

DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION
AFFORDABILITY AND STUDENT LOANS COMMITTEE
NEGOTIATED RULEMAKING SESSION 1, DAY 5, MORNING
OCTOBER 8, 2021

On the 8th day of October, 2021, the following meeting was held virtually from 10:00 a.m. to 12:00 p.m., before Jamie Young, Shorthand Reporter in the state of New Jersey.

P R O C E E D I N G S

MS. JEFFRIES: Good morning, everyone, I'm

Commissioner Cindy Jeffries from FMCS and I will be your facilitator for this morning session. I'd like to welcome everyone back. It has been a long week, it is Friday. So, we're going to try to move through the rest of what we have to cover this week. And we will start with roll call and then I will outline the agenda for today. So, I'll call out the constituency please give your first name and we will move on. Department of Education?

MS. HONG: Good morning, welcome back everybody. Jennifer Hong.

MS. JEFFRIES: Accredited, accrediting agencies?

MS. PERFETTI: Good morning, Heather Perfetti.

MS. JEFFRIES: Dependent students?

MS. SAMANIEGO: Good morning, Dixie Samaniego.

MS. JEFFRIES: Good morning. Family federal education loan lenders and/or guaranty agencies?

MS. O'CONNELL: Good morning, Jaye O'Connell.

MS. JEFFRIES: Good morning, Jaye. Financial aid administrators at post-secondary institutions?

MS. DOBSON: Morning, Alyssa's here.

MS. JEFFRIES: Good morning, Alyssa. Four-year public institutions?

DR. DORIME-WILLIAMS: Good morning, Dr. Marjorie Dorime-Williams.

MS. JEFFRIES: Independent students?

MS. MARTIN: Good morning, Michaela Martin, and I will be on camera shortly.

MS. JEFFRIES: Okay, thank you. Individuals with disabilities or groups representing them?

MR. WHITELAW: John Whitelaw, I'm sitting in as Bethany's alternate for the day.

MS. JEFFRIES: Thank you, John. Legal assistant organizations that represent students and or borrowers.

MS. YU: Morning, Persis Yu for legal aid organizations.

MS. JEFFRIES: Good morning. Minority-serving institutions.

MS. GONZALEZ: Good morning, Noelia Gonzalez.

MS. JEFFRIES: Good morning, Noelia. Non-profit institutions?

DR. MCTIER: Good morning. Dr. Terrence McTier.

MS. JEFFRIES: Good morning. Proprietary institutions?

MS. BARRY: Good morning. Jessica Barry

MS. JEFFRIES: Good morning, Jessica. State

attorneys general?

MR. SANDERS: Joe Sanders of AGs.

MS. JEFFRIES: State higher education executive officers, state authorizing agencies and/or regulators?

MR. TANDBERG: Good morning, David Tandberg.

MS. JEFFRIES: Good morning. State lo -- loan borrowers?

MS. O'BRYAN-LOSEE: Student loan borrowers?
Happy Friday everyone, it's Jeri O'Bryan-Losee.

MS. JEFFRIES: Thank you. Two- year public institutions?

MR. AYALA: Good morning, Bobby Ayala.

MS. JEFFRIES: Good morning. US military service members, veterans or groups representing them.

MR. HAUSCHILD: Morning, Justin Hauschild.

MS. JEFFRIES: Thank you. Did I miss anyone?
Yay. So, Alyssa I see David or Daniel signed in, you, you will be sitting in for this morning for Daniel?

MS. DOBSON: I guess he wasn't running as late as he thought so I can swap back with him now.

MR. BARKOWITZ: She is completely capable., but I'm happy to fill in the table again so, sorry about that.

MS. JEFFRIES: No worries. Thank you, Daniel.

MR. BARKOWITZ: A little bit of puppy drama

this morning, so I apologize to the committee.

MS. JEFFRIES: Okay, sounds good. So, the agenda that we have for today would be to finish issue paper number 10 on creating a new IDR plan, and that would be questions seven, eight and nine, then we would move to issue paper 11 on false certifications. And finally, towards the end of the day, the Pell Grant issue. Persis?

MS. YU: Thank you. I'd like to request a 15-minute caucus. I would like to request that with accrediting agencies, with, with the negotiators from accrediting agencies, with family fed -- federal family education loan lenders and/or guarantee agencies, with financial aid administrators at post-secondary institutions, with four-year public institutions, with minority-serving institutions, with private nonprofit institutions and with proprietary institutions and two-year public institutions.

MS. JEFFRIES: Okay, thank you, Joe. You're on mute, Joe.

MR. SANDERS: Sorry. Yeah, I'd also like to request a caucus with everybody else. That is not on Persis' caucus, and I want Josh in mine.

MS. MACK: Okay, Joe, are you requesting Josh from legal assistance organizations?

MR. SANDERS: Correct. I am, I'm stealing Persis' alternate.

MS. MACK: Persis, are you comfortable with, with that and Josh comfortable with that division there?

MS. YU: Yes.

MS. MACK: Okay, so Brady, I know that you're probably creating those, if it's helpful, I'll go through names of who should be assigned to which ones?

MR. ROBERTS: Yeah, I think I got most of them, but I just want to make sure I don't have anyone missing.

MS. MACK: Okay, committee members, you can correct me if I'm wrong, but in the first breakout room, we should have Heather Perfetti, Persis is it your intent to include all alternatives as well?

MS. YU: I leave that up to the discretion of those, of those seats.

MS. MACK: Okay. Then for accrediting agencies we have Heather Perfetti. Are we going to include the alternate Michale McComis, Heather? That's a yes, so please note them. For federal family education loan lenders, we have Jaye, and alternate Will. Okay, Jaye, I got a nod. For financial aid administrators, we have Daniel. Daniel, are we including your alternate Alyssa?

MR. BARKOWITZ: Yes, please.

MS. MACK: Okay.

MS. JEFFRIES: Thank you, Daniel, for saying that verbally. For the record, I would request that all

committee members if you're going to include your alternate that you state your response yes or no.

MS. MACK: Thanks, Cindy. For four-year institutions. We have Marjorie, Marjorie, we're including, are we including Rachel?

DR. DORIME-WILLIAMS: Yes.

MS. MACK: Okay, perfect. For legal -legal assistance organizations, Persis called this we will not include Josh in this particular breakout. For minority serving institutions. We have Noelia. For private nonprofit institutions we have, I believe Misty is absent today, so we'll be including Dr. McTier. For proprietary institutions, we have Jessica Barry. Jessica, are we including your alternate Carol as well?

MS. BARRY: Yes, please do.

MS. MACK: Okay. And then we have two-year public institutions with Bobby. Bobby, are we including Christina?

MR. AYALA: Yes ma'am, please.

MS. MACK: Alright. That should be the first breakout room Brady. In the second one, we would have Dixie Samaniego. Dixie, are we including Greg?

MS. SAMANIEGO: Yes, please.

MS. MACK: We'll have Michaela. Michaela, are we including Stanley?

MS. MARTIN: Yes, please. Having technical

difficulty this morning, sorry.

MS. MACK: No worries. Brady, are we good?

MR. ROBERTS: Yeah, all good.

MS. MACK: Okay, we're including, I believe in Bethany's absence, it'll be John? Got his hand up, alright. For state attorneys we have Joe. Joe, are we including Eric?

MR. SANDERS: Yeah, Eric should be in my room please.

MR. ROBERTS: Got it.

MS. MACK: Alright, then we have for state higher education David. David, are we including Suzanne?

MR. TANDBERG: Absolutely.

MS. MACK: Thank you. For student loan borrowers, we have Jeri. Jeri, are you including Jennifer?

MS. O'BRYAN-LOSEE: Yes, please.

MS. MACK: And for US military, Justin, can we include Emily?

MR. HAUSCHILD: Just please. Thank you.

MS. MACK: Alright. Is the federal negotiator invited to either of those caucuses? I wasn't clear on the second one. No?

MR. SANDERS: I'm sorry, could you repeat that, Kayla?

MS. MACK: Yes. You, you mentioned all remaining individuals on the committee. What about the federal

negotiator at this point?

MR. SANDERS: Oh, I'm sorry. Yes. I'm sorry, but I'd like to keep Ed out of my room.

MS. MACK: For now. Okay, so we have a rough estimate of 15 minutes. FMCSs will check in with both parties at 15 minutes. However, if we can be at assistance, check in with you before or you need anything or are ready to conclude early, please use the call post button.

UNKNOWN SPEAKER: (Inaudible) you can pause the live feed.

MS. JEFFRIES: Good morning again I'd like to thank the public for their patience while we work through some things, and certainly the committee members in alternates that worked diligently during that time. So, at this point, what I'd like to do is, there is an item that was left from yesterday that we need to address and that is the, whether or not the committee will be adding additional topics to the agenda. And so, what I'd like to do is call on Jennifer from the Department of Ed, and let her speak at this time.

MS. HONG: Okay, thank you, Cindy. I just, you know, I just want to reaffirm that the department shares these concerns regarding defaulted student borrowers. And we also share the desire to ensure that defaulted borrowers are able to pay, can make payments within their means. Again, I know I mentioned this before, but there are several ways that we seek

to address these concerns. So, I just want to bring your attention to the fact that we've already added debt collection rules to the administration's rulemaking agenda. And I can drop that in the chat for you right now. So, I mean, as you can see, the reason why we've, the uptake is on a different, different rulemaking slate is that these debt collection rules largely exist outside of HEA, excuse me. Meaning that they're not subject to negotiated rulemaking. So, to Brian Siegel's point the other day, our legal counsel pointed out that we are not, because we're not subject to negotiated rulemaking for those debt collection rules, were able to move a lot quicker in advancing our agenda for debt collection. So, this rulemaking, again, as we mentioned, the final rules that results from this rulemaking would be effectuated, in July of 2023, which is too late for the population of bars that we are talking about here. So, while we, we support an actual -- we appreciate the proposals that have been set forth, we are taking a look at them. We have some questions about them just based on our initial review. We did note, again, I just want to reaffirm that I realize that one of the proposals, at least one, is pertinent to our discussion that we're having right now, regarding IDR. And I just, I put it back on Persis and her constituency to please, come back with proposed language for that relevant piece to IDR. And we are open to discussing that. But as far as adding those particular issues, to this rulemaking, we feel like it's

not, it's not the right place, we don't feel like it will advance, we'll be able to move as quickly as we would like to. We've already initiated these discussions; they're happening in the department. We're going to look at your proposal, we appreciate all the ideas on there. We'd like to, you know, if you want to convene a working group on that and keep this dialogue going. But we at this point, we have a very, very full agenda, we still have two more issues we would like to get to today, in addition to the idea of discussion, again, where I invite your thoughts on how your proposal, more pertinent to IDR, relates to, to our discussion here, and it's sufficiently open ended for you to introduce them. So again, just reaffirming our commitment to these borrowers, asserting that we are, we are having these discussions at the department. We have a rulemaking slated to advance that discussion, and we're not subject to negotiated rulemaking to advance those rules. So, you know, perhaps even some of this could be done on the sub regulatory as well. So that is what I have to say and thank, thank you again, for bringing up that important issue. We just feel like we, the uptake, our uptake for this table is limited in terms of what we already have on the agenda.

MS. JEFFRIES: Thank you, Jen. Persis?

MS. YU: Thank you, Jennifer, for that that clarifying information. I just wanted to ask one question of you and then somewhat of a procedural question. So as I understand,

what you're saying, it sounds like part of, part of my proposal can already be done through the current rulemaking and that it also sounds like the department would be open to having a working group to help explore since I recognize that we do have a very limited amount of time that is in the schedule and a lot of topics but we could have a working group to further explore how the current topics on the table could be utilized in order to help defaulted borrowers. Is that, is that what I'm hearing?

MS. HONG: Yes, I think that's right Persis, but that, that would be a separate rail from this, this committees work. We just feel like we are stretched with the agenda that we have. So, if we could keep it on a separate rail and also for you know, for expediency's sake, as I mentioned for those borrowers as well.

MS. YU: So, can you clarify what you mean by like what a working group that as a separate rail would look like?

MS. HONG: We're, we are open to continuing to get further clarification on your proposals. We've had a cursory look at them. But we're, as you can imagine, everybody that would need to take a look at it as engaged in this rulemaking. So, we would like to take a closer look, maybe bouncing questions back to you, get further clarification on some of these ideas? We are happy to do that, and to, happy to engage in that conversation.

MS. JEFFRIES: Thank you, Jen. Brian?

MR. SIEGEL: Yeah, just, just following up on what Jen said, I think the department further can better understand your proposals and how they would affect borrowers and how they would affect the process. I, I don't think the department can commit to this being like a separate, ongoing process for determining our future regulations in regard to the debt collection rules, because we're bound by public process, we, we have to go through regular public notice and comment rulemaking on those rules. And we also are limited in how we use working groups and how we use advisory committees under the Federal Advisory Committee. This negotiation is actually conducted in accordance with the Federal Advisory Committee Act, and we're limited to how many we can have at one time. So, there's certain legal restrictions on it, but you know, within those bounds, the department would welcome an opportunity to talk with you and other members of the committee on these ideas and how they can be worked into how we move forward.

MS. HONG: Thank you Brian for clarifying that. If I get this adjust my comments, then too. I think, I think there's, there's questions about the scope. We talked about, you know, from, from our cursory understanding looked like there was at least one of the proposals we can broach within this agenda of IDR. But again, that's a question and, and to the extent that it is pertinent to this rulemaking, and that

particular agenda. (Audio) IDR, you know, we were happy to clarify that, and we think, we just need to have more understanding from you and what the actual proposal is there for that, for that piece.

MS. JEFFRIES: Thank you, Jen. David? You're on mute, David.

MR. TANDBERG: Yeah, I had a couple of ideas and questions, but I want to pause and see if it would make sense for me to yield to Persis. I didn't know if you wanted to jump in with the reaction, or if I should go ahead?

MS. YU: Go ahead, David.

MR. TANDBERG: Okay, so it sounds like it may be worthwhile, if we were able to generate more specific regulatory language around the two ideas that we could submit to the department. And I don't know if we'd need a, a consensus check on that. If that would give that a little bit more steam within the department to get that moving. And then a working group of some sort, I'm a little confused as to what that would be, based on what Brian said, but it sounds like the department could create something like that for us, because I, I feel like we're facing a moment in time that I don't want to miss on making these kinds of changes that I think are critically important. The ideas that Persis has, has advanced in her paper. And so, I want to keep that moving. I'm also, I share the concern. I think all of us are like, this is an awesome

negotiated rulemaking. The ideas that are on the table are tremendous and are going to make students' lives better. I want to recognize that and keep the steam going on the proposals that are on the table. And it seems like this idea of advancing the regulatory language within the department for your consideration, plus the working group, plus, then, continuing down the path of the topics that are already on the table might be the best path forward. So just putting that out on the table as kind of a cohesive idea.

MS. HONG: Thank you, David. Just to jump in, really quick I am, again, I just want to (inaudible), you know, in terms of helping you all come up with proposed language for a proposal that is pertinent to the existing agenda items on this table.

MR. TANDBERG: I, okay. I guess I had, I saw, I saw it as doing that plus continuing to advance the ideas for you all in the department for consideration also on the, the other idea that you feel like, does not fit within the negotiated rulemaking, I don't know if that's possible, also, that I think it would be helpful to for the department.

MS. HONG: Well, keep in mind, we're gonna, I mean, when we proceed with debt collection, there'll be a whole process to provide that information within the scope of that rulemaking, as well. So, to our legal counsels point, we wanted to make sure that we're following all our procedures. So, to

the, to the (inaudible) that we can keep the issues within the scope of this agenda as it pertains to defaulted borrowers, and then everything else that we're going to take up, we will have a process for soliciting that input from the public and from those here on this committee as well.

MR. TANDBERG: Okay, I see.

MS. JEFFRIES: Persis?

MS. YU: So, I appreciate the, the information provided by both Jennifer and Brian. And I would like some time to be able to process before deciding how to move forward next. So, my suggestion is that I would be willing to table this conversation until after lunch to, so that I can go back to my constituencies to kind of decide how we would like to proceed next, best, if that's okay with (inaudible).

MS. JEFFRIES: Thank you, Persis. Are there any objections to what, looks like we have a path to move forward that Persis, she's requested more time to process this? She's not bringing anything forward at this moment in time, and that we can go ahead and move along with our agenda on completion of issue paper number 10, and then move to 11 and 12. Any objections. Great, thank you. So, with that, let's go ahead and turn our attention to issue paper number 10. I believe you just have seven, eight and nine in the question realm to have your discussion about. Jen?

MS. HONG: So, Cindy, I just wanted to point

it, point out that we had asked Raj to provide some cursory information for us at this session. I think it might be helpful for him to kind of lead, lead our discussion with his presentation, he's going to provide something more in session two, but we'd love to hear from Raj and then we can go ahead and proceed with question number seven's plan.

MS. JEFFRIES: Okay, Raj?

MS. MACK: Cindy, if I may, I'll just note for everyone that Raj has circulated a presentation that should be hitting your email inboxes right now.

MR. DAROLIA: Great, thanks. I'll go ahead and share my screen. Can everybody see that? Alright, so what I'm going to present today are two things. The first thing is just some basic background on some trends in IBR. One of the things I wanted to point out, which I think Persis kind of beat me to a little bit this morning, was that we do have limited information on, especially on demographic characteristics, human experiences on (inaudible) folks in IBR. So, I wanted to summarize just very quickly some of the information that we have available publicly about IBR trends, and talk a little bit about some data that could be useful if it was made available. The second thing I'm going to do is just walk you through some preliminary IBR simulations, just to develop some intuition about some of the tradeoffs that we might make if you're going to change payment percentages, income protections, or both, at

the same time I've got an (inaudible) example that I'll walk through. Basically, what I want to help folks develop is an intuition for all of the inputs for the IBR plan that lead to different repayment outcomes for students. And so, you can know some of the levers that that are potentially unvaluable (inaudible). So, the first thing again just quickly are some IBR program trends. The takeaway from this is really just that the dollars outstanding and the number of recipients of IBR plans is increasing over time. This is from 2016 to present, this is the whole federal advantage portfolio, including both direct and federal loans, and as a share of total recipients and outstanding balances, the IBR program is also growing. So, not a surprise to anybody on this call, but clearly an important program to think about (inaudible). The next slide here is really a subset of the available information on demographics. And so, what's not shown here, which is available are some characteristics by state. So, we are able to know the total amount in outstanding dollars and recipients by state. As you can imagine, there's a lot of variation by state. And the other thing which I did not show here, which is available, is about the age of the debtor. There are some age breakdowns available from FSA. What I'm showing here are two things on the left here, this is just the share of dollars for recipients of IBR plans who have partial financial hardship. The trend isn't very notable here, it's about flat, but what it suggests is about 70%

to 80% of recipients and dollars, a little bit less for recipients, do qualify for partial funding. On the right here, this is the IDR dollars outstanding by institution type. As you can see there is variation across the institution type. It's increasing across all sectors, but it's highest, the most amount of outstanding debt for students in IBR plans were enrolled at public institutions, followed by private institutions, with proprietary institutions at the lowest. Now, partly this is a function of enrollment as well, especially over time. So, we do see variation, again, across institutions. So, the next thing I want to do is present some preliminary IBR simulations. You know, this is, was just an opportunity for me to nerd out a little bit more than I have in the past, so thanks for that opportunity. What I want to just highlight here is that these are for illustrative purposes. This isn't any specific individual. This is really just to give a sense of individual repayment scenarios for a fictional debtor that I'm going to report. Two other things I want to point out here in these simulations is that this does not incorporate common repayment events that affect our outcomes, and especially for (inaudible) who really matter: periods of unemployment, nonpayment, forbearance, deferment, other things that can interrupt repayment, which do have a lot of implications for, for repayment. And then the other thing is just because another one of the issues that is covered in this session is about interest

capitalization, the assumptions related to this are really going to be critical, especially for loan forgiveness. So, you know, keep that in mind, that, you know, if the committee ends up recommending some language that changes interest capitalization, this will pull on some levers in IBR forgiveness estimates. So, with all that in mind, let me introduce you to a fictional borrower, who I'm going to call Iris. So, Iris has an income of \$33,000 a year annually, which equates to about \$2,750 monthly. We're gonna assume Iris gets about a two and a half percent wage increase each year. She has student loan debt of \$28,000. As a single household, I'm gonna assume an interest rate of 3.73%, which is the current rate on direct subsidized and unsubsidized loans right now. And then we're also going to make an inflation assumption of 2.4% annually, which is about what the CBO estimate is for, for inflation. What I've shown here in the box underneath here is output that we might get from the FSA student loans simulator. What I'm going to show here are actually slightly different, just rounding error, really, than what you would get in the FSA student loan simulator. This is because I'm making some kind of simplifying assumptions largely about inflation in this, whereas the student loan simulator actually uses yearly estimates of inflation over time. So, we can see if we focus on that standard repayment column, Iris would have, if she participated in the fixed 10-year repayment plan, a monthly payment of about \$273. Over the life of her loan, she would pay

about \$32,700, and as part of a standard repayment plan, would make 120 payments, so the standard (inaudible). Under the 2014 IBR plan, if she was enrolled in this, her monthly payment would decline. It would start at \$114 a month and increase to \$187 per month. That increase is largely going to be because of an increase in income. Assume again, the simulated two and a half percent a year. I put that ingredient in just to show that the monthly payment would be less per month for Iris under the IBR plan. Now we see that the total amount paid would actually be higher, right? So, over this 20-year period, the 240 payments, Iris would pay about \$35,000, over \$35,000 (inaudible).

Partially, this is a function of, of how we think about debt. If we extend the repayment period, even if it's a lower monthly payment, we extend the repayment period, all else equal, we're gonna have a total amount that's higher in payment. And in this case, we'll have about \$8,000 in loans forgiven. And so that's a forgiveness, that's an investment that the, the government and society can make in this person. I will also keep in mind some of the discussion before that this might be taxable income for Iris in 20 years. So, these are two standard plans and we can get that information out of the student loan simulator on the FSA website. What I've done here on the right is just break down the calculation for period one. Again, to try to develop some intuition about how the different inputs affect the outputs. So, the monthly income is \$2,750 as I mentioned before. We talked

about it a little bit yesterday, we would look at that table-- of 150% of the poverty line for a single household individual, and that's \$610. So that would be the amount of protected income for Iris. We would subtract out that amount, and she would have discretionary income of about \$1,140, right? Now, we would take an income share of that in the IBR plan, in this case at 10%. And the period one payment, then, is \$114. So as Iris' income increases over time, then her payment would also increase. Now I wanted to point out some things on how these inputs effect this period one payment or payments in general because I think there are some things which are pretty intuitive, and some things that we might not think about when thinking about how this calculation works. Okay, so the first thing is obviously, the monthly income. All else equal, the higher the monthly income in an IBR plan, the higher the period one payment would be. But another thing to point out here, is that as someone makes more money over time, right, that would also increase their (audio). So, it's both a function of the income and the income growth. So, you might think of this, again, with the trade off as increasing each monthly payment, but likely reducing the total amount of loan forgiveness (inaudible). And potentially, not for Iris, but potentially, reducing the number of payment periods depending on income level. Now again, another I think pretty intuitive thing is about the protected income line. So, in this case, we did 150% of the poverty line. And if we were to go to

something like 175% or 200%, and I have a scenario on the next slide that shows this, that amount would go up, which means, would mean that discretionary income would decline, which means that the payment would also decline. Now, one thing that affects protected income is certainly, as I mentioned yesterday, HHS's poverty guidelines have gone up. Another input to consider is inflation (inaudible). And so effectively, poverty guidelines are also going to increase as inflation increases (audio). So, we have higher inflation, all else equal, this would lead to a higher poverty guideline if that's taken into account. The other thing I want to point out here is that there was some discussion yesterday about whether or not expenses are really taken into account for debtors with different incomes. What I can say is we can probably all agree that the poverty line may not be sort of the best reflection of expenses, especially for different groups. However, that really, that income protection is what you might think about as sort of a measure of living expenses that is taken out. Right? So, so the IBR calculation certainly takes in that top line, monthly income, kind of protects an amount, in this case, 150% of the poverty line. And one of the reasons for protecting that amount is that there are expenses with living (inaudible). Again, I'm not making any judgment on whether that's the appropriate level or not of that income protection, but that's where we might think about expenses in this formula. The other thing that you might think about that matters here, is

actually the interest rate. Now, you might say to yourself, well, IBR does not actually take into account the interest rate. That is true, this formula does not take into account the interest rate. However, when we think about loan forgiveness, loan forgiveness is going to be a function of what they would have paid under a 20 year, under this period, if they didn't use this IBR plan, right, that's how we think about the loan forgiveness. So that amount, the forgiveness amount is going to depend on the interest rate for other purposes. And so, you know, one of the questions that's come up is how to think about income protection and income share, and thinking about maybe moving some of these levers in some ways. At least in the civil examples, again, for the example I'm putting out for Iris here, both of them are going to reduce the payment. And what I've shown you is, a similar-ish kind of repayment circumstance for Iris by changing, you know, her protected income or discretionary income. I want to do a little bit more work to kind of really map it out, as somebody said yesterday, about how to think about this, especially for more complicated situations, and actually common situations where somebody might go into nonrepayment for a period of time, just, you know, deferment, forbearance, that sort of thing. But, you know, in some ways, they're both protecting the amount that people will pay and reduce the amount that people pay per month. But they are, as I just mentioned, affected by different incomes, right? And so,

again, inflation being an example of something that is going to affect protected income, but wouldn't affect income share. So, with that said, here are some kind of fictional borrower examples again, for Iris under some other assumptions. I'm trying to keep it pretty simple here. I'll mention here in a minute about some of the other work we're trying to do to inform the committee for the November session. But on the left here, what I've done here is to change income share in the middle panel. And so that takes it from 10% to 5%. As you can see here, all it's doing is taking that same discretionary income, right, so if you change the income share, you're not changing discretionary income per month, but you're taking a smaller portion of it to be paid out as a debt responsibility. If we go to the far-right panel there, this is with 200% of the poverty line income protection. So, in this case, you can see that the bottom line is actually quite similar to changing the 5% gain to a 5% income share in net, but the mechanisms for getting there are slightly different. And effectively, what this does is reduce the discretionary income, and keeps it at an income share of five, or of 10%, but their discretionary income is at a lower base. And so, from that, you can see that the period one repayment is effectively the same, whether it's a 5% income share change or 200%. Now, where some differences might come in, is under this next slide where I add in a little bit more on the number of payments, the total amount that's forgiven, and the

number of interest-only payments of this borrower. Right, so what I just showed you was for a period one, how we might think about their monthly payment. However, with some reasonable inputs, we might think about total paid, total forgiven and interest-only payments under these scenarios as well. I just want to mention I kind of call these estimates--I was a little off in trying to match to the FSA loan simulator and trying to do some of these scenarios. I do want to mention this but I think this is ballpark, pretty close to what we would expect. So, if we think about those scenarios we just put up and I put up another one, at just 7.5% income share as well. If we move from left to right, again, the base case that I've already presented here in the far-left column, (inaudible) moved to the one to the right, this is taken out of 7.5% income share instead of 5% income share. What we see is the monthly payment declines, the total pay declines, but the total forgiven increases (inaudible), right? And again, you know, there are there are positives and negatives of this, again, especially (inaudible). The time period for Iris is also the same, and she does make a handful, 10 to 12 of interest-only payments. I know this came up as well, so I wanted to point this out that you know, if there is frustration that peoples' balances are not declining, actually, some of this more generous protection, or income share or lower income share percentages are actually, under the current scenario, going to lead to more periods and cases

(inaudible), and you can see that if we move to the second column, okay? So here is what I just showed you, with the 5% income share, looking at the monthly payment, again, lower than under the base case. Total paid again, starts to be fine, total forgiven increases (audio) period number 240 payments, but in this case, as you can see, Iris is making a large proportion of payments, which would be interest-only (inaudible) and, you know, the underlying data suggests that actually for the, you know, payments 201 to 240, the principal payments are actually quite small as well, which is why the loan forgiveness is, you know, effectively similar to the original balance. Now, I am again using some different assumptions than what's in the loan simulator, and so I want to stress that this isn't, you know, exactly what would happen, but from a close approximation. Similarly, if we go to the 200% poverty line income protection, keep income share at 10%, we have, again, a similar monthly payment to column two, a similar paid amount to a similar forgiven amount. Again, a large number of payments with the interest only. And again, what this would mean is that if a borrower would look at their balance, it would not be declining, you know, for the first, you know, prominent number (inaudible). One thing we can kind of point out here, too, is that I actually had the slide, it was much busier. One, I wanted to save everybody's eyes a little bit. Two, as we start to get like higher poverty line protection, so I know some discussions like

250 or 400, or if we even took out an income share percentage lower, lower, what it effectively does is, it basically just drives the monthly payment down to only an interest only payment. The level of that would certainly matter, right? But effectively, the borrower would make interest-only payments, kind of below 5% income share here or above a 200% poverty line income protection, make interest only payments, that full amount would then be forgiven. The total amount would again depend on how we think about accruing interest and interest capitalization. And so, I do think that that's an important trade off to think about, given that some of the comments and considerations pointed out here. What I will say is, I know these are only kind of simplified examples, I thought they would be helpful to think about just to develop intuition for how you think about it. The (inaudible) help me kind of think about the simulation, and I've been talking with them. What we expect to do is hopefully produce kind of a report with a whole lot more scenarios, think about bigger household sizes, think about periods of interruption and other things. And the goal is really to be able to distribute that to all of you in advance of the next session so you have sort of a number of scenarios you can think through. Hopefully this is helpful in having you think about, again, intuition about the different levers and tradeoffs a borrower might face under (inaudible). So that's all I have today. Do you have any questions for me? Or get back to

(inaudible)?

MS. JEFFRIES: Okay, Raj, I don't see any hands at this point. So, thank you very much for that presentation, and the information and data that, that you had to share. Michaela has a hand up.

MS. MARTIN: Just super quick, do you have any preliminary numbers on the two household? Or like, is there a quick rule of thumb on what those payments might look like?

MR. DAROLIA: Yes, so how we think about household size, all else equal, is that it increases the income percentage, right? So, so if we thought about Iris, let's see Iris was a household of two instead of one. What that I would change then is not her top line income level, it wouldn't change anything else. What it would change is the income protection because the poverty line income protection depends on household. So, I'm just pulling it up quickly here. For the monthly for a household of one, what I used was \$1,610 at 150% poverty line, the protected income would be \$2,178 as far as that income protection. So actually, that you know, it's not exactly but it's effectively similar, actually about 200% poverty line for one person if that makes sense. That's what you would expect for, all else equal, for a household of two, as opposed to a household of one, with that (inaudible).

MS. MARTIN: Thank you.

MS. JEFFRIES: Thank you. Bobby?

MR. AYALA: Raj, for all the scenarios you presented, these are all pre-tax, right? Pre-tax income? So discretionary income was also calculated pre-tax as well?

MR. DAROLIA: That's, that's correct. Right. And so, so different programs use different ones. I believe, AGI, pre-tax AGI is using these calculations, and (inaudible).

MS. JEFFRIES: Okay, seeing no other hands, let's move forward with our agenda and begin the discussion on questions seven, eight, and nine, provided the department some further information to work with moving forward.

MS. HONG: So, I'm happy to read seven out loud. Raj, thank you so much for preparing those scenarios. I think you've given us a lot to chew on in terms of kind of understanding the different tradeoffs involved and just seeing them flushed out as you have it. We'll look forward to hearing more from you in November. So, thank you so much as we continue to kind of digest all of this. Question number seven. So that observers note that existing IDR plans may not be optimally designed to reduce delinquency and default, borrowers at the highest risk of delinquency and default are typically non-completers, who owe low balances, yet who do not enroll in existing IDR plans at a high rate. So, what design factors and changes can better support borrowers at high risk of delinquency and default or otherwise encourage enrollment in IDR plans that match their financial circumstances and loan balances?

MR. SIEGEL: Sorry, can I go ahead then? Is that? Okay, sorry, to two reactions to this. The first is not actually in the IDR theory itself, but I actually have a question about the minimum monthly payment required on student loan payments. So rather than force students into an IDR, is there potential that low borrower, borrowers with low balances could have the same benefit of the \$5 minimum payment outside of IDR. Under current status, the only way to get access to a \$5 or \$10 monthly payment, if your balance is low enough, is to actually come in through the IDR program. So, a suggestion unless it's statutory, of course, my suggestion would be to allow any borrower to have access to a lower, now I believe the current minimum outside of the IDR plan is \$50. So, is there a capacity or a willingness to expand that access? Number two, I would argue in favor of reducing the 20-year rate based on the amount of the loan, so 20 years to forgiveness seems perhaps appropriate for balances of \$50,000 or \$60,000. But definitely not appropriate for a balance of \$5,000 or \$10,000. And is there a way for us to rethink the length of time to forgiveness, depending upon the, the balance involved? Thank you.

MS. JEFFRIES: Thank you, Daniel. Persis?

MS. YU: Thank you. So, I have a couple of thoughts about reducing delinquency. You know, one of one of the things is that just recognizing that (inaudible) borrowers are first human beings and will fall behind and so this is one of

the reasons why my proposal about streamlining the process to get out of default and back into income varying payment and counting payments, I think is so critically important. But on top of that, I think that there are meaningful ways in which we need to make the program work better. I believe that we should you know, Bethany's not here, so I will pick up on her thoughts and say that you know, that we need to get borrowers who, especially borrowers who are demonstrating some sort of financial distress, we have previously called for the Department to automatically place any borrowers who are delinquent on their loans by some period of time in, into income varying payments. You know, I agree 100% with Daniel that, like, to cancel it, the cancellation period needs to be modulated by (inaudible). I'm not convinced that the balance size is necessarily the right way to do that. But I do think that we do need to look at, at that, because a lot of the clients that I work with, frankly, they go into default, because they don't turn in, because the paperwork is just too burdensome. And having them go through that burden for 20 years just doesn't make sense when they have \$0 payments. So, we need to modulate somehow the repayment period based upon the realities of the circumstances that the borrowers are facing. And I will also echo the call, I don't know if this is the appropriate time to raise the question, but the other repayment plans I think are also really important. You know, as we noted yesterday, some, for some folks, income varying payment

is actually not affordable, and so there needs to be a way to look at the other payment plans as affordable options and not hold it against borrowers when it comes to cancellation. I particularly would like to draw your attention to the alternative repayment plan, where the Secretary has the authority to, under some circumstances to utilize the borrower's expenses, and, and income to figure out what an affordable payment amount would be. And I think that that is a program that has been largely underutilized by the department and servicers and so I hope that we come up with a generous payment, payment plan that will cover as many people as possible, but that we also explore for other folks for whom that does not work, his other option, ensure that we always maintain some affordable option for borrowers, regardless of the other expenses, or issues that arise in their life. So, thank you.

MS. JEFFRIES: Thank you, Persis. Marjorie?

DR. DORIME-WILLIAMS: Yes, so Persis beat me to the punch, but I was certainly going to (inaudible) again, and the need for automation of a lot of these processes. And specifically thinking about, at least borrows for who we have information for, currently, you know, you can link to your IRS information. And so, if the department can think about being a little bit more proactive, and looking at information between income, loan balance, history of payments made and the amount made, so we know that borrowers who are experiencing financial

difficulty may not make full payments and sort of pay as they can. And so, I think if we can look at sort of the history of borrowers to create a system that then proactively kicks in to make a recommendation about IDR, or maybe even automating it and automating that enrollment process. And then borrowers can choose to opt out if they, you know, make the decision that, that they may not fit for them. I also want to thank Raj for that information and showing those differences based on income and how much we're protecting discretionary spending. And so, I would certainly advocate for using a higher threshold for at least being able to lower those monthly payments, while also understanding that it does increase the interest and I would second Daniel's point about, for individuals who are already in these plans, we know that they're facing financial difficulty. So then to add, you know, this interest or not have a cap on interest, which then they'll be held liable for after you know, the loans are forgiven, seems to defeat the purpose. So, I think if we look at a combination of some of the questions that we've answered previously or addressed previously, in addition to automating this process, I think that would go a long way towards making this much easier for borrowers, particularly if we already know, you know, folks who are marginalized, low income, borrowers of color, we know that these are struggles for them. So, it doesn't seem to make sense to wait until their accounts are delinquent to then try to fix the problem.

MS. JEFFRIES: Thank you, Marjorie.

MS. MARTIN: Can I allow Bobby to go ahead of me?

MS. JEFFRIES: I'm sorry?

MS. MARTIN: Can I allow Bobby who's behind me to go ahead of me? Thank you.

MS. JEFFRIES: Sure, Bobby?

MR. AYALA: Thank you. I kind of want to echo what, what has been said. And Marjorie kind of touched on this but when we take a look at the issue of non-completers and we dive into the research that it affects their completion and persistence, when we look at it through the lens of two year colleges, what we have are high numbers of low income, marginalized students, first generation students, there are definitely social capital issues that they won't have to navigate at higher ed, much less the ability to navigate the loan repayment options. And when we look at the things, the issues that affect their persistence, you know, it's usually having to do with familial obligations, especially for those first-generation students. Life happens, you know, they end up having to work. And those particular issues prevent them from even being able to afford any type of payments when it comes to repaying their loans, which is why they're probably higher, at higher risk of being delinquency or default. So, to echo what everybody had said, automation would be a critically important

or contributing factor to helping them through this process. And also wanted to take this time to note that the alternate for two-year colleges is also going to want to speak so I'm gonna turn my camera off while she comes on. Thank you.

MS. JEFFRIES: Thank you, Bobby. Michaela, are you ready?

MS. MARTIN: Yes, my son needed the (inaudible), I'm sorry.

MS. JEFFRIES: No worries, no worries.

MS. MARTIN: Was the question about minimum payments because you cannot be on an IDR if you have a zero payment, is that where that was? What that meant? Like, I guess the question would be can you be on an IDR if you have a zero payment? Persis is nodding yes. Awesome. So then, like, with the counting of like, years, does that restart every time they go into default?

MS. JEFFRIES: I'm not seeing any answer for that. If not, well, can you drop that in the chat Michaela?

MS. MARTIN: Yeah, I guess my concern is that without like, because you have to re-enroll every year, I have to re-enroll even though it's like paused because I had a break between undergrad and grad, at least it prompts me to every year. And like, if you didn't re-enroll, even though you had a zero payment, then you'd go into default. And then you'd have to, if you got back on it, have to restart that 20 years, and so

I know that it's already been said, but considering those needs for automation, having those just automatic, like if your taxes show, or you've just chronically had a zero payment to just keep you on that payment plan so that it's not a forever thing, I think is really important.

MS. JEFFRIES: Thank you, Michaela. Jeri?

MS. O'BRYAN-LOSEE: Sorry, it's Friday, I couldn't find the unmute button. And this kind of goes along with I mean, I think we have a lot of people that understand, or really would appreciate automation. Because you know, it's going to fall into the communication piece. Because you know, when you're talking about students, like Bobby said, who are not able to complete because of other obligations, or because they can't afford it anymore, or whatever, they are also people who are not going to be easily communicated with. So, they may not have access to technology, they may not have access, you know, to what they need to keep up. So, if it was automated, that would help that will help for them when they do try to re-enroll again in the future or things level out or whatever. That way, you're not penalizing, you know, extra penalization on people, if that's a word. So, thank you.

MS. JEFFRIES: Thank you, Jeri. I see three more hands. Joe, John, and Christina. After that, I would like to move on to question number eight. We are approaching the lunch hour. It is our hope that you can get through this issue

paper before lunch. Thank you. Joe?

MR. SANDERS: Hi, yeah, I'll just go ahead and make my comments on eight as well so that we save time here. So, a couple things. On the automation point, Bethany had previously raised that there are some people that don't have IRS data. I was, you know, we've done some work around unemployment data. Unemployment, they tend to house a lot of income information because if somebody is getting a paycheck, then they have to pay unemployment tax and so they have data for people that maybe there's not IRS data for. So don't know if the department had looked at that or not. That's another data set that may be useful. To the extent that, you know, so, and on the automation point, if someone is, becomes a certain amount delinquent, you know, I would ask that (inaudible) considered automatically putting them into an income driven payment plan. That is probably the lowest touch way to get them in. Second, Jerri's point about people being difficult to communicate with. Third point, if automation doesn't work for some reason, I would suggest looking at service or requirements for outreach once somebody does reach a certain level of delinquency. Again, the Rhode Island Student Loan Authority's experience here may be useful. They, their process was they looked at what they were paying their debt collectors, they said it was too much. And they were not getting a good return on the loans when they did go into debt collection. So, they renegotiated those contracts

with the debt collectors. They extended the amount of time before they sent anything to the debt collector, they brought servicing in house. And then when a borrower hits a certain date of delinquency, they start proactive outreach calls. And one of the things that they're addressing the borrower at that time is whether the income driven plan is the appropriate plan. So, can't automate? Look at when servicers are outreaching and what are they asking borrowers? Are they just saying pay me? Are they saying, hey, you should look at IDR? Last point. And this goes to eight, that ties in with what I just said. If you're going to have servicers doing outreach to people on income driven repayment plans, it would help the borrower and it would make it more logistically possible for the service or if the plans were simpler, if there weren't 16 plans. If there's one option, and -

MR. TONCHI: Ten seconds left, I guess, 30 seconds, you have 10 seconds.

MR. SANDERS: Sorry. And they could say here, here's one plan, click the button. You're in.

MS. JEFFRIES: Thank you, Joe. John?

MR. WHITELAW: Yes, thank you. Very briefly, automation, automation, automation. I will also echo Bethany. I do think, I also want to put this in context for some of the lowest income folks who are having difficulties. And I know and I appreciate that 150% is low, there are people whose incomes

are far lower than that, who are having their incomes attached by the Department for Delinquent Debts, you couldn't have an income of \$1,600 a month in Social Security, that is your only income, you could be losing \$240 of that to attachment. And so, I think that for those folks, it's particularly important to develop mechanisms to find them and get them into a zero payment, such that they are not undergoing extreme hardship. And I do think there are databases that the department can investigate doing sharing with, for example, snap, formerly known as food stamps, is a nat -- nationally run program for low-income families. I think it would be probably fair to say that if you know anyone, if someone in the family is getting SNAP benefits, you can pretty much assume that they are extremely impoverished. And so, I think there are creative ways where the department can go in to do data sharing with different federal agencies to get information that will allow them to automate this and I cannot say this enough for people with disabilities, for people who are economically challenged. Yeah, if you don't have automation, lots and lots of eligible people are just going to fall between the cracks. I think the department has come to recognize that in many ways, especially with their experience on the social security side where lots of people who are eligible just couldn't manage the application process. And to the extent that we can get folks who are clearly eligible into programs that, that save them economically,

automation is, I don't think there's any question that's the way, I think the department is hearing that from pretty much everybody in this negotiation. Thank you.

MS. JEFFRIES: Thank you, John. Christina, and, okay, Christina.

MR. SANDERS: Yes, good morning, I wanted to speak directly to the issue of borrowers who are at high risk of delinquency who are very likely to be low balance borrowers and those who do not complete their degree or program. This, this speaks directly to the community college population and has a great deal of impact because stopping out and is, is a typical pattern of experience for community college students who have multiple life roles and oftentimes have to press pause on their education, to attend to the, to their other competing priorities in their life. So, I want to see what we can do for that population and other borrowers to incentivize program completion and completion of educational goal. And, and what happens when a student is in default is that they do lose their Pell Grant eligibility. And is it possible to unhitch that Pell restriction for borrowers and default or somehow incentivize them or provide a pathway for them to complete their education? Which, of course, as we, as we know, can set them on the road to social mobility, hiring, income, etc. And so, I'm concerned about that. And in any time, you can reduce complexity, and provide multiple pathways for, for our population. It is, is almost always in

their best interest, in the event, so, and so I would support automation, in that respect. And, and also, of course, when we're talking about community college students, we're also talking about the most diverse population of students. So, there's the, the implicit social justice issues involved in, in providing relief and multiple pathways to, to exit default and to, and to provide the one less barrier to program completion and educational goals. Thank you.

MS. JEFFRIES: Thank you. I see two hands. Now, Rachelle and Michaela, I want to make everyone aware it is 11:51 A.M. Rachel will be stepping in to speak on behalf of four-year institutions.

MS. FELDMAN: Thank you, Cindy. I want to speak again to the confusion of having so many IDR plans I, I applaud the, all the thoughts around automation and hope that the department will be able to take advantage of recent legislation that allows more data sharing to greatly increase the automation of many processes, but especially the re-enrollment that we know borrowers miss. I also applaud how the department has been able to use their emergency powers during the COVID crisis to help borrowers through the payment pause. And I would like to encourage them to think about whether they could take the executive action to move existing borrowers into fewer IDR plans coming out of the payment pause. Perhaps into one, perhaps into a limited number of those rather than starting

us again at nine, sixteen, however many different plans plus whatever plan we come up with now, I just want to make a real plea to have fewer pathways so that it will be less confusing for everyone, not just our PSLF borrowers but our borrowers at every level. Thank you.

MS. JEFFRIES: Thank you, Rachelle. Michaela?

MS. MARTIN: Yeah, this is insanely complicated. And every time I feel like I start to understand, it's like, oof, right, so if you don't re-enroll, then you can't just automatically go in an IDR. I just was on Persis' website and that's the, our advisors who have been super helpful in asking me questions. Then you have to either consolidate, but if you've already done that, you can't do that, then you have to make nine payments, to be able, nine payments to be able to qualify for a zero payment if you fall within that. And that is just another thing that I just really want to highlight, seems like counterintuitive to go through two different programs to be able to qualify for a zero payment because you can't afford, but you can't afford the payments to be able to afford not having a payment. Like I can't, I can't even explain that in a way that seems linear at all. So just a consideration when you're drafting those.

MS. JEFFRIES: Thank you Michaela. Persis?

MS. YU: So, I 100% agree that the system is just not navigable by the average borrower at this point. And I

think that one of the things we need to work towards is making this easier for borrowers. So, I'd like to emphasize, I prefer the talking about ease, rather than simplicity, because I think it's partially about the programs, but it's also about the implementation of the programs. And it's the servicers who are, who are being paid to walk borrowers through the programs and making sure that they are doing so in a way that is actually adequately discussed, you know, taking into consideration borrowers' circumstances. I think the plans are understandable by professionals who are then hired to help borrowers navigate the system. And one of the reasons why I resist the call, I mean, I guess what's important, more important to me is that we keep protections than we only have one plan. So, for example, there's currently only one plan that Parent Plus borrowers are able to consolidate and get into. And we have to be able to have an option for Parent Plus borrowers. Similarly, you know, there are some plans that are based upon if you're married, require both spouses' income, regardless of tax filing status, whereas other plans don't. And, you know, there has to be an outlet. This is a, this came up re: repayment and negotiated rulemaking, there has to be an outlet for borrowers to not include their spouse's income. This is an important issue in the domestic violence community. For a lot of low-income folks who, whose spouses may not be reliant, have reliable sources of income, it's very important for folks to be able to have that outlet in

order to separate their income. And so, I think one of the reasons why we have so many plans is because they offer different things. And so, what I want, so I would love for us to have one plan that does all the things, but we need to make sure that the thing that is more important is keeping the protections for borrowers, than, than reducing the number of plans. So, I would like to, as to hold both of those ideas, and then realize that we have people who are paying lots of money to walk borrowers through and hold them accountable for making sure that they are doing so adequately.

MS. JEFFRIES: Thanks, Persis. Dixie?

MS. SAMANIEGO: Yeah, I really want to echo Michaela's point. I don't know if anyone has noticed, I am having trouble understanding everything. And while I appreciate all the information, it's information overload for me. And so, it's just so confusing. And I just know that so many students, especially like students (inaudible) last year, trying to figure it out, right? I even talked to my advisor, and she was like, yeah, my senior year of college, my last year of college, you know, my advisor in student government was like, hey, you need to figure this out, you need to get on a phone call, you figure it out. And she was like, I literally put my entire life, into trust with someone on the phone, to figure out a plan for me. And she was like, and we all know how that ended out. And she stopped paying for like the next 15 years, large amounts of

money. And so, for me, I'm trying to understand everything, and trying to figure it out while I'm here. And so, if I can't figure it out, and I'm here at the table, trying to advocate for other folks, folks who aren't here and actually have to enroll in this plan, I don't understand it either. And so, I feel like, there's just so much frustration that I'm feeling. But I think the question that I have, at least for the Department of Education is, are there any talks at the very least, or plans for automation -- like making this just easier? Like, besides this language, right? Are there talks that happened before this? Because this isn't even like this rule is not going to come out until a year later. And so, by that point, you're missing millions of people having to make hundreds of payments within that time frame. And so, I would just like some, I guess, reassurance that the Department of Education is doing something in the meantime, that I don't know, it's just frustrating. But I would like some reassurance that at least the Department of Education, is doing their job and trying to fix this and not just relying solely on this conversation here. Because this rule is not going to come out until a year later. And that's just, it's not timely enough, obviously. So, I'd like some reassurance at least.

MS. JEFFRIES: I think Brian may have a response for you.

MR. SIEGEL: Yeah, and just, the department

is working closely with the IRS to implement a law passed by Congress to allow us more access to IRS data, and to allow us to use it for more purposes. When people talk about automating things, it is important to remember, we can't just say we want x data from you, from the agency that has it. The agency, whether it's federal or state, collects it for a certain reason, and is limited by law to generally use it for those reasons. That's in order to protect privacy of people who use those programs. Similarly, we can't just say, well, we're going to share our data with, with other agencies for the same reason. Plus, in situations like unemployment or certain income support programs, that data is maintained on the state level and is totally under state control and it would be exceedingly difficult for us to have legal authority to access that information and to use it for our purposes. That may be something that Congress would want to take up more broadly the next time they look at our programs. But there's, the department can't go out and get the data and use it for our purposes without statutory changes. As I said, we are working closely with IRS and hope to make more, more movement in getting that process up and running as soon as we can. It's been complicated because of complicated systems and complicated issues, including privacy issues for the borrowers. But we are moving and hope to have that done soon.

MS. JEFFRIES: Thank you, Brian. There are a couple of questions that went into the chat, that you might want

to take a look at. It is 12:01 P.M. in your scheduled lunch break. So, the plan will be to resume here at one o'clock promptly. And we will pick up with question number eight and nine. Josh, you had a question?

MR. ROVENGER: Yeah, thanks, and I'll be quick, I appreciate, appreciate everyone's patience. I just have a proposal with respect to the agenda for the afternoon. So false certification and issue number 11 is deeply important to my client base. And so, this proposal isn't to suggest otherwise. But the issues and the population implicated in issue 12 is often one that's left to the end of discussions like these, if discussed at all. And so given that, given that the existence of the subcommittee may also speed the conversation up a little bit, I would propose swapping issue 11 and 12 in our discussion, so that everyone can be fully heard without feeling rushed on issue 12.

MR. SANDERS: Thank you for that Josh. According to the protocols and facilitators do set the agenda in consultation with the members. So, at this point, I think what I'd like to do is to see by consensus where the committee lies on this, and then we can pick back up after lunch, okay? So, by quick thumbs, could I see your vote or your, yeah, your thumbs on swapping these agenda items, recognizing you do need to get through all of them?

MS. MARTIN: I'd like to note that this is

the first full consensus we've ever had.

MS. JEFFRIES: I know, I don't see any objections. So, the FMCS team will address that when we come back from lunch. It is 12:03, we will see you promptly at 1 P.M.

Appendix

**Department of Education, Office of Postsecondary Education
Zoom Chat Transcript
Affordability and Student Loans Committee - Session 1, Day 5,
Morning, October 8, 2021**

DISCLAIMER:

Note: The following is the output of transcribing from a recording. Although the transcription is largely accurate; in some cases, it is incomplete or inaccurate due to inaudible passages or transcription errors. It is posted as an aid to understanding the proceedings at the meeting, but should not be treated as an authoritative record.

From Heather - PSLF Advisor to Everyone:

Good morning

From Marjorie (P), 4 Yr. Public Institutions
(she/her) to Everyone:

Good morning and happy Friday!

From John Whitelaw (A-Disability) (he/his) to Everyone:

John is in for Bethany today (Disability)

From Jessica Barry to Everyone:

Good morning!

From Christina (A) 2-Year Public she/her to Everyone:

good morning!

From Noelia, Minority Serving Inst. (A) to Everyone:

Good morning!

From Alyssa (A) Fin Aid Administrators to Everyone:

I'll be in for Daniel until he gets here today.

From Brady - FMCS to Everyone:

broberts@fmcs.gov

From Dr. McTier (P) Priv. & Non-Profit to Everyone:

I will be subbing in for Misty for today representing the Priv. & Non-Profit

From Jaye FFEL agencies P to Everyone:

Data Request: Can the department please provide the potential/pending non-ED owned FFEL volume of BD discharges? Thank you.

From Brady - FMCS to Everyone:

Don't forget about naming conventions!

From Persis Yu, (P), Legal Aid (she/her) to Everyone:

I'm seeing a lot of frozen faces is that just me?

From Will (A) FFEL Agencies/Lenders to Everyone:

am fine here

From Jaye FFEL agencies P to Everyone:

Yes to including Will Shaffner.

From Joe (P); State AGs to Everyone:

I'd like my alternate in my room.

From Raj - Advisor Econ/Higher Ed/Data to Everyone:

Mediators -- FYI, I am ready to present information to inform the IDR discussion, including some preliminary illustrative scenarios on IDR changes in questions 1, 2, and 3, whenever the time is appropriate

From Dixie (P) Dependent Students (ella/she) to Everyone:

bio breaks pleaseeee HAHA

From Jennifer - ED negotiator to Everyone:

<https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=202104&RIN=1894-AA12>

From Daniel Barkowitz to Everyone:

For general interest, adding a research study on the impact of rehabilitation of defaulted loan on students' academic success. <https://www.acct.org/files/ACCT8152%20%28Fault%20Lines%20in%20Borrowing%29v3.pdf> FAULT LINES IN BORROWING: ACADEMIC OUTCOMES OF STUDENTS IN DEFAULT

From Daniel Barkowitz to Everyone:

Studied at Valencia College/

From Daniel Barkowitz to Everyone:

In this example, was the inflation assumption applied to the poverty line?

From Daniel Barkowitz to Everyone:

Thank you! Question answered.

From Heather - PSLF Advisor to Everyone:

And to reiterate, the amount forgiven matters to borrowers insofar as it may be taxed as income

From Daniel Barkowitz to Everyone:

To reiterate, the interest only and impact on forgiveness amount and taxability of forgiven loan balance is the reason I advocate strongly for a reduction of interest rate to 0% during IBR, especially for students who might have a poverty line income protection of 300% or lower.

From Daniel Barkowitz to Everyone:

*remove the word protection.

From Suzanne (state regulators) (A) to Everyone:

It would be helpful to see these calculations assuming no interest capitalization, to see how those pieces fit together...

From Heather - PSLF Advisor to Everyone:

And note that family size is not linked to IRS exemptions, but to the definition of family under H&HS

From David (P) - State hi ed agencies to Everyone:

Thanks to the Department for having the advisors. Super helpful.

From David (P) - State hi ed agencies to Everyone:

+1 to Persis

From Jennifer she/ella, (A) Student Loan Borrowers to Everyone:

+1 Bobby

From Persis Yu, (P), Legal Aid (she/her) to Everyone:

You can have a \$0 payment

From Heather - PSLF Advisor to Everyone:

yes

From Michaela Martin to Everyone:

oh so you definitely default

From Michaela Martin to Everyone:

Sorry that was meant to be private

From Will (A) FFEL Agencies/Lenders to Everyone:

+ Joe with simpler plans

From Marjorie (P), 4 Yr. Public Institutions
(she/her) to Everyone:

+1 Joe

From Rachelle (A) 4 year public to Everyone:

+2000 Simpler and fewer plans.

From Marjorie (P), 4 Yr. Public Institutions
(she/her) to Everyone:

Rachelle will be speaking.

From Bobby (P) Two Year Public Colleges to Everyone:

+1 Christina unhitch pell!

From David (P) - State hi ed agencies to Everyone:

+1 on separating default and Pell eligibility

From David (P) - State hi ed agencies to Everyone:

Is default and Pell eligibility in statute?

From Joe (P); State AGs to Everyone:

Eric, the state AG alternate, will be taking over for our
constituency over lunch.

From Daniel Barkowitz to Everyone:

+10000000 to Rachelle

From Joe (P); State AGs to Everyone:

after lunch, not over lunch

From Rachelle (A) 4 year public to Everyone:

We can switch back Marjorie

From Jeri (P) (she/her), Student Loan Borrowers,
Primary to Everyone:

+1

From Rachelle (A) 4 year public to Everyone:

And the complexity helps bad actors take advantage of
struggling borrowers

From Jeri (P) (she/her), Student Loan Borrowers,
Primary to Everyone:

+1 Persis

From Bobby (P) Two Year Public Colleges to Everyone:

+1 Persis separate marriage income

From Marjorie (P), 4 Yr. Public Institutions
(she/her) to Everyone:

+1 Persis

From Joe (P); State AGs to Everyone:

Agree with Persis that borrowers benefits should not be
sacrificed for the sake of simplicity. Servicers need to do
a better job advising borrowers.

From Jennifer she/ella, (A) Student Loan
Borrowers to Everyone:

+1 Persis

From Daniel Barkowitz to Everyone:

+1 Persis on separate income consideration,. especially as
it impacts PSLF ongoing. Unfortunate that a spouse who
works in public service would be held from having loans
canceled (other than the waiver) due to repayment plan.

From Joe (P); State AGs to Everyone:

Brian, will you drop a cite in the chat for the IRS data sharing law?

From Rachelle (A) 4 year public to Everyone:

Did FUTURE not make those statutory changes?

From Joe (P); State AGs to Everyone:

States would be willing to discuss data sharing if it would help the Department on this issue

From Raj - Advisor Econ/Higher Ed/Data to Everyone:

Just to highlight that a cost of simplicity in the number or complexity of program design is often that it makes it harder to take into account unique and specific needs of some individuals and families. Not opining on whether simplification is needed here, but there is sometimes a tradeoff

From David (P) - State hi ed agencies to Everyone:

+1 to Joe's comment. SHEEO would be happy to help.

From Brian.Siegel to Everyone:

We were asked for a citation to the restrictions on the use of IRS information. Those are in 26 USC 6103.