and took out a parent PLUS loan, so he can stay at a private school that was nearby.

I stand in front of you today as that young man with an Associate degree, a Bachelor's degree, two Master's degree, and a Doctoral degree, because of my mom sacrificing to take out that parent PLUS loan.

And for me, it is not an HBCU issue.
I am not a product of HBCU. So, I have attended all predominantly white institutions. This is a moral, right issue for me in allowing access to students who may not have access at a different time.

So, I challenge the Committee to really think about the systematic impact that this decision is made to not allow students to have opportunities that may not have opportunities in the future.

Thank you.

MS. MORAN: Thank you, Mr. Warmack.

Myra Woodson? Is Myra Woodson here?

MS. WOODSON: Good morning.

Thank you for the opportunity to speak this morning. My name is Myra Woodson, and I am an Organizing Coordinator with Service Employees International Union.

We represent 2.1 million members. Nationally, we represent 15,000 part-time faculty, and in the State of California we represent the full-time faculty.
We encourage the Department of Education to develop strong gainful employment rules to prevent poor performing career education programs from receiving federal funds, and encourage institutions to improve their employment outcomes for graduates.

We also encourage the Department to strengthen rules that would prevent schools from evading other current laws that are designed to protect students and taxpayers.

Many of our members and their families pursue educational opportunities to get degrees and certificates that can be pathways to better paying jobs. However, in too many instances our members and their families are simply left with debt they cannot repay and worthless degrees or no degrees at all.

Many of our members are low-income workers who rely on federal aid for quality education. Our members and their families also include veterans who have served this country honorably, but are being failed by for-profit
institutions that bank the veterans' GI bill funds, but provide a subpar education.

This is ample evidence that strong rules are needed to improve performance and accountability as it relates to for-profit institutions. For-profit institutions represent about 13 percent of students, but account for nearly half of America's federal student loan defaults. Nearly a quarter of borrowers who attend for-profit colleges enter into default within three years of entering repayment.

As you know, focusing solely on default rates seriously underreports the degree of financial distress of the borrowers. Many others are in deferment or forbearance and do not yet show up in the cohort default rate.

These high debt and default levels have significant consequences for borrowers. Default impacts credit, which may be a barrier to finding housing or financing a car necessary to get to and from work. People in default may
also be denied professional licenses. These high default rates are particularly problematic.

And many for-profit institutions, public and non-profit colleges have substantially low rates of student loan default. The Department has a responsibility to borrowers and to taxpayers to ensure that career training and educational services that are financed by taxpayers actually result in positive outcomes for borrowers. Career training should lead to a career.

We strongly encourage the Department to pursue regulations that end federal funding for the Royce Programs and reduce funding for other poorly performing institutions.

Please also consider interim consequences for schools that fill some, but not all of the gainful employment measures. Currently, schools that are nearly complete failures continue to receive federal aid. We encourage the Department to strengthen
regulations that prevent abuses of the 90/10 rule. We are aware that the legislation is necessary to improve accountability and performance in this area. However, the Department can strengthen regulations that prevent institutions from reorganizing or combining campuses for the sole purposes of avoiding the 90/10 rule.

For example, institutions should not be allowed to combine Office of Postsecondary Education ID numbers to higher programs that fail to meet the 90/10 rule. To prevent this manipulation, the Department should require continued compliance under former OPEIDs for at least three years after any change in the OPEID and sanction any that would have exceeded the 90/10 rule before the change in that OPEID. In addition to this suggestion, the Department should explore every avenue allowed within current law to prevent abuse and manipulation of the 90/10 rule.

The Department should also
strengthen regulations to prevent similar manipulation of the cohort default rate. Too many for-profit colleges are gaming the CDR numbers.

Finally, either strengthen your fall certification rule or otherwise create a rule to block federal aid to programs whose graduates are not eligible to sit for licensing exams in those careers that require a license, such as law, medical, plumbing, electricity. It is unconscionable to allow students to waste their federal aid and their time in programs whose graduates are not even allowed to try to pass a licensing test. The for-profit schools offering scams know that their graduates are not eligible to work in those promised careers.

As a union that represents higher education faculty members across the country and, also, as a union that represents workers that seek degrees and certificates to improve their ability to secure higher paying jobs, it is important that the Department of Education
ensure the highest standards of performance among all educational institutions.

We look forward to working with the Department of Education.

Thank you.

MS. MORAN: Thank you.

We are moving a little bit ahead of schedule.

The next speaker is Deborah Karvey, if she is in the audience. Deborah Karvey?

(No response.)

No?

Dr. Beverly Tatum from Spelman?

DR. TATUM: Good morning. Certainly, I want to start by welcoming the Department of Education on behalf of the Spelman College Faculty, Staff, and Students. We are delighted that you are here for this purpose and certainly appreciate the opportunity to speak to the subject at hand.

Certainly I and others in the HBCU community look forward to working with the
President and the Department to address the topics considered in this hearing, particularly, reconciliation of issues associated with the Parent PLUS Loan Program. You have my statement already. So I will give you the highlights.

Certainly I want to begin by identifying our location, which of course is Spelman College. And we are a premiere undergraduate institution of higher education comprised of approximately 2100 students from 41 states and 15 foreign countries.

There is much that I could say about Spelman and I know you are familiar with this but I want to highlight that our graduation rate has been as high as 83 percent until the economic downturn and it now hovers at about 77 percent, the direct result of financing challenges.

The point has already been made by others that President Obama's ambitious goal for improving or increasing graduation rates by 2020 does seem to be contradicted by the change in the
Parent PLUS Loan implementation and its impact.

Certainly, we understand the importance of graduation and the need to develop the nation's talent. And Spelman places a strong emphasis on science, technology, engineering, and mathematics education in particular. Nearly a third of all Spelman graduates are STEM majors. Spelman is also a top producer of African American female students who continue on to obtain advanced and terminal degrees in the STEM fields.

Clearly, the nation cannot afford to waste any of this talent. A notable example of Spelman's commitment to STEM education is the success of the Spelman robotics team, known as the SpelBots. In 2005, the SpelBots became the first all-women African American team to compete in the RoboCup four-legged robot soccer competition. RoboCup is considered to be the Olympics of robotics and artificial intelligence. Making history yet again in 2009, the SpelBots tied for first place in the RoboCup
Japan 2009 standard platform league humanoid soccer championship.

I share this background information as an introduction to the important issues we have come to discuss. And so let me highlight the detrimental effects of the changes in the determination of adverse credit history for the Direct PLUS Loans, specifically the Parent PLUS Loans. The need to resolve issues with the Parent PLUS Loan program is of the utmost and critical importance to the HBCU community.

In October 2011, the Department of Education's changes to the criteria for determining an adverse credit history for purposes of obtaining a Parent PLUS Loan took effect. And while the changes were not well publicized, they had a very public and extremely detrimental effect. The Department added additional criteria that could result in a determination of an adverse credit history, including unpaid collection accounts and charged-off debt. These changes resulted in a
sharp increase in Parent PLUS Loan denials for the fall 2012 semester. At a time when college costs continue to rise, any change to financial programs that make paying for college more difficult must be carefully considered. Financial aid programs are, in many cases, the only way that countless students are able to manage the cost of higher education.

With President Obama's goal of doubling the number of American College graduates by 2020, significant time must be spent determining the most effective method to assist students in paying for school. To use Spelman as an example, our number of PELL-eligible students has risen ten percentage points in the past five years. In the 2008/2009 academic term, PELL eligible students comprised 43 percent of Spelman student population. That figure rose to 53 percent this past academic year, with nearly 200 more Spelman students considered PELL eligible in the 2012-2013 term. Increases like this are happening at
colleges and universities all over the country, which is why the effect of changing aid programs that affects so many need students, particularly without seeking relevant information from stakeholders is questionable policy.

In the fall 2012 semester, under the criteria, 153 Spelman families received denials of their Parent PLUS Loan applications. Of that figure, only 29 families were successful in the Department's appeals process. In other words, 124 Spelman families found themselves blocked from the halls of learning by financial impediment and we found ourselves scrambling to do all we could to fill the aid gap for as many affected students as possible. The effect of the denial of a Parent PLUS Loan, which for many students amounted to denial of access to higher education reaches far beyond the campus gates, particularly for the students that HBCUs were created to serve.

A recent study by the Institute on Assets and Social Policy at Brandeis University
found that the wealth gap between black and white families exploded in the 25-year period between 1984 and 2009. In 1984, the total wealth disparity between white and African American families was $85,000. By 2009, that figure nearly tripled to $236,500. A key reason for this disparity expansion is the effect of the recent housing foreclosure crisis. According to the IASP, home ownership accounts for 53 percent of wealth composition for black families, compared to 39 percent for whites. Between 2005 and 2009, the net worth of African American households dropped by 53 percent, as a result of lost home equity comprising such a substantial portion of their wealth portfolios. Such a dramatic loss in wealth severely limits a family's options in leveraging resources to use for other purposes, including financing a child's college education.

As I have noted before, when families in need of help are unable to find it, we all suffer and national goals related to global
competitiveness are significantly impeded. The
global and national trends clearly point to
changing demographics and the need to engage
Americans from every walk of life, particularly
women and people of color in postsecondary
educational pursuits. The October 2011 changes
to the Parent PLUS Loan program disregard these
trends by creating a new and unnecessary barrier
to higher education. These changes devastated
many families at Spelman and all over the
country. And I know that my institution
suffered because of this influx of denials and
I know that our nation suffered as well.

So we have some recommendations to
suggest. Corrective actions regarding the
Parent PLUS Loan Program are needed quickly, in
light of the approaching fall 2013 semester.
Spelman concurs with the recommendations of the
HBCU Coalition, the National Association for
Equal Opportunity in Higher Education known as
NAFEO, the Thurgood Marshall College Fund, and
UNCF, the United Negro College Fund. These
national stakeholder organizations represent the interests of the HBCU and predominantly black institution communities and their recommendations related to the Parent PLUS Loan program are as follows.

First, the Department should review all Parent PLUS Loan applications for the current and upcoming academic year in existence prior to October 2011, while new eligibility criteria are considered and studied under the 2013 negotiated rulemaking process. Ideally, the pre-October 2011 criteria should be used for students who are in the pipeline at the time of the shift and this would include students in the class of 2017.

Second, the Department should consider fair, flexible, and reasonable credit criteria for Parent PLUS Loans under the 2013 negotiated rulemaking. These criteria should not disproportionately penalize families who have been impacted by the 2008 great recession and the housing crisis. In addition, the
Department should consider regulations that do not solely rely on past credit history to determine loan eligibility and should also take into consideration other factors, such as current credit status, income, and employment.

Third, in the absence of any data to suggest that the previous application process for Parent PLUS Loans was broken, there should be no attempt to fix it. The basis for the proposed fix, namely that there have been substantial changes in the consumer credit market since the promulgation of the initial regulations of 1994, is dubious at best. The changes in the market, including the lingering effects of the great recession argue for making it easier to be presumed credit worthy for those parents who have demonstrated resilience, rebounded from job losses, home mortgage foreclosures, and other human or natural disasters and now are on sure financial footing and desirous of assisting their students in completing college.
In addition, applicants in the Parent PLUS pipeline prior to the shift in regulatory interpretation that 2013-2017 cohort should have their loans evaluated using the pre-2011 criteria.

Regulations should be promulgated that are aligned with the intent of the program to expand --

MS. MORAN: If you could wrap up.

DR. TATUM: I'm on my last one.

Thank you.

-- to expand access to higher education and promote persistence, as well as the national goal of the United States having the highest proportion of college graduates in the world by 2020. There is no need for a legislative fix at this time. We certainly think that the negotiated rulemaking process is a step in the right direction and, again, we thank you for coming here so that we might share these points of view. Thank you.

MS. MORAN: Thank you, Dr. Tatum.
(Pause.)

MS. MORAN: Okay, again we are a bit ahead of schedule but I do understand that Deborah Karvey is with us.

MS. KARVEY: Good morning. I'm Deborah Karvey. I am public policy chair and past co-president of Georgia AAUW. And on behalf of the more than 165,000 non-partisan members and supporters, we have over a thousand branches and 800 college and university partners of our American Association of University Women.

I would like to thank you for holding this important hearing about upcoming regulatory issues the Department of Education is considering. AAUW will be submitting detailed written comments as well but I appreciate the opportunity to speak to you today.

I am here today to urge the Department to again issue a strong gainful employment regulation to protect students and taxpayers. In addition, we urge the Department to quickly negotiate and issue strong...
regulations regarding the changes to campus safety and security reporting included in the Violence Against Women Act. AAUW urges the Department to quickly move to issuing rules around the new campus safety provisions. This new law amends the Clery Act and the Higher Education Act and was included in the reauthorization of the Violence Against Women Act.

When campus environments are hostile because of sexual harassment, assault, or violence, students cannot learn and miss out on true educational opportunities. AAUW's own research revealed that two-thirds of college students experience sexual harassment. In addition, a 2007 campus sexual assault study by the U.S. Department of Justice found that around 28 percent of women are targets of attempted or completed sexual assault while they are college students. Improving campus safety will improve the climate for students and, in turn, improve outcomes and completion.
The new law will ensure that schools make public the procedures following instances of sexual assault on campus, report additional crime statistics, and improve their disciplinary process. The Department of Education's rulemaking will need to address the two definitions included in the statute, make clear to schools how often certain ongoing activities must take place, and who is covered by the law.

The existing Clery Act framework regarding reporting of crime data is strong in this case, ensuring that all students are covered. In addition, schools are already familiar with reporting this type of information.

In addition to reporting, schools will also be making public policies and procedures regarding instances of sexual assault, dating violence, domestic violence, and stalking. Key to these rules is the fact that every school may need to institute policies
and procedures that are unique to their communities but must, at the same time, ensure that students are safe and that the school is in compliance with the law.

There are good examples of existing policies, procedures, and trainings out there. AAUW has developed a program for campus advocacy around this issue, Students Active for Ending Rape. It works for students and schools to improve campus sexual assault policies and the Department's own work around Title IX and the resolution agreements that stand as best practices for schools are all places to look for guidance.

For example, recent Title IX resolution agreements have established a framework for ongoing prevention training that could be incorporated in developing regulations for the new Clery Act provisions.

Additionally, it is important that organizations that represent students and victims, as well as advocates and experts on
sexual assault, dating violence, stalking, bystander intervention, and Title IX be included in the negotiated rulemaking process. These groups may not traditionally be a part of negotiated rulemaking on financial aid or other issues being discussed today but are an important part of the conversation around these rules.

In addition to campus safety, AAUW has also weighed in time and time again, about the importance of strong rules to ensure that career education programs that receive federal funds to not take advantage of students and taxpayers. AAUW supports this work because we know that women more than men struggle to repay their student debt. This is, in part, because women earn less, on average, over the course of their lives than their male counterparts. AAUW's new research report graduating to a pay gap the earnings of women and men one year after college graduation found that the median student loan debt burden was slightly higher in 2009 for
women than men. Just over half of women, 53 percent, and 39 percent of men were paying a greater percentage of their income towards student loan debt than we estimate a typical woman or man could afford. The persistent wage gap contributes to this.

Here in Georgia, that gap is about 81 percent. This means that men in Georgia earned, on average $43,902 compared to women who earned on average $35,438 in 2011.

AAUW supported the Department of Education's original gainful employment rule and even urged the Department to consider making it stronger. We felt it was a good first step to achieve the goal of ensuring that schools offering federal student aid did not burden their students with unmanageable debt. This rule used a combination of measuring debt to income ratios, repayment rates, and default rates to understand which programs are failing their students and should be ended, which need improvement, and which are serving students
well.

As you know, the data collected in the initial year of the rule found that 65 percent of career education programs failed at least one of these tests and five percent failed all three tests.

While the court recently struck down the original gainful employment rule, the decision made clear that the Department can issue regulations of this sort. Indeed, the concerns raised in the court case are easily addressed. We urge the Department to consider solutions and move this rule through the process quickly. We cannot wait another school year to protect students and taxpayers. It is unacceptable that 65 percent of former students from a higher education program receiving financial aid are unable to pay down their loans year after year. AAUW believes there is no reason to weaken the gainful employment rule, with 193 programs where students have borrowed at high amounts relative to their income are
having trouble repaying and very likely to be in default. We must do something to ensure that federal taxpayer dollars do not continue to flow into these programs. Thank you for the opportunity to testify.

MS. MORAN: Thank you, Ms. Karvey.


Okay, we have Dr. Ernest McNealey from Stillman, if he is available.

DR. McNEALEY: Good morning. I would like to thank the Committee and the Department for this opportunity to present. I should tell you that I submitted a written comment to your website and had not intended to be before you today.

I am Earnest McNealey, the fifth president of Stillman College and Chairman of the Board of NAFEO. I urge the Department to reverse its fix of the Parent PLUS Loan program that, while imperfect, served legions of needy students attending college and at historically
black and predominantly black colleges in particular.

As has widely been reported and documented, the rule change has had a crippling impact on many HBCUs, PBIs, and the students and families attending these institutions. The application of new rules was particularly harmful to Stillman.

Stillman was founded in 1876 by Presbyterians in Tuscaloosa and while its relationships and mission has evolved over the years, its commitment to providing an elite quality education to students who cannot afford one continues to this very day.

The students served by the college are diverse, except with regards to need. Some 78 percent are fully Pell eligible and of course that number was larger before the recent legislation. Ninety-eight percent requires some form of financial aid in order to attend. Changes in federally based financial aid resulted in an unanticipated loss of 2.5 million
dollars from the 2012-2013 fiscal budget and 2.7 million dollars in student receivables.

The Department's application of a more rigid definition of adverse credit history came at a most inopportune moment, warranting comment beforehand, though we are pleased to be allowed to offer comments now.

The shift to a more original interpretation of credit worthiness occurred as many families of students attending HBCUs were finding the post-great recession economic recovery to be allusive. Official African American unemployment hovers at some 14 percent, twice that of white Americans. According to the Pell Institute, the wealth, as you heard earlier of African American families declined and, presently, the household worth of African American families is somewhere in the neighborhood of $5,800 as compared to $113,000 for white Americans. The bursting housing bubble, the subprime lending, and the disproportionate number of African Americans
who lost their homes during that, is now the credit history that is reviewed wreaked havoc on HBCUs and PBI parents.

As these colleges and universities were developing innovative ways to deal with what was already happening in the economy, they experienced the crippling PLUS Loan blow from Washington.

NAFEO gathered information regarding the impact on this diverse group of institutions, some 120 institutions and discovered that our institutions lost almost 28,000 students and over 50 million dollars. This shot sent panic over the entire community as the institutions reported enrollment losses in the hundreds of students.

When our organization inquired as to the reason for the shift in regulatory interpretation, the Department said that the change was to align its educational access and success program with today's commercial loan industry standards. There has never been a
suggestion that the program had been abused, was
experiencing disproportionate high default
rates or losing funds. Indeed, it appeared as
though the program was working and, therefore,
was not in need of a fix.

What should be clearly evident is
that without a revision in the PLUS Loan rules,
the nation will not realize President's Obama's
goal of having 60 percent of Americans with a
two- or four-year degree by 2020.

The PLUS Loan calamity followed on
the heels of a series of harmful actions over the
past two years that can only be minimized if
taken in isolation. First, there was the 30
million dollar rescission in Title III funds
without congressional mandate. Then there was
the correction of the error in calculating base
grants in Title III that led to many institutions
losing over a quarter million dollars from their
Title III budgets. The summer Pell program was
eliminated. Family income to receive the
maximum award was reduced from $32,000 to
$27,000. And the number of months students may receive a Pell Grant award was reduced from 18 months to 12 months.

In sum, they all suggest that those institutions that have been at the Van Guard of the long forgotten war on poverty have now had war declared on them.

HBCUs and PBIs are the economic engines for their service areas and have a 13 billion dollar economic impact in their communities. So the PLUS Loan is about more than the institutions and more than the students, and more than the families but communities where these institutions operate.

So I guess the question is where do we go from here? First and foremost, I would suggest that these public hearings that are now afoot have more than the opportunity for people to voice concerns but that they will result in meaningful rulemaking. Specifically, I recommend that the Department reverse itself and return to the regulations for PLUS loans that we
had prior to 2011 and were fully applied in 2012. And very importantly, that impact be weighed along with intent as a rulemaking process continues.

And finally, that members of the HBCU and PBI community have a seat at the table as this process continues. Thank you very much for the opportunity to speak to you.

MS. MORAN: Thank you, Dr. McNealey. Is Nia Weston in the room?

(Pause.)

MS. MORAN: Is Mr. Joe Steffen in the room?

MR. STEFFEN: I am the Director of Legal and Government Relations at Savannah State University. I want to first bring greetings to President Tatum and Spellman College for having us here on behalf of our President, Dr. Cheryl Dozier.

I want to give the first two minutes of our address to Syreeta Monroe, she is a financial aid officer at Savannah State
University and she is going to provide some of the statistics and then I will have some comments afterwards.

MS. MONROE: Thank you, Mr. Steffen. I am a financial aid counselor at Savannah State University, which was founded in 1890 and has about 90 percent as Albany State University indicated for their institution of students that we serve that are reliant upon federal aid.

We have processed in 2011 and 2012 about $1,864 students totally. Of that, 60 percent of our numbers of parents who apply for Parent PLUS Loans have been denied. And then in 2012-2013, which we are still processing that the numbers are in the 2000 range, we are still looking at a rise in the reduction of those that are being approved for the Parent PLUS.

The reduction of these approvals for a Parent PLUS Loan continues to rise as I indicated, making it difficult for institutions to assist students with that American dream of moving from an application for enrollment to
course registration, then matriculation for all four years to eventually graduation. Due to the adverse impact of the criteria for the Parent PLUS Loan, many families are relying on federal aid to have a place where their child can complete their educational goal and that has now been placed on hold.

It has been echoed throughout all the representatives that stood before my time on this podium that the best investment that any individual can make is a college education. It is a must to reassess the criteria for the Parent PLUS loan to support the idea the American dream is achievable for anyone, regardless of their social economic status and their wealth at birth.

It is my hope that the words that I have indicated and those before from the many institutions, not just HBCUs, that it resonates with all of the panelists, as well as those to carry the information back to the Department of Education, that it is not a story of one
institution, it is not a story of one individual or one student or family, but it is a story of many. So I do thank you for the opportunity to have my thoughts shared as a financial aid counselor that has to process and deal on the front-end with the parents and students who are looking to pursue their goal for a higher education.

Mr. Joe Steffen.

MR. STEFFEN: Back in the 1860s, our founding president, Richard Wright, walked before the Civil War with his mother from Cuthbert, Georgia here to Atlanta, and became a student here in Atlanta, and was asked by one of the Union generals what he could report back to the folks back up north. And he said, to tell them we are rising. And that has been our motto at Savannah State University.

My concern is that what we are going to be telling our young people with the current adverse credit definition and the other rollbacks on federal loans. It seems that we are
telling them that you can only rise as far as your family's current circumstances. And if your family incurred debt to whether the great recession, this debt will prevent you from paying for your higher education and ever advancing beyond your family's modest circumstances. It is dooming young people to failure, even before they have a chance to achieve their dreams.

Instead of preventing more testimony, I would submit two questions. The first is that while there are so many HBCUs here, and that question is easy to answer, we educate first generation students and we are all hearing the testimony today suffering in declining enrollment.

The second question, though, is more difficult. Clearly, this issue matters to the HBCU community but why should it matter beyond the HBC community? I would suggest, first of all, that we are denying those most in need, as Dr. Swinton documented a few moments ago. Debt
hinders social mobility. And hindering social mobility exacerbates income and equality. And that matters to all of us because it decreases our national productivity. And as Dr. Carlton Brown testified from Clark Atlanta and he rightly observed, that it decreases the repayment of the existing federal loans.

Clearly, the pendulum of intergenerational mobility has swung too far. And I think Dr. Tatum documented some of that for us as well this morning. Increased income disparity and lack of social mobility, according to a just released study by an economist at Berkeley, Oxford, and the Paris School of Economics admitted that this has detrimental effects in the long run to all of us. The paper, by the way, is entitled "The Top 1 Percent in International Historical Perspective."

Our economy in the United States is in a sweet spot only when we harness as much of a productive resource as is possible. The problem starts when one group is able to
accumulate more and more overall wealth, not because of current productivity but based on historical success and conversely, as it relates to what we are talking about today, when another larger group is consigned to the side lines of development, growth and productivity, we are wasting our productive resources on a grand scale. The economic vibrancy is being stifled because access to higher education is the keystone to the mobility essentially to our economic success as a nation.

So to conclude, why does social mobility matter as it relates to these loans? First of all, I would suggest that it is the most American of values. It was the impetus for our revolution. It was the impetus for reconstruction. We read about it in movies coming out like Gatsby. It was the impetus for our civil rights movement. And it was the impetus for the election of our current President. Social mobility is crucial to the success of this country.
But secondly, and importantly to everyone else, the increased productivity which results and benefits each and every one of us is tied directly to our using all of our resources. If we are consigning a group of individuals because of the means of their parents and the means of their families to the inability to succeed, the inability to achieve a higher education, then we as a country are failing in productivity.

And so if the reasons given by the statistics as to what is happening to our HBCUs, what is happening to our students first generation students aren't enough, I would urge the panel and urge those taking information today to understand or to consider that what we are losing in productivity, what we are losing in the economic vibrancy of our country is more than enough reason to make a change.

MS. MORAN: Thank you. Unless Nia Weston is in the auditorium and ready to speak, we are thinking that we will break for lunch just
a tad bit early. We were scheduled for lunch from 12:00 to 1:00 so we can break a little early and reconvene at 1:00 p.m.

Okay, thank you. That concludes our morning session.

(Whereupon, at 11:49 a.m., a lunch recess was taken.)
(1:00 p.m.)

MS. MORAN: I hope you had a nice lunch. We are going to reconvene the afternoon portion of the hearing.

Who is first? I'm not sure that Mr. Taylor, Johnny C. Taylor, Junior, is he in the room? He is not, okay.

The next scheduled speaker is Gregory H. Jones. Is he in the room? Okay.

MR. JONES: Good afternoon, everyone. My name is Gregory Jones. Greetings from Florida. And I want to say thank you to the Department's Committee for having us here today, as well as our host, Spelman College.

On behalf of the American Association of Cosmetology Schools, it is my honor to present to you the following comments, summarizing key portions of our Association's comprehensive response to the Department's notice of its intent to host another round of federal negotiations and the topics and issues
proposed for consideration.

In the time that I have with you this afternoon, I will limit my remarks to four points. They include a summary of AACS's position on three of the topics and issues the Department requested public comment upon, as well as a fourth providing comments related to additional proposals offered by participants at one or more of the three prior field hearings, all of which AACS attended.

I will start with an issue AACS supports, although not for the reasons stated by the Department, clock to credit hour conversion.

AACS supports the inclusion of this topic for consideration in the 2013 Negotiated Rulemaking Committee, not because we believe that new regulations are necessary but because we believe modifications to the existing regulations are warranted.

AACS urges the Department not to develop new regulations in this area, but instead to work with us to develop a solution...
that remedies the exiting problems and does not place clock hour institutions in situations where they must attempt to determine how to comply with conflicting state or federal guidance. In circumstances with such conflict and overlap exists, AACS urges the Department to allow institutions where the state has a separate policy to allow state policy to prevail.

It is worth noting that recent changes have once again brought this issue forward, but that it is likely that these issues could have been adequately addressed in the context of the 2009 negotiations, had AACS either been selected as a non-federal negotiator by the secretary, or at the very least, been approved by the seated negotiating team as an issue specific negotiator.

AACS attempted to petition the team, based upon our unique concerns in this area at the time but were denied by representatives from other portions of the higher education community.
who asserted that they, too, had expertise in this area and could adequately represent the interest of clock hour institutions.

This time around with the focus related directly to issues related to our community, AACS urges the Department to ensure that a representative of the cosmetology school community is selected to serve as a primary non-federal negotiator.

Next, two areas where AACS opposes the Department's inclusion of topics and issues for inclusion in the 2013 negotiations: state authorization and gainful employment.

AACS opposes the inclusion of this topic for consideration, particularly state authorization, for consideration of the 2013 Negotiated Rulemaking Committee's agenda because we are concerned that any effort to develop new regulations related to state authorization for programs offered through distance education, correspondence education and/or foreign locations of institutions
located in the U.S. will have major unintended consequences resulting in further problems and confusion with the implementation of the underlying regulation.

In lieu of inclusion of the topic in the 2013 negotiations, AACS urges the Department to use the authority provided to the Secretary under the fund for improvement of postsecondary education in the establishment of experimental sites to develop and study proposed revisions to the regulations related to distance education, correspondence education, and foreign locations of U.S. based institutions.

If the Secretary and the Department choose to include this topic in the 2013 negotiations, AACS hopes that the key department staff responsible for the implementation of these regulations would agree that a nominee from our association would warrant serious consideration and selection by the secretary in recognition of our Association's early outreach to the Department seeking a clear understanding
of the Department's regulatory interpretation. Our efforts to communicate this information to the states and our ongoing efforts to ensure state and institutional compliance working closely with the Department.

Gainful employment. AACS opposed the inclusion of this topic for consideration in the 2013 Negotiated Rulemaking Committee's agenda because the regulation has been subject to both judicial review and congressional actions which show that the topics and issues should be further clarified and defined in statute before any additional regulatory consideration is perceived.

If the Department and the Secretary choose not to honor AACS's request and that of a bipartisan group of U.S. House Education and the workforce committee and includes gainful employment in a list of topics to be considered in the 2013 negotiations, AACS must be appointed by the Secretary as a primary non-federal negotiator responsible for the development of
any new regulations in this area.

AACS strongly suggests that our association is deserving of the Secretary's selection as a primary non-federal negotiator, based on our association's development of a database, comprehensive database comprised of publicly available information, including the FY'11 GE informational rates, cohort defaults, 90/10 ratios and institutional composite scores.

In the previous negotiations on the topics, no such database was available, leaving both the Department and the non-federal negotiators to speculate what impact the metrics would have on various programs at institutions subject to the regulations.

AACS now possesses a database which is capable of providing real time assessment of the current data on institutions eligibility based on a number of performance measures. AACS believes that our effort to develop a tool to assist in the assessment this information will
be invaluable in the course of the pending discussions and hope that our inclusion of it as part of our commitment to negotiating good faith warrants our appointment to the negotiating committee as a primary negotiator.

Proposed additions to the agenda.

And finally, in the limited time I have remaining, I would like to request that the Department pay particular attention to the comprehensive comments contained in our written statement, both supporting and opposing a number of additional topics proposed in the testimony of other witnesses at each of the four hearings.

In conclusion, AACS would like to once again thank the Secretary and the Department for providing our association and the higher education community with the opportunity to respond to the announced rulemaking and tentative agenda.

AACS hopes that you will give proper consideration to all of the views provided in our comprehensive response, will incorporate our
recommendations in the development of the subsequent notice and continue to work with AACS in the higher education community on the development and refinement of regulations.

Above all else, AACS asks the Department to, once again, commit to ensuring that established regulations apply equally to all institutions of higher education.

Thank you for your time and the opportunity to present these recommendations for your consideration.

MS. MORAN: Thank you, Mr. Jones.

Our next speaker, Dr. Jimmy Jenkins.

DR. JENKINS: Thank you very much for this invitation to be able to add my voice to the many voices that have already been heard related to the Parent PLUS Loan Program. I don't want to be redundant. I know that what I am saying has probably already been said and I just, for the record, want to make sure that you know that it impacts Livingstone College in Salisbury, North Carolina. As President, I am
here today to first of all thank the U.S. Department of Education for holding these hearings so that you could hear what we have to say. Thanks, Spelman College, for hosting this forum as well.

I want to start by saying that educational opportunity is tantamount to a kind of reparation for African American students because education is the surest vehicle for upward mobility in the world for us. It is that case that we are looking at. Education is the surest vehicle for us and so you need to understand that it is important for us to make sure that that kind of opportunity continues to exist for our students. At Livingstone College, as an example, 71 percent of our students are first generation college students. So these are the young people who are attempting to break the vicious cycle of poverty in their families by being a part of the educational system and moving forward. 51 percent of our students are male students, African American males, which is
really defying the odds when you look at what is happening there. So Livingstone College is defying the odds in so many ways of providing opportunities for our students.

The change in the rules that impacted us this past fall was something in terms of our budget. Our budget was already set. And so once we were able to see what happened, we recognize that we only awarded a 92 Parent Plus Loans wherein the past, over the past five years or so, we had been awarding something in the neighborhood of 300 -- 250 to 300 Parent PLUS Loan Program. So this year our budget was short by about two million dollars. And that two million dollars was after the budget had been approved in moving forward and so we had to go into a retrenchment mode trying to figure out ways to cut and be able to maintain the ongoing operation in a way that would not be detrimental in a severe way to the campus.

Recapturing those students who were rejected will be difficult and may not be
possible at all because we are talking about a large proportion of students who are first generation. And once they were denied and left our campus, the likelihood of going back to retrieve them is going to be difficult, if not impossible to do. What we hope for is that HBCUs should be represented as you negotiate the final development of the new regulations so that we can share with you the kinds of stories that I am sharing with you now, with regard to Livingstone College, and I know some of the other institutions have done the very same thing. We are looking forward to that kind of work. As I said before, the budget was set. We have already lost that amount of money. It is going to be difficult for us. We have gone into a retrenchment mode in working with them. We need to be able to get back -- we would recommend that you go back to the old regulation, use that regulation while you are developing it. And as we look at the students who are coming in the fall of 2013 that somehow we would not be confronted
with the same kind of challenge that we were
confronted with in 2012.

And so my plea to you today is so that
I will not reproduce or be redundant with what
all my other colleagues are seeing. I just won't
go into all of that. I just want you to know that
it had a very negative impact on our institution.
But more than that, we are not just talking about
a budgetary thing, we are talking about people,
71 percent of them who are going to college to
break the vicious cycle and now we have had to
deny many of them the opportunity to do so. And
we think that that is important in terms of
helping them to be able to move away and be able
to get the proper training and education that
they need so that they can command their rightful
place in the global society.

And so we would ask that you would
think of that. We thank the Department for
holding these hearings because we believe that
that is a sincere effort on your part to try to
get it right and we want to help you to get it
right. So we want you to know that that is the
impact that it is having on our institution and
talk over with my colleagues, I understand that
is the impact that is happening all across the
HBCU landscape.

Thank you so very much.

MS. MORAN: Thank you, Dr. Jenkins.

Kenneth Allen, is he in the room?

MR. ALLEN: Good afternoon. I

would like to thank the Committee for giving me
the opportunity to speak in front of you.

I am Kenneth Allen, a junior at
Bethune-Cookman University and I am here to
speak on how I felt knowing that all the hard work
I had put in at the time will go to waste that
I didn't have enough money to continue paying for
my college education.

By gaining support from federal
student aid, other private student loans, and my
mother doing as much as she can to pay for my
tuition payments, I will see finding myself in
the financial aid office looking for other ways
to pay for school. There, we were directed in
the direction of the Parent PLUS Loan to help pay
for tuition and school related expenses at
Bethune-Cookman.

Unfortunately, due to my mother's
poor credit, she was denied of the loan. On the
brighter side, because she was denied,
Bethune-Cookman awarded me $4,000 to pay for my
school. In addition to the money I was awarded,
BCU also awarded me a work-study job which
allowed me to earn extra money by working on
campus in the mail room.

I understand the Federal PLUS Loan is
a loan borrowed by a parent on behalf of their
student to help pay for tuition and school
related expenses at an eligible college or
university. The benefits of the PLUS Loan is
that the parent can borrow a federally
guaranteed low interest loan to help pay for
their child's education. However, other
options are in place for when the parent is
denied. The student is awarded a lump-sum of
money from the school.

By giving me the opportunity to speak on behalf of these minor setbacks, I hope you gain the knowledge of my situation and know that if it wasn't for the Parent PLUS Loan, I would not have the opportunity to complete my first two years at college at the great Bethune-Cookman University.

I will continue to lead myself in the right path to success and know that I came to a university to enter to learn and depart to serve.

Thank you.

MS. MORAN: Thank you.

(Pause.)

MS. JOHNSON: Greetings and salutations, Department of Education. My name is Angel Johnson and I am a junior at the great Bethune-Cookman University majoring in English.

During my tenure at Bethune-Cookman University being able to afford school hasn't been an easy task for myself and my mother, who is my primary financial source. Because of the
hardship of paying for school, my mother had to seek other sources such as the Parent PLUS Loan, which she wasn't approved for. Although I received finances through the school for this past semester, my mother was still short over $4,000. So, she decided to enroll in the tuition management system, which added an additional $1,000 each month to her financial expenses, which she wasn't able to pay.

But, determined to keep me in school because I would be her first child of six to get this far in college, she -- excuse me. Each month's payment was a struggle simply because, like I said, it was over $1,000 a month added to her expenses, and that I am one of six children and also a grandchild that she helps to support, but my mother did the best that she could and paid what she could each month.

As far as my education, I plan to continue to use the Parent PLUS Loan for these funds and that my financial aid does not cover. I thank you for allowing me a moment of your time
and expenses -- sorry -- a moment of your time to express how the parent plus loan has affected my life, as well as my family.

Thank you.

MS. MORAN: Thank you. Is Johnny Nimes in the room?

MR. NIMES: Good afternoon to all. To the Department, I want to thank you all for having the opportunity to go on record to make a few comments for Fort Valley State University. My name is Johnny Nimes and I serve as the Executive Director for Enrollment Management at the Fort Valley State University.

Fort Valley State University is one of three Historically Black Colleges and Universities located here Georgia and one of two land grant institutions. Although we are historically black in nature, we are not all black. We educate students from all persuasions. Fort Valley State University has served the citizens of rural middle Georgia for over a 100 years, producing individuals that
have gone on to become doctors, dentists, business owners, politicians, professional athletes, educators, engineers, veterinarian technicians, and the list goes on. It has been a beacon of light for families of all different colors who are very proud, hardworking citizens, who do not want a handout but need a hand up.

At a time when America is faced with the threat of not having enough college grads to fill the projected job market of an approaching new decade, current credit review practices within the Parent PLUS Loan Program are proven to be counterproductive to President Obama's Complete College America Initiative.

FVSU, like most of the schools that have testified here today, we have experienced some negative results of the changes that were made recently as it relates to the underwriting policies of the Parent PLUS Loan. When we look back at the 2010-2011 year, we had a total of 1,339 PLUS Loan borrowers and of that number we had 570 who were approved for Parent PLUS Loans.
for a percentage of 42.6 percent.

The following year, we had 1,719 PLUS borrowers, with 628 being approved for an approval percentage of 36.5 percent. This past fall, we have 1,533 borrowers. We only had 245 PLUS borrowers approved for an approval rating of 15.9 percent.

My recommendation is that the Department review its current underwriting policies and the treatment of delinquencies over the five-year period. And also, I would like to add that the Department consider development of more flexible repayment options in the Parent PLUS Loan Program, similar to what exists in the Direct Loan Sub and Unsub program; and more specifically, looking at the income contingent provisions.

My concern is that education has been a conduit into middle-income America and it has permitted hundreds of thousands of students to improve their quality of life and America has been a factor in this process.
Students will continue to seek better ways of life and they will borrow the additional unsub loans when their parents can't get the PLUS Loan Programs. That is the reality. But what scares me is that we are creating a future generation of debtors who will not be able to buy homes, give to our institutions in terms of alumni support, support our churches and other non-profit organizations, raise families, and pay taxes. I am afraid that we will see a different America where the American dream becomes a nightmare at worst.

I want to thank you for the opportunity to address you this afternoon. God bless you. And I hope that we see some changes.

MS. MORAN: Thank you, Mr. Nimes. Is Mildred Singleton in the room?

MS. SINGLETON: Good afternoon. I am so thankful that you are here. I have been -- I am a parent who did receive the Parent PLUS Loan for my student, who graduated in 2011 from Morehouse College. And I really, like I was
just talking to the President of Spelman because I am a Spelman alumnus also, that I didn't realize that we just made it through by the skin of our teeth when this started happening at his graduation year.

But I happened to see my email from my Spelman connection last night and I wanted to see what was going on because I have been in contact with AES and NET concerning the repayment plan. And when I am speaking to the American Education System about the repayment plan, one of the things that I am asking as the man just said before me, is that we may have -- we qualified and the parent payment plan is immediately we start paying it back.

Well since the graduation of my student, I have retired and then my husband has retired and also my husband has had heart surgery. But my student, who had graduated cum laude and was always on the honor roll and doing his very best has now moved on. He is in Washington, D.C. but at the same time, he does
have the Stafford Loan and in the process, we are
trying to repay this and want to repay it, always
wanted to repay it and are doing that. But they
are phenomenal as far as for the four years of
repaying the loan like $1,000 per month for four
years, so that is $4,000 a month in your
repayment plan. I don't know if everybody knows
that. So along with your other finances that you
have, your home mortgage and everything that you
have to do in life.

I was thinking, because I had asked
someone at AES okay is there a way that you can
maybe lessen the payments or make them less or
more affordable or more flexible after the
child, your student, does graduate, have more in
consideration for the fact that the parents have
gotten older and they may have retired or
something like that.

So that is why I wanted to come in.
When I heard the Presidents speaking this
morning from the schools and financial aid
representatives speaking, I didn't know that the
problem has even gotten bigger and beyond what I was just considering for myself. But I did ask those representatives will there be ways that it can be more flexible or more understandable to the people who are paying them back because we want to. We are proud people and we want to pay them back. And it is like this is a black student who, fortunately, from a line of Spelman graduates and Morehouse graduates, my brother was a Morehouse graduate, but this is what we want. We want our students, our children, to attend our schools also but they have become very expensive due to this situation.

And we were, during this time that he was attending, thinking we were getting angry with the school for going up so much on tuition. And it got to the point it was your room and board and everything and your tuition about $40,000 a year.

And so that is my request. We recognize that yes, we want to repay this wonderful advantage that you gave to us but we
also want to be considered as your everyday people who have other things -- we want to do this and we hope that you could hear us as parents and maybe be a little more flexible and help us out, too.

I know when I talked to AES, she said well you know they are going to be meeting, the representatives will be meeting. They change the rules every so often so just call back and we will see how flexible this can become.

So I hope it is not sounding pompous or anything. I just wanted you to know this is from a parent.

Okay, thank you very much.

MS. MORAN: Thank you.

Okay, is there anyone else in the audience that would like to speak?

MR. NETTING: Sure, Pam.

Well good afternoon everybody. Thank you for providing the opportunity, the Department, for all of us in the community to come and share our views with you as you have
worked across the country.

My name is Tom Netting and I am the Executive Director of the Allied Health Leaders Coalition. It is an organization of for-profit institutions that focus specifically on how the legislation impacts those institutions that offer Allied Health Programs.

I have attended all of the hearings, both the 2012 hearings, as well as all four of the 2013 hearings. And what I would like to do in my brief ten minutes with you today is share my views and share the views of the HEAL Coalition on the proposed issues, and also talk briefly about a number of the issues that have been proposed by various other witnesses over the course of the last four hearings.

With regard to the issues that are provided on the topics for proposed inclusion by the Department, the HEAL Coalition supports a number of the proposed agenda items. We share the belief that cash management and the ability to address fraud and abuse and provide new
innovations with regard to EFT and other changes are warranted and should be included.

We do, however, request that you pay attention to and provide for the continued use of paper related systems providing student financial aid and not focus solely on a full transition to all electronic means. There are a number of institutions, for a myriad of reasons both administration as well as financial, that still value the ability to do their processing of financial aid with the inclusion of paper processes.

We support as well the campus security changes. Obviously, those are recently enacted changes to the Higher Education Act. We look forward to working with the Department on those issues.

We do ask, as for-profit institutions, many of whom do not have campuses that include dormitories and large expansive campuses like Spelman, where we are today, that in the development of the regulations you
consider and recognize that when you look at the
definitions of both campus or close or near
campus that you recognize that for some
institutions, that is a very, very limited scope
of areas where we hope we have to report upon.

With regard to adverse credit
history, will simply say that we share the
concerns of the changes the Department made with
regard to Parent PLUS Loans that have been well
documented and well-illustrated with regard to
their impact on students throughout the course
of this hearing, as well as in particular the
Washington, D.C. hearing.

We hope that the Department will look
to address those on behalf of minority students
and all students.

Having focused on some of the
positives, now a couple of areas where we have
concerns or at least are respectfully requesting
some changes in direction in which the
Department is going.

With regard to clock hour to credit
hour conversion, we don't believe that it is necessary to go through negotiated rulemaking. We would submit that there discussions that should take place but we believe that those could be done through informal discussions directly with the Department and clock hour institutions. Similar to institutions that were previously discussed within the cosmetology realm, there are a number of Allied Health Programs that specifically have and are required to track programs in clock hours. We do not believe and do not suggest that the Department needs to develop new regulations, but work with the small limited community of institutions that provide programs still measured in clock hour to come up with remedies and solutions to the issues proposed.

We share the views of the community colleges as well as the cosmetology schools that in these instances, especially in light of the changes and the influence of the Section 600.9 regulations on state authorization, that these
institutions be allowed to use the definitions and the guidance provided at the state level.

With regard to state authorization, as well as gainful employment, in both of these issues, the HEAL Coalition asks that you respect the wishes of Congress and the April 18th letter that was provided to the Secretary, asking that the Department not seek to regulate in these two areas at this time.

We suggest and assert that the Department should delay consideration of these, until such time as the Department and Congress have had an opportunity to look these over in the context of the next reauthorization. We recognize that that may not be the decision the Department chooses to make. If it is, we offer the following recommendations with regard to each of the two issues.

With regard to state authorization, we urge the Department to be very careful in how they proceed here. The Department itself has been working very closely with states of late on
trying to get the states to understand the interpretation and the expectations of the Department under Section 600.9. Not without considerable confusion on which states and which entities within those states are in fact in compliance and those that are not. We are highly concerned that in your attempt and in your opportunity to attempt to try and develop new regulations around online education and foreign institutions, that you may upset the apple cart and the very precarious balance that exists right now in the understanding of the states and the various entities.

We are more concerned that this might lead to the ability or the lack of ability for the approvals already granted to state entities to be maintained if changes in the regulations moving forward have a ripple effect back to the underlying statute. This will lend further complications to those institutions and those states that are currently working with the Department during the current one-year
extension between now and July 1 of 2014 to also
make additional changes or modifications and not
be able to really understand or pursue exactly
what direction or what plan they should be
pursuing and enforcing.

We suggest that there is a path forward, however, for the Department.
Experimental sites offers the opportunity for the Department of Education to waive portions of regulations in an attempt to review new and innovative means of delivery of student financial aid, while at the same time looking at what protections are needed and necessary. We assert that the utilization of this process could be one that provides a benefit to one and all, that benefit being the opportunity for the Department to review and evaluate how state authorization and the proposals of the SARA and others could be looked at or implemented and also provide the opportunity for those experimental sites opportunities to then lend itself to the development of regulations in the future and/or
recommendations in the next reauthorization of the higher education act.

With regard to gainful employment, our concern is while it certainly is the case that the courts ruled that the Secretary has the authority to regulate in this area, the courts equally ruled that in doing so, they must not develop any new forms of databases or new forms of information. We note that several of the reporting requirements include whole new systems and whole new sets of data information and are perplexed how if the Department chooses to move forward in this area, they are going to be able to reconcile the collection of that data and that new information and move forward with the development of a new gainful employment, metric, especially in the areas of debt to earnings when no previous data collection in that area existed.

Specifically, however, if you are going to continue to move forward, we encourage the Department to release additional
information under the FY11 institutional data.
All of the information that was provided included a number of institutions and specific programs where the data was inconclusive or incomplete for both Allied Health Institutions, as well as cosmetology schools, as well as community college programs. In many instances, that came up to 70 to 80 percent of the programs, where one or more of the categories were n/a.

It is our understanding that the Department only used two years' worth of information to generate the FY11 data, when they had the ability and the regulations stipulate that if there is not enough information over a two year period, that the Department should expand that review to a four year window. We believe that sharing that information would give a number of institutions who have no way of knowing the implications for gainful employment under the current programs would be able to have a more robust understanding of the impact that the regulations may or may not have upon their
programs.

Further with regard to the disclosures, we ask that the Department release the long awaited but never published template. That includes information that would be important to the institutions that heretofore they do not have. That information includes what the Department's anticipated definition of on time repayment rate would be -- excuse me on time graduation would be. It also would include discussions around the notion of job placement.

We are frustrated and concerned that while others continue to promote the need for additional definitions of job placement, the Department well knows that you called the entire higher education community together to try and develop that definition with the National Center for Education Statistics and for institutions other than the for-profit sector; no definition was forthcoming.

Finally with regard to the debt to earnings metric -- in conclusion, I wanted to
talk about two additional areas of concern. We ask that the CDRs, cohort default rates, not be included in this round of negotiation. We believe that they are assertions of manipulation of the data falls more with the decisions and determinations made by the servicers, in this case now, the Federal Direct Student Loan Program and the Department of Education. Under 90/10, we also oppose the inclusion of this issue. We stand with the Department who, on more than one occasion, has sent letters to congress saying the 90/10 rule should no longer be included in the HEA.

One final note. We do request that students who have asked for a larger participation at the negotiating table, have that opportunity and we ask that included in those groups are students representing for-profit institutions.

Thank you.

MS. MORAN: Thank you.

Just back to see if Mr. Johnny Taylor
is in the audience. No. Yes, I believe we are going to take a break until 2:00 while we await some later speakers.

(Whereupon, the foregoing hearing went off the record at 1:45 p.m. and went back on the record at 2:11 p.m.)

MS. MORAN: Good afternoon everyone. We are going to reconvene just a portion of the afternoon session. We may be taking a break here in a little bit. We will let one of our panelists come to the table.

Our next scheduled speaker is Darryl Jackson. Is Mr. Jackson here?

MR. D. JACKSON: Good afternoon, first of all. I didn't anticipate such a big audience, so I will try to quell my nerves here as I present some information.

I wanted to come at my president's urging. I am from Alabama A&M University. I am the Student Financial Aid Director and my President, Dr. Andrew Hugine, he and I have had various conversations about the effects of the
Federal Direct PLUS Loan program and some of the changes that we have felt based on the new procedures that have taken place with the PLUS Loans.

Just to give a couple of statistics, at Alabama A&M University, from the school year 2011-12 to 2012-13, we saw an increase in the denials of our PLUS Loans by 454 students and we attribute that directly to the new regulations that govern how PLUS Loans are approved. And the non-availability of this PLUS Loan has left a sizeable affordability gap for our parents that are dependent on the PLUS Loan to meet the cost of attendance for their students. This has been particularly felt most by our out of state students because we have an -- in Alabama we have a tuition scale that mandates that the tuition for an out of state student is double that of an in state student. So this PLUS Loan restructuring along with the continuing reductions in our state appropriations has left us with very minimal resources to provide help
to these parents and students.

And I am sure you guys have heard figures and percentages all day but the bottom line is that we forecasted or we looked at a couple of figures and we estimated that this had a negative financial impact of approximately 1.9 million dollars at our school. And of course, in today's society we are having struggles with the economy being the way it is and we are going through employee furloughs and we have had to implement or we have had to curtail such projects as dormitory classroom improvements and advances to the physical infrastructure of the university.

For this current school year we just completed, 2012-13, we had a total of 1,454 PLUS Loans that were denied. And as I mentioned, this was up about 454 from the previous year, which was right at about 1,000 denials. And to further delve into that number, we had 377 students that did not enroll for the subsequent year, this current year, based on the fact that
the Parent PLUS Loan was not approved. And of these 377 students, 289 were in good academic standing. So they had no other reason to not enroll, other than not having adequate funding.

And to further delve down a little deeper, 32 of these students were within two semesters of graduation. So, we had an outreach program where tried to reach out to these students to make sure, especially the ones that were close to graduation, we delved into some endowment dollars and things like that, but there was still a precipitous effect felt from those people that were denied the PLUS Loan this year that were approved for it in previous years.

Of course other factors that contributed to our loss in student numbers was the Pell lifetime eligibility use rule and the new satisfactory academic progress mandates also had a small part in our students' enrollment decrease.

So the bottom line is that we, my president and my provost at my school, we are
kind of aligning ourselves with the NAFEO mode of thinking and we are asking that the department will consider fair, flexible, and reasonable credit criteria for Parent PLUS Loans under the 2013 Negotiated Rulemaking Sessions.

We also fully support NAFEO's stance that the Department clearly define the extenuating circumstances provision of the regulations to account for major and sustained economic recessions that cause persons with otherwise good credit histories to experience anomalies associated with such economic indicators.

And lastly, we do echo NAFEO's assertion that the Department should consider regulations that do not rely solely on past credit history to determine loan eligibility but should take into consideration other factors, such as current credit status, income, and employment.

So in summation, it is the opinion of Alabama A&M University that a reconsideration
of the PLUS Loan approval structure back to the
pre-October 2011 standards would be highly
beneficial to HBCUs such as ours, particularly
at Alabama A&M University, it would allow us to
continue to provide a quality education for our
most needy and deserving students.

Thank you.

MS. MORAN: Thank you, Mr. Jackson.

Is there anyone else in the audience
that would like to make a statement? I think our
next registered speaker is not scheduled until
3:00 p.m. So if there is no one else in the
audience that would like to make an additional
statement or new statement, we will take another
break, while we await our next scheduled speaker
or should we have some walk-ins that would like
to speak.

Thank you.

(Whereupon, the foregoing hearing
went off the record at 2:18 p.m. and went back
on the record at 2:59 p.m.)

MS. MORAN: We're going to
reconvene for our next scheduled speaker. So if we could take our seats, please.

Okay, our next scheduled speaker is Annette Jackson.

MS. A. JACKSON: You're ready? Wow. Well fellow Department of Education staff, it is such a pleasure to be with you today. I am going to tell you this is kind of -- I am walking by faith. I received the notice from Spelman College, my alma mater probably yesterday and I went to rush to do that. Thank God, I run a non-profit organization which I have the flexibility to do so.

In your topic today on financial aid and the need to figure out what we can do with Historically Black Colleges, I will tell you a little bit about my history. I come from West LA, California. And fortunately, my dad owned a real estate brokerage and he paid for all of my education. And you wonder why am I here? Because I care about the masses who are being grappled and gripped by financial aid and they
can't -- and their financial aid is defaulting and they can't even pay for it. Thereby, they can't even own a home because you have to either defer that payment or you don't get a home until you figure out that payment.

What I will say is an improvement and an innovative and creative way to deal with this issue regarding financial aid and whether an institution's programming is equitable to qualify for students to have financial aid is that every single person who has went to an Historically Black College should develop a two million plan. And what that two million dollar plan is there ought to be 30 people within their institution that can raise two million dollars. If 30 people within the institution of alumni would raise 60 million dollars, that would help with the financial aid crisis, the economics, as well as those who have financial aid and can't get any more financial aid, they will be able to come back. So, 60 million is the two million dollar plan.
What I also realize is that in this institution, I helped write, along with an athletic director, Dr. Dorothy Richey, the proposal for Spelman to get into the NCAA. Now Spelman is thinking about and actually has taken away sports. Sports is a big revenue generating enterprise and I am so sad that that is leaving Spelman college, but as an alumni who was a college co-chair in golf and tennis, I am going to do everything I can to bring sports back. And while we are talking about building a wellness revolution on the campus of Spelman College, wellness is sports. The debate team is sports. Robotics is sports. So those are all areas which you can build revenue. Even business enterprising shark tanks. I think all the women of Spelman College, all the design of businesses that they can go into, get with a financial planner. And that can also create the wealth of this particular financial aid crisis.

Because you have to remember, for those who get accepted to Spelman, they are
bright and brilliant. It doesn't matter if they come from a low-income area. Low-income area does not denote success.

I have a good friend, Barbara Jones-Slater who grew up in the projects in Chicago, where Arne Duncan is from and who has created all those charter schools, she is still in the Guinness Book of World Records at the age of 15 to run the 100-yard dash with Tennessee State, and Wilma Rudolph was her counterpart. She was the youngest on the team. She still holds that record and she did it at 15. So imagine the things or the exploits that we can do when the kids go to college at 16, 17, 18. Don't wait just to go through academics to get your degree and move on to a great job. We should be developing business enterprises with financial aid.

Even though my dad paid for my education, I had a co-op. And so I believe we should merge financial aid with co-ops and develop a blueprint for success for anybody who
has financial aid. I am going to say that again. We should develop a blueprint for success within financial aid when that particular person who has financial aid, they have to have a business plan for success. They have to have a co-op program in which a corporation has designated them as their mentee to guide them into raising the money so that they won't be crippled with financial aid.

HBCUs are greatly, significantly affected because -- the Department of Education would not be at Spelman college today.

My suggestion as an alumna who doesn't have any student debt is I would really ask the Department of Education to come back to Spelman College when the students are here who are on financial aid. I believe that you would have another list of issues from financial aid recipients, which would be key in developing your policymaking or should I say your rulemaking for Historically Black Colleges.

Also, let's look at the workplace
environment. I just realized that the Higher Education Act of 1965 and this is of no offense, it might be outdated. Because when Historically Black Colleges were instituted, it was because they were instituted before 1964 and they really targeted African Americans post-slavery. So we have come into a totally different time of globalization.

And now I am going to go back to sports and phased out education. Here at Spelman, due to austerity cuts, what Spelman College did and Dr. Tatum did, she said we have got to find a way to cut programming. So they cut the education component. Here you are, the Department of Education in an institution that was created in 1881 and we have cut our education program. Now the new buzz word is what is considered shared governance. So what Spelman College did with their shared governance is anyone who wanted an education degree would merge with Clark Atlanta. Well, Clark Atlanta, as far as a HBCU, they are suffering, too.
But the thing is, education -- I was an English major and I spent the majority of my life in education. I run a music education foundation now for an electric violinist who goes all over the country and the world. And I am like wow, how did my English degree pay off? It paid off because I was able to read, write, and comprehend. I was able to see through documents. I was able to be a community advocate where I could let my voice be known as to the inequities of some our outdated systems. So we have an outdated system right now.

And you talked about the reason that you are here is because you want to improve the integrity. I want to know how that you want to improve the integrity and I have some suggestions on how you improve the integrity. Corporations make millions of dollars based on profit. So we have to find out if corporations make millions of dollars based on profit, how do we get our Historically Black Colleges to think profit, to think sustainability when it comes to
educating the African American and really educating period? Because I am a golfer, too, Chairman of the Board of Women in Golf Foundation and we bring women down here every April from Historically Black Colleges and they are of different nationalities who play golf. And to me, it is so encouraging.

It is so encouraging, we are in our 19th year of Women in Golf. And to have a diverse also background in Historically Black Colleges to me that is healthy because that provides the think tank that you need. But this was in golf and this happens to be on my outside community activities. I am Chairman of the Board but it is a volunteer organization.

So imagine merging with corporations who understand profit. That profit entity comes into the financial aid divisions of every single Historically Black College entity develops an infrastructure for them so financial will no longer be an issue of why Historically Black Colleges cannot sustain
themselves number one, and number two, all those
who are on financial aid, they will not be
crippled by debt in the future because the
Department of Education has developed a
blueprint for their success before they get out,
so that they have no debt in the next four years.

Also, due to the workplace
environment, there are people who are
underemployed. When you figure a lot of people
who are Ph.Ds, master's degrees, bachelor's
degrees, they are management at some of the fast
food restaurants, restaurants period, people
are having to find out all types of ways to do
different things. And I saw in your perspective
one of the areas there are, do we provide
financial aid to certain disciplines in which
students are going in. And that is hard for me
to look at because to cut out certain majors or
whatever because it is not the yield of the
global economy, I think we have to think about
that more.

Let me give you an example. Again,
I am going back to me being an executive director for a non-profit music organization. They are cutting out music all across the board when it comes to collegiate, high school, middle schools. We don't even have a lot of feeder systems for elementary schools. So a lot of times when we do our comprehensive program for financial aid, we have to do a comprehensive programming for what happens at the early age of pre-K, what happens at the early age of kindergarten because I remember in kindergarten doing The Hokey Pokey and dancing all around. But what that did, that helped me with my education for the future and that was very key. But music is a great key. How many of these institutions have strong music programs? Spelman College had -- how many more minutes do I have?

MS. MICELI: You're over time.


MS. MICELI: Just a minute to wrap
up.

MS. A. JACKSON: So I am going to wrap up and say that endowments of Historically Black Colleges, Spelman has a really good one. But we need to consider how Lockheed Martin is helping Historically Black Colleges, McDonald's is helping Historically Black Colleges, how corporations recruit talent from Historically Black Colleges. And what is that code of ethics and how corporations can begin to help Historically Black College get into the profit center, as well as the education centered to keep their mission alive.

And we went from the industrial education to the professional success to succeed. All industries, even if a person goes into shoe shining, that is success for me because I like my Ferragamo shoes to be shining. So there is no profession that is insignificant to us and I would further employ the Department of Education not to cut any programmings but to use corporations' infrastructure into the
Historically Black Colleges and not let Historically Black Colleges due to austerity cut key programming like education that Spelman is cutting and sports and they haven't developed a proper infrastructure. And sports, as we know, is big money.

Thank you.

MS. MORAN: Thank you very much, Ms. Jackson.

(Pause.)

MS. MORAN: For the record, we will take another break to see whether in fact we have any other speakers. We have no one else registered at this time but certainly walk-ins are welcome.

(Whereupon, the foregoing hearing went off the record at 3:13 p.m. and went back on the record at 3:15 p.m.)

MS. MICELI: I'm going to go back on the record for a moment. Okay, just going back on the record for our lovely audience. I just wanted to note that the comments are due today,
June 4th. And I just wanted to make sure that that was clear. I believe in our opening remarks we may have said that we actually may have just been vague. I'm not sure what we said; if it was said for June 4th specifically.

I just want to make for the record it clear that the comments are due today. And we will take a short break.

(Whereupon, the foregoing hearing went off the record at 3:15 p.m. and went back on the record at 3:23 p.m.)

MS. MORAN: Okay, we will go back into formal session now and we would like to invite Nia Weston to speak.

MS. WESTON: Good afternoon. My name is Nia Weston. I am a class of 2010 graduate of Spelman College and I am a recent graduate of the William H. Bowen School of Law. And I am here today to speak from my experience with student loans. I financed my education fully with student loans. My loan balance right now stands at $205,000, which I think is an
exorbitant amount to pay for education these days.

And from my perspective, the way that we measure accountability with student loans is incorrect and this should be changed. I think determining whether or not a student should get a student loan based on their parent's credit history is an invalid method as to whether or not they will actually graduate from the school. And I think that is a more accurate measure of their ability to pay their loan is whether or not they will actually graduate.

I have a big issue with for-profit education in that they sell a lot of unsophisticated students a model that they will make this amount of money if they pay $30,000 a year for a degree that -- for a degree in a field that is not necessary to have a degree in. I think that is the major problem, especially in rural areas.

I went to law school in Arkansas and there is a -- I'm not going to say the name of
the college but there is a major college down there that recruits students with no GPA requirement, no SAT requirement. And a lot of those students flunk out within the first year but they have incurred an amount of debt that from now on they can only work a minimum wage job. Or it kind of it like -- it kind of I guess holds up their career aspirations. Because now, once they have that amount of debt, they can only work minimum wage to pay that off, instead of actually pursuing a career or a field or a career in an industry that they actually want to work in. So they get kind of stuck in the same position just based off going to college right out of school, instead of actually taking the time to figure out what they want to do and what is the best mode for them. Because I think we sell kids a model that if you don't go to college, society views you differently. And I think that is the wrong model, especially in rural areas where there are so many different careers you can have without actually going to college and paying for college
through a student loan.

But at the same time, I think student loans are desperately needed, especially in my situation. My parents could not afford to send me to school and especially an elite school, an elite college without student loans. I didn't come from an income background where I was poor enough to qualify for Pell grants and everything like that. But at the same time, my parents never really learned how to manage their money. So they couldn't help me. Otherwise, without student loans I wouldn't be in the position now as a Spelman graduate and a law school graduate at the same time.

I think there has to be more accountability for loan counselors, especially within for-profit education where a lot of them get paid on commission basis, just leading students in and kind of like a farm factory of signing students up for education and not really actually informing them of the dangers, I guess, that come along with students and the debt.
Like I recently purchased a car and the loan information the loan counseling that I got for my car purchase on that one day was much more stringent than you get when it compares to a student loan. And student loans are you are getting a larger amount of money compared to purchasing a car. But that was just an interesting fact that I saw.

You know they give you the loan waiver which most 18 year olds don't read. I think there has to be more extensive loan counseling, I guess, per student. Especially knowing their individual background, knowing where they come from, especially if they come from a low-income community and that they probably have no experience with loans outside of that student loan experience. And it being the first one, I think it just should be a little more extensive as to really knowing the rate you are going to pay for 20 years, the interest rates, percentage, how they can change and things like that.
I know there are things that are out there now but from my experience when I entered school in 2006, it wasn't as extensive as I think it should be.

And I think that is all I have to say right now.

MS. MORAN: Okay, thank you.

I just want to say we're on a break, for the record.

(Whereupon, the foregoing hearing went off the record at 3:29 p.m. and went back on the record at 3:55 p.m.)

MS. MORAN: Okay, I believe it is now 4:55 p.m. and this hearing public hearing now stands adjourned.

Correction, it is now 3:55 p.m. and this public hearing stands adjourned.

(Whereupon, at 3:55 p.m., the foregoing meeting was adjourned.)