

DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION
AFFORDABILITY AND STUDENT LOANS COMMITTEE
NEGOTIATED RULEMAKING SESSION 1, DAY 4, AFTERNOON
OCTOBER 7, 2021

On the 7th day of October, 2021, the following meeting was held virtually from 1:00 p.m. to 4:00 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. ROBERTS: Good afternoon, everyone, and welcome back. I hope you enjoyed your lunch break period. We're gonna jump right back into the topic of conversation we were on at the conclusion of the morning session, which is PSLF Subarticle 5.

But before I turn over to Jen, just to briefly reintroduce the topic and solicit questions and comments, I just want to briefly announce that Will is here subbing on behalf of FFEL agencies and we have John representing individuals with disabilities or advocacy services representing them.

So, with that, Jennifer, do you want to briefly reintroduce PSLF Article 5.

MS. HONG: Sure. We -- we already jumped into the discussion, but this - put simply, we're clarifying the definition of full-time employment). And Aaron had some regulatory text that he's going -- there we are. That is the pertinent section that we are already discussing.

MR. ROBERTS: Thank you. And so, we'll pick back up, right, with the folks who have their hands raised when we went off the camera. So, Suzanne, the floor is yours for three minutes.

MS. MARTINDALE: Good. Thank you. So, I'm actually putting on my lecturer hat because I have personal

experience being an adjunct here. So, yeah, I - I concur with - with Jeri that, you know, 2.5 is not going to be enough. I understand that the department is going to want a basis for whatever number you pick.

So, you know, my question would be maybe of the advisors, is there research on average hours worked? You know, they put a prevalence of adjunct instruction, I would think there might be some -- some data out there that we could look to come up with a better number about, you know, how much work goes into teaching a credit hour. So, that would just be a suggestion there.

And then also in terms of how to certify, I have also heard, you know, from myUCAFT colleagues that it can be very difficult to get these things certified. And I do wonder if maybe, you know, since course information is published, is there a way that an instructor could, you know, provide copies of their -- their course offering to demonstrate that they were teaching, just a thought on - for how to -- how to self-certify employment generally.

And then my last point, which is just a small wording thing, would be that I do think that -- I think there are variations depending on institutions about the kinds of terminology used. So, once suggestion would be to use contingent or non-tenured faculty and I can put that in the chat just to -- to -- just to record it. Thank you.

MR. ROBERTS: Great. Most appreciated. And then, Marjorie, you were next. You're still -- no, you're good. Okay. Thank you. And then we'll have Heather.

MS. PERFETTI: Thank you. So, I would just want to reiterate some of Jeri and Suzanne's points as well as the public commenter as it relates to contingent adjunct non-tenured, part time, whatever other names faculty at less than full time status may be referenced. And I think the certification piece is something to think about because many of those faculty are also engaged beyond the classroom with the -- do say what the institution in other ways some of them do engage in committee service. Some of them are providing professional advising services to their institutions, and often, that is beyond the contractual agreement that they may have in terms of providing courses for the institution. So, I certainly think that there are some worthy pieces embedded in all of the comments that have been made so far, and I just wanted to lend to that.

MR. ROBERTS: Thanks, Heather. Bobby, you got three minutes, go ahead.

MR. AYALA: I just wanna perhaps add one more small piece for consideration for graduate students, graduate research assistants, or teaching assistants in STEM fields, a lot of times they -- as they're pursuing a Masters or a PhD they'll fall below halftime status as they are

conducting research for the institution. And though their loans may kick in at that time and if there's space for us to perhaps consider our calculation for those individuals.

MR. ROBERTS: Thanks, Bobby. ED, do you feel you have enough on this to move to temperature check to TA regulatory text?

Yup, I see nodding heads. Okay. So, Aaron, can you briefly unshare the document? Thank you. And then if everyone could all stand by, show of thumbs agreement, can live with strong disagreement. We're just -- we're just getting a read of the room right now. (Inaudible). I am seeing a number of thumbs down.

And per usual -- so I know that folks have had voiced some substantive issues they have with the text that's been proposed, but anyone has succinctly add any new objections if you have not been adequately raised or that are not yet tackled in chat. Dixie, yes?

MS. SAMANIEGO: Yeah. So, I wanted to take the moment to ask Rajif you could pull some research into the workload of adjunct professors and then also seeing how many campuses they have to travel to and if also possible travel times between those because that's also part of the workload that adjunct professors and guest lecturers take on. And so, yes, Suzanne had mentioned it, but I just wanted to reiterate that and also add in just publicly see if Raj could

pull that information for us. I don't feel comfortable without having that section and having that data and research about the workload that adjunct professors and guest lecturers take on.

MR. ROBERTS: Sure. Thank you. Raj, do you have that -- that data prepared? I'm not seeing him in the room right now. So, we might just need to table that and ask data request. We will return to that once -- once we have him.

Jennifer, please.

MS. HONG: I was just gonna say Raj might be tied up right now from making preparations for the IDR remarks.

MR. ROBERTS: Yeah, I know we're gonna call him later for additional presentations, so he might be wrapped up in that. But Daniel, final word on this, but then we were tabling this. I'll make a note of it. And then once we have him back in the room, maybe you can speak to this.

MR. BARKOWITZ: Thank you. Dixie brought up a point that I had not considered until she raised it. The other question is adjunct who were teaching at multiple institutions and whose worked in total brings up full time and then brings up the issue of full time work as one institution versus multiple work that adds up to full time that might in fact all qualify.

So, I just want to echo that as we reconsider this we look at the impact of multiple gig jobs or multiple jobs that all qualified that could, in fact, not be on their own full time, but in total are respected as full time.

MR. ROBERTS: Thank you. And I see Suzanne mentioned that, but if you just want to make an explicit in the chat just for the transcript. And then, Dixie, I see your hand but I also see Raj did just post in chat. Do you want to -- do you want to briefly restate the request to him in case he missed it and then, Raj, feel free to come on camera if you feel prepared to present on this.

MS. SAMANIEGO: Yeah. So, that's exactly what I was gonna do. So, Brady picked up -- you got me. So, I was just gonna ask for Raj if he could pull up any research and data on the workload adjunct professors and guest lecturers take on with the added information about travel times between multiple campuses, guest lecturers and adjunct professors maybe -- because that's all part of their workload and I wasn't comfortable with, you know, having -- with moving on without that data and information, especially as within the CSU, the Cal State University System, which I attend.

We have tons of adjunct professors and guest lecturers, most of which are people of color and people

with tons of student loans -- student loan debt. And so, I really want to take into consideration that data and information point and even specific because most of my professors are adjunct professors. And so, I really want to have data and research on their workload.

MR. ROBERTS: Thanks, Dixie. And just as a reminder for folks who might be listening in, Professor Raj Darolia is an advisor for this committee on behalf of Economic and/or Higher Education Policy Analysis and Higher Education Data. So, Raj, feel free to unmute and the floor is yours.

MR. DAROLIA: Yes. So, actually, for this topic, what would I ask is that you give me sometime to go and search and get this information. So, I think it's a -- it's a great request and certainly one I'm happy to go seek out and find the best information for I don't have it on hand right now, but I'll make a note of it and I'll alert the mediators if I get it tomorrow. If not, we'll do it in advance with the members.

MR. ROBERTS: Great. I appreciate that. And then, Dixie, again, just be very -- put the data request in chat just so we can refer back to that. Thank you.

So, picking right back up, I saw a lot of thumbs down, but any additional comments or addition that we want to be sure to discuss or surface prior to moving on to

issue paper number nine. Alright. Oh, Michaela, please.

MS. MARTIN: Yeah. On here, it says that so full time -- sorry -- for full time, it means working and qualifying employing in one or more jobs. Does that -- does that not -- I just want to make sure that I am not misunderstanding if that made it so that it does allow for that kind of compiling or is there a separate concern that folks are having around that -- that piece of it?

MR. BARKOWITZ: Since I raised it, I'd like to respond. My issue is, yes, Heather pointed that out and I appreciate that in the chat. My particular concern is the issue of adjunct faculty and the fact, again, that, to Dixie's point, with travel time, et cetera, that, you know, there may be additional needs around adjunct faculty and considering multiple employers. That's -- that was my point.

MS. O'BRYAN-LOSEE: And for me -- oh, I'm sorry.

MR. ROBERTS: (Inaudible).

MS. O'BRYAN-LOSEE: And for me, it's the calculation isn't accurate for getting adjuncts credit for PSLF.

MR. ROBERTS: Got it. Thank you, again, everyone for that. And Jennifer, I think we are ready with that issue -- spoken about to move on to issue paper number nine.

MS. HONG: Thank you, Brady. So, this is issue number nine. The issue papers if -- Aaron, if you could pull up issue paper number nine. We do have some proposed regulatory text associated with this issue.

It is with regard to pre-dispute arbitration and class action waivers. To summarize, we found that institutions may use arbitration clauses in their enrolment agreements effectively to discourage students from pursuing complaints. This enables institutions to avoid financial risk associating with its wrongdoing and shift the risk to taxpayers and the federal government through subsequent borrowed defense discharges.

Furthermore, due to these enrollment agreements, borrowers cannot have a day in court because these waivers prevent their ability to participate in lawsuits including class action litigation, further insulating institutions from potential financial risk and wrongdoing.

Finally, there's just an overall lack of transparency surrounding institutions arbitration requirements and limits class actions. And our authority to prohibit these arbitration clauses and class action waivers is in section 454A6 of HEA, which authorizes the secretary to include in a program participation agreement, quote, "provisions that the secretary determines are necessary to

protect the interest of the United States and to promote the purposes of the Direct Loan Program."

Again, similar history with many of the rules we're negotiating. We added a prohibition on these agreements and waivers in 2016. But in 2019, we rescinded those provisions. And so, now, we're proposing to prohibit direct loan participating institutions from using certain contractual provisions regarding to the state resolution processes and to require notifications and disclosures by institutions regarding their use of arbitration.

So, we're propose -- so, we're propose -- first, we're proposing to restore the prohibitions that were in place in 2016, again, to prohibit institutions from obtaining through the use of contractual provisions or other agreements, a pre-dispute agreement for arbitration to resolve complaints brought by a borrower against the institution that could possibly form the basis of the borrower defense claim. So, that's one prohibition.

Secondly, we're going to be proposing restoring a prohibition for institutions to obtain an agreement to waive a borrower's right to initiate or participate in a class action lawsuit regarding such claims.

And thirdly, we propose to require institutions to notify the department and to disclose to students the institution's use of arbitration and to provide

judicial and arbitrary records to the department, which will be shared with the public.

And the proposed regulatory text is at largely what we used in 2016 when we first prohibited this -- this exercise.

MR. ROBERTS: Alright. We will jump right in. First up, we have Josh, who is speaking on behalf of legal aid organizations. Josh, the floor is yours.

MR. ROVENGER: And so, I'll start off by saying that the Legal Aid community appreciates the restoration of this provision. It is essential to keep the court house door open to borrowers. And like Michelle (phonetic) on Tuesday, one public comment, said that the degree she had was, quote, "not worth the paper printed on." And then we think these regulations are step in that direction.

With that said, there are three specific ways where we don't think these proposed regulations go far enough. First is with respect to the requirement to provide arbitration and judicial records to the department. What we found in practice is that schools dispute what constitutes a borrower's defense claim as to trigger that requirement.

And so, rather than defining borrower defense with respect to this provision, with respect to the borrower defense regulation, we would suggest that the

department just more broadly define the borrower defense claim as any claim alleging unlawful act or mission by the school. That way the department and the public have access to when schools are trying to compel arbitration.

Second, I don't think the proposed language goes far enough when it comes to enforcement. We'd like to see some sort of automatic trigger or automatic language requiring enforcement of these provisions if a school violates them. What we found with respect to the 2016 regs is that schools included languages in their contract that did not mirror the regulatory language and instead tied their obligation to whatever regulation was in effect at the time. And so, we think it's particularly important that these regulations compel the department to enforce them.

And then the final area of our -- I think that the regulations could potentially go further and where we'll be interesting hearing, whether the department has explored this, is with respect to other lenders or other situations that have become more common place in post-secondary education.

So, for instance, we would be interested in seeing this proposal extended to private lenders that an institution essentially forces a borrower to borrow from or to cover things like income shared agreements, which are becoming increasingly more utilized.

So, with those three changes and this could be a really strong and meaningful regulation. And as I started it, we do appreciate it, the restoration (inaudible).

MR. TONCHI: Fifteen seconds.

MR. ROBERTS: Thanks, Josh. Jessica?

MS. BARRY: Sure. Thank you. Proprietary institutions respectfully disagree with the department on this solution. We want to stress upfront that transparency and taking the time to educate the student is clearly crucial. We don't want that to be a lost.

And when done correctly, arbitration is often more efficient and less adversarial means of dispute resolution than time consuming and expensive litigation that may result in borrowers waiting years to obtain a fair hearing and any relief.

Arbitration may also allow borrowers to get greater relief than they would in a consumer class action case and federal policy favors arbitration with disclosures on admissions webpages in the admission section of the catalogue, discussion during the enrollment process and published clearly defined steps to file an arbitration claim, students, can make informed decisions about enrolling at an institution that requires pre-dispute mandatory arbitration agreements and class action waivers versus those who do not.

And also even if a borrower signs an

agreement for pre-dispute arbitration, the borrower has access to the department's borrower defense process. The borrower may file it -- a borrower defense application before the arbitration begins, during the arbitration, or after the arbitration as long as the borrower, otherwise, meets the requirements before submitting a BD application.

Borrowers also have access to other complaint systems, including FSA feedback complaint system and the VA principles of excellence complaints system. They are always available to them regardless of the school's use of arbitration agreements.

Proprietary institutions' goals are much like the department's goals for the regulations we are negotiating. Schools want to offer a more efficient and effective process for those students and institutions.

MR. ROBERTS: Thank you, Jessica. I'm just gonna read out the folks that are in line right now. We have Josh, Justin, Jeri, David and Joe. We'll start with you, Josh.

MR. ROVENGER: Thanks. I feel a lot of hands behind me. So, I'm just gonna focus on this idea that arbitrations are more efficient means for students to get released. It's more efficient because students don't have access to discovery in arbitration and so aren't getting the records that the school has that the student needs to pursue

their relief.

It's more efficient because precedent doesn't usually matter in arbitration, so students don't have to spend the time with their lawyers finding the right case in the right jurisdiction to make sure that their claims are actually adjudicated under the proper law.

It's more efficient because a student generally doesn't have a right to appeal an arbitration unlike the court system where there is nearby (phonetic) upper bodies. There's no such right in arbitration.

It's more efficient because we are dealing with an arbitrator who wants repeat business and across industries typically favors industry rather than consumers.

The idea -- it's more efficient because borrowers don't even know that a pre-dispute arbitration clause is included in their contract. One study found that in 2015 less than 9% of survey -- surveyed consumers understood that an arbitration clause was include in their contract and what impact that would have on their ability to go to court.

Finally, it's more efficient because the students and consumers were not only -- they don't generally bring arbitrations because it's not friendly to consumers, because it's difficult to navigate and because sometimes the relief is so minimal that the only way to actually get relieved is through a class action in court.

For instance, a 2019 study found that while there are 825 million consumer -- arbitration clauses and consumer agreements, there are about 7,000 arbitrations per year.

So, this idea that it's more efficient to go the arbitration right of our students that -- that in any way protects students is simply false.

MR. ROBERTS: Justin?

MR. HAUSCHILD: Thank you so much. I just want to say that we appreciate the department's proposal here to restore this prohibition. But quite simply, we don't think that students should be forced to bargain away their day in court.

I know there was some discussion of other complaint systems that exist. For instance, I think, there was specific reference to VA complaints system or the GI-Bill feedback tool. That is true that that system exists, but there's no substitute for the legal process that should be available to students.

So, I'll leave it there for now. Thank you.

MR. ROBERTS: Thanks, Justin. I'm seeing Jennifer's hand as well.

MS. HONG: I just wanted to be sure, Josh, if you -- if you have any proposal language on the first three points that you made, you can drop those in the chat

that would be great.

MR. ROVENGER: Sure. So, we don't have any, but I'll prepare some and circulate it later on.

MS. HONG: Thank you.

MR. ROBERTS: Alright. Jeri, I believe, you're up.

MS. O'BRYAN-LOSEE: I'm gonna remember to put my hand down this time. Okay. I'm a first generation student. I would walk into the admissions office so pleased that I could go to college. I would sign away body parts. I think I've made that clear.

I would sign stuff I don't even remotely understand to be able to attend college. And I think the process that was described does not protect me at all as a student because I don't know. I don't have the -- and I don't have the means to know unless I stumble upon or stumble in to a legal aid officer and it sounds like I would be giving away more than -- more than I got, and I would just be walking away. It's too much paperwork. It's too frustrating. Like apparently, I must be the idiot because I didn't understand what it meant to be an arbitrator if all of a sudden my school closed. I just think this has -- I'm so happy this is going back in because I think that anything less than that is just a detriment to students.

You know, we talked yesterday about

webpages that may not be updated. We talked about, you know, all these means that students don't pay attention to the paperwork they get. But we can't have it both ways. And I just think that -- that without this clause, it's a pure detriment to any first generation student, anyone who -- who doesn't have somebody guiding them through a process.

MR. ROBERTS: Thanks, Jeri. David, you're recognized.

MR. BARKOWITZ: Yeah. SHEEO strongly supports this proposal. Our members are in the position of trying to advance the public interest and the public good and students success and this is critical to it.

I -- personally, I see the, or one of the, primary roles for agencies like the U.S. Department of Ed and the regulatory powers as being to address existing inequalities within the systems that they regulate to correct for structural problems and to address bad actors. We don't make policy on the best case scenario. The best case scenario is great. We make policy to address where problems exist, where structural things keep back certain groups of people and students.

I really appreciated Jeri's comments. I was in a similar position where -- and so many, probably the majority of underrepresented students, students of color, minoritized students, and many others are in the same

position where they have no idea what arbitration is. They didn't read it. They're just damn happy to be there. And yet, in so many cases, they get screwed. And then to not have a legitimate path for recourse just compounds that. It perpetuates the inequalities.

And that's exactly what we're supposed to be preventing, making policy on the best case scenario, perpetuates inequality. We can't do that here.

MR. ROBERTS: Thanks, David. Brian, I see you popped up. Did you have a response to a previous comment?

MR. SIEGEL: No.

MR. ROBERTS: Oh, okay. Sorry about that. Then we move on to Joe.

MR. SANDERS: Hi. Thanks for recognizing me. First off, I want to say that we support bringing back, this ban on pre-dispute arbitration clauses. As somebody who helps to run one of the complaint systems that Jessica mentioned, I can say that although we do our best to mediate consumer complaints we receive against proprietary schools, we are not a substitute for the legal process that we believe students are due..

I can also say that the volume of complaints that I receive against for-profit schools are far more than my office has the resources to prosecute. And we are helped when students can't help themselves, when students

can enforce their own legal claims, it brings accountability to the sector, and helps to promote a fair marketplaces which is in line with the goals of state attorneys general.

I want to address the specific question that Josh raised and that's on the issue of enforcement. And I think -- and this may be slightly off -- off base, but I think what Josh is saying is that there could arise situations where the school doesn't quit the provisions or amend their agreements as they're required to do here.

And I've spoken with private counsel regarding the 2016 provisions. And one of the problems that came up was the ability for the student to bring an action without that action being dismissed by the court where the amendment hadn't been made. And in particular it erodes I believe -- and Brian may be able to illuminate this a little more -- but I believe that these are included as part of this school's program participation agreement. And to the extent that the school is either no longer participating in Title IV or -- the example I'm thinking of is a school that has announced that it's going to close and students bring claims against that school.

Is there a way -- to structure this I don't know if there is -- where the students would be able to not have the (inaudible) department enforce that provision, right? So the department doesn't have to say, no school, you

can comply with your program participation agreement that the borrower can go to the court in a very clear and efficient manner, say, I have the right to bring this case, you should deny the motion to dismiss.

MR. ROBERTS: Thanks, Joe. I appreciate your comments. John?

MR. WHITELOW: Thank you. Just very briefly. Defendants always want arbitration. I think it's important to note the -- you know, the comments of the -- Jessica on behalf of the proprietary institutions in that light, nursing homes, credit cards. Pushing for arbitration is and has been long a goal of defendants.

We know that arbitration is better for institutions. It is not better for students. And let's not be mistaken about what's at stake here. This is about a balance of power and we fully support the department's decision here to revert to the 2016 provision subject to the expansion or the caveat made by Josh. Thank you.

MR. ROBERTS: Thanks, John and everyone in chat who's agreeing and additional comments. Heather, please.

MS. PERFETTI: Thank you. And this is I think more of a question for Jennifer than anything. In some of the narrative under solution there are references to contacting accrediting agencies and I'd like to hear more, if you can provide it, on the role of the accreditor and the

expectations of the accreditor under the provisions here.

MR. ROBERTS: Any immediate reaction from ED on this?

MS. HONG: Just reaffirming those lines of communications throughout the whole BD process, I will be in touch close (inaudible) school issues and with the state as well, or state regulators (inaudible).

MS. PERFETTI: If I could follow up with a question. It does indicate that there could be no requirement for students to engage in internal dispute processes at the institution before contacting the accrediting agency.

So, I'm just trying to get clarification around process and expectation for the institution for students and the accreditor in the event that the student is having an issue that they are trying to move forward in various directions.

MS. HONG: So, I mean, I guess the expectation is always the same. It's something more than what we would expect of the accreditor and that is to conduct its quality oversight over the institution to ensure that, you know, the student is receiving quality education. It's not that the accrediting agency reflects that in its evaluation of the institution as appropriate.

We want to be there for, you know, to ensure that we're enforcing our regulations and that the

accreditor is enforcing its standards all for the benefit of students and borrowers. I see a hand -- I see (inaudible).

MR. ROBERTS: Yeah, please. Yeah, Heather?

MS. PERFETTI: So, I think that there's no question that we share that mutual interest. I guess I was getting at more procedurally. Students come to accreditors with either complaints or what we call third party comments when an institution is undergoing evaluation.

So, I was trying to get at whether accreditors can require students to try to process those complaints through the internal process available at the institution provided they are still current students prior to contacting an accrediting agency for resolution or is this prohibiting that kind of first attempt at resolution with the institution?

MS. HONG: I don't think so. But I -- I would think that should the -- should something like this come to the accreditors' attention, they would -- it would follow through. I mean it is clearly a quality issue. So, I think -- I think both are true, both the -- if -- if the borrower, if the student is unable to get recourse from the institution, I'm assuming that's why they're reaching out to the accreditor.

And so, I just wouldn't want to see a student be stuck in this loop where, you know, the

institution -- they're not getting what they need from the institution, the accreditors telling them to go to the institution. I think there are steps that we all can make with oversight entities to just to kind of ensure that, you know, our I's are dotted and T's are crossed.

So, no, it would depend on the particular case and the language itself is not restricted.

MR. ROBERTS: So, Heather, let's get an immediate response. I see David's and Jeri's hands are up. So, not seeing any signs from you. David, go ahead.

MR. TANDBERG: Yeah. I would say that, you know, it could be similar questions with the state agencies, right, all of which have their own on complaint process for students and processes for hearing, evaluating the claims.

I don't have the data. And so, this is just based on anecdote that the majority do ask whether and to what extent the student has pursued appropriate internal institutional processes for resolution. I think that's important, but yet the agency, whether it be the state, the department -- the U.S. Department of Ed or the accrediting agency. I share the concern about that, just a loop of bouncing students from one place to the other without a legitimate path to resolution, which could be within all three, right?

The state systems are not dependent on a

resolution or the decision of the U.S. Department of Ed. They're processed independent and weighed on the merits of the claim. Just -- and so, that would need to continue.

I did not see language -- the language within this -- this proposed language something that caused me to be concerned that that would be changed. But Heather, if you did, I would -- I would definitely want to talk with you and make sure that the language is tight both for accrediting agencies and state agencies.

I think this is another example. At some point, we really do need to improve the communication among the three members of the triad -- like how many times have we heard that in our careers? Maybe it's actually time to do something about it.

MR. ROBERTS: Thanks, David. And just really briefly, Jeri, before I give the floor over to you. I just want to recognize that Bethany is back at the table representing individuals with disabilities or groups representing them. Jeri, please.

MS. O'BRYAN-LOSEE: Okay. So, maybe leading off from the communication piece. A student in a bad situation is not gonna understand what an accreditor is. They're not going to have that knowledge. You know, these are, you know, folks, especially if they no one helping them. These are people who had to raise their hand to ask to go to

the bathroom two months before they're enrolling.

It's -- they don't have that -- you know, there is no way I would have known to go to an accreditor or what that even meant. So, I just want to make sure that when we talk about communication we talk a -- we talk in a way that we're reaching back to the population that we're talking about and working with and ways to communicate with those populations.

MR. ROBERTS: Thanks, Jeri. So, at this point, I'm not seeing any hands up. Jennifer, do you feel that the department has enough to move to temperature check for tentative agreement on this regulatory text?

MS. HONG: Yes, I think so. I think folks said that they were gonna add things to the chat.

MR. ROBERTS: Yeah. And thank you, everyone, for doing that. This is really helpful.

So, if we are ready, if I can just see a quick show of thumbs. So, Josh -- Josh, Justin, and Jessica, I'm seeing your thumbs down. Anything to add other than what's been noted. David, please?

MR. TANBERG: I don't mean to jump. Let -- let them go first then I'll -- I'll clean up.

MR. ROVENGER: I think -- sorry -- no. I think this is true throughout -- a lot of the discussions we've been having. Simply going back to 2016 is just not

enough to meet the moment right now and it isn't enough to fill -- fulfill the commitments of the president and the secretary.

And so, until the kind of additional issues that we've discussed are resolved, I'm not comfortable signing on.

MR. ROBERTS: Thanks, Josh. We'll go to Justin, Jessica and then David.

MR. HAUSCHILD: Thanks, Brady. I -- I think this is along the lines of what Josh is saying. But if this wasn't brought up, I feel like we didn't hit on the definition of borrower defense. We really feel like that needs to be addressed here. There are -- there's a court decision of the 11th Circuit. The Court of Appeals that's specifically refers to this as a, quote, "poorly written federal -- federal regulation with regard to this definition."

So, I mean, I think we need to look back and that whole host of other things that have already been raised. Thank you.

MR. ROBERTS: Thanks, Justin. Jessica, anything to add?

MS. BARRY: Yes, sure. Just that I think you know why I voted it down for the reasons that I stated. We are open to making changes to the rules, but we're not open

to effectively banning use of arbitration for schools.

MR. ROBERTS: Thanks, Jessica. David?

MR. TANDBERG: You know, this temperature check votes are really difficult because there's so much nuance and going on. I mean I did a sideways because it's such a great step in the right direction, but I just want to say that we're supportive of the amendments that have been -- or the idea around the amendments that have been offered by Josh and Justin and really excited to see those be considered. And so, yeah, absolutely there.

One point of clarification and it's wonderful we have so many attorneys at the table and they can help me with this stuff. Does it affectively re-ban arbitration? Is arbitration banned by this or is it an option for the students?

MS. HONG: This --

MR. TANDBERG: Go ahead, Jennifer.

MS. HONG: Thank you. I was just gonna clarify that point for Jessica because this -- this provision is not banning the use of arbitration. It's banning -- it's prohibiting requiring students to go through arbitration and requiring disclosures if you -- if institutions use arbitration.

MS. BARRY: Thank you for making that clear. I understood and I think miscommunicated this. So, I

appreciate it.

MR. ROBERTS: Thank you, everyone. I appreciate that dialogue. So, I guess, Aaron and Jennifer, you are ready. We are ready to move on to issue paper number 10, correct?

MS. HONG: That's right, income-driven repayment. Brady, I just wanted to check in with Raj. We have asked Raj to prepare some items-- I just want to make sure that he's -- he's ready to go. I'll still provide the background with you.

MR. DAROLIA: Yes. So, I can certainly present the two documents that I sent you this morning, just to provide some background on poverty guidelines and how we might think of that in IDR plans. My plan will be to present more tomorrow with some other -- maybe numerical simulations and some more background (inaudible) ready to go now.

MS. MACK: Just for the committee's benefit, two documents were just sent to your e-mails that Raj might reference during this discussion.

MR. ROBERTS: Thanks. Whenever you're ready, Raj, you have the floor.

MR. DAROLIA: Okay. Thanks. Let me just pull those documents up so that I can show them.

MS. HONG: Actually, if it -- I think it might be better if I provide the background on that -- on the

IDR and then have -- give the mic over to Raj. Brady, I'm sorry --

MR. ROBERTS: No, no, no. I mean, yeah, that works for me.

MS. HONG: Does that work? Okay. So, just moving into our IDR discussion, some background, as you know, borrowers increasingly rely on income-driven repayment plans to navigate their student loan repayments. These are plans in which the borrower's monthly payment is set based upon their income and any remaining balances are forgiven after certain number of years.

We have several of these payment plans. Two versions of income-based repayment are spelled on statute. Others, such as income contingent repayment, such as Pay As You Earn and Revised Pay As You Earn stem from authority as outlined under Section 455 of HEA.

Just to clarify, these plans are only available on direct loans held by borrowers. We believe the IDR is crucial -- is a crucial payment option, but we have identified some challenges with these plans that we'd like to discuss further with this committee.

The first one which we hope, Raj can shed some light on tomorrow in his remarks tomorrow, is that most IDR plans offer payment equal to 10% to 15% of the borrowers' discretionary income, which is defined as their income above

150% of poverty line -- poverty line based upon household size.

While this formula results in lower payments for borrowers, we found that many lower income borrowers were still not able to afford these amounts. And Raj can speak to the poverty line based upon household size today.

Another issue is that while IDR plans reduced monthly payments for borrowers who pay less than the rate of accumulating interest, they see their balances grow and sometimes significantly, and that can be very discouraging to borrowers.

Also, existing IDR plans offer forgiveness after 20 to 25 years. Again, this may benefit those with higher balances but may be too long for those who have low loan amounts or have low -- low income for long periods of time.

So, we're concerned about lower income borrowers and borrowers with lower balances. We want to reach those borrowers because we find that they often end up delinquent or just -- or default on their loans. These suggest that these plans are not doing enough for this category of borrowers.

The various IDR plans have differing terms and differing benefits, depending on your individual

situation, further complicating how a borrower may choose among them.

So, based on all those concerns, the department is interested in creating new IDR plan using the ICR authority that addresses those challenges I just described. We are interested in feedback from the committee on those issues and have crafted discussion questions toward that end. I know Raj has already begun some work by providing us with information on poverty guidelines and how they intersect with IDR plans.

And we're gonna advance this discussion further tomorrow. And just to help us with the discussion, I'll just read the first two questions out loud and then I'll hand it over to Raj for discussion.

Okay. Give me one second. Okay. So, question number one is, there have been proposals to lower the percentage of income that must be paid for undergraduate borrowers. Should the department reduce payments to 5% of discretionary income? If so, which types of borrowers should be eligible for payment set at 5%? Should the % of income devoted to student loan payment rise as income increases? And then does exempting income up to 150% of the federal poverty level based upon family size protect enough income borrowers, particularly low and middle income ones? If not, what is the appropriate level to protect sufficient income?

And at this point, I'll hand it over to Raj.

MR. DAROLIA: Thanks, Jennifer. Let me go ahead and share my screen. So, this first is the poverty guidelines 2021 document. You should have received it in your email.

So, I thought it would be helpful to first just get an understanding of what poverty guidelines are and how they're used in some of our federal programs. They're currently used in the IDR programs in various ways and it's common that eligibility and other federal programs also depend on individuals or household's income relative to the poverty guidelines.

So, these are from HHS, the U.S. Department of Health and Human Services. These are published every year. What I'm showing you here today is -- are the poverty guidelines for what we call the 40 contiguous states and the District of Columbia. So, Alaska and Hawaii are going to have their own separate guidelines, but this will give -- an illustrative example for most of the -- most of the states in the country.

Now, one thing I just wanna make sure people know is that poverty guidelines are a little bit different than what we call poverty thresholds. I know this seems like it's parsing language somewhat. But poverty

thresholds are what we use and is produced by the census bureau typically to say is somebody in what we consider poverty baseline income, okay?

The poverty guidelines are distributed by HHS and these are used as a benchmark for eligibility, okay? So, we're gonna -- sometimes you have to switch a little bit between these because if we say something like, what is the share of a certain group that is in poverty, that's actually relative to the poverty threshold; whereas, if we say somebody eligible for a program or in this case there are certain amount of income that's protected, we're gonna be using the poverty guidelines.

They're slightly different. They're largely very close to each other in a lot of cases. But I do want to point that out just in case anybody has any confusion about that, and again, I'm happy to talk about that in more details.

So, how would you think about the poverty guidelines? Again, often in federal programs, these are used for eligibility for that program, so some pretty popular ones are Medicaid, the Supplemental Nutrition Assistance Program or SNAP, and for those, effectively, if the individual or household has an income lower than the poverty guideline, some of these, it's 100% or 150%, then they would be eligible for that program.

So, the Department of Education program called TRIO, for those of you who are familiar with that, students can typically qualify for that as their income levels are less than 150% of the poverty line.

But for IDR, it's a little bit different. So, currently, the IDR plans, for example, we calculate what's called discretionary income using these poverty guidelines. And in this case, for the IDR plans, 150% of the -- of -- of the poverty guideline. So, let me give numeric example and I will spend a little more time tomorrow. I just didn't have the time today to kind of write this all out on the slide, but I'll do this more numerically tomorrow with everybody.

Let's say a borrower makes \$25,000 a year and they are just a single household. So, that would be 150% of the poverty guideline for a single household member, it would be \$19,320 (inaudible). Actually, wrong, so I'm really gonna get Professor-y for you here.. So, this \$19,320 would be the relevant poverty guidelines for that borrower. That means that effectively that first \$19,320 that that individual makes would be what would call protected from their discretionary income. So, the discretionary income would be the income above and beyond that \$19,320. So, again, if somebody made \$25,000 a year, we would subtract \$19,320 from \$25,000. If I do the math right, it's about \$5,600,

\$5,700. And so, that would be the discretionary income of which borrowers would pay a portion of in these IDR plans.

Now, one of the proposals might be changing, for example, the poverty guideline. So, if it was changed to something like 200%, then the poverty guideline would be \$25,760. In this case, for our borrower who made \$25,000 a year, again, we'll just -- we would subtract that, effectively they wouldn't have discretionary income, right? It would actually be a negative number, but effectively they wouldn't have discretionary income, okay?

So, I'll go into this again in more detail tomorrow and I'll try to provide some numerical examples. But all else equal, one of the things to think about with pulling any of the levers on some of these things, whether it's poverty guidelines or the % of income that is paid out in some of these plans is that all else equal, and I know there's a lot things -- these things are a lot interconnected, if you have a higher income protection, so a larger portion of the poverty guideline is covered, then you would expect that borrower to have a lower payment on a monthly basis and also possibly a larger amount forgiven at the end of the term. Again, there's a lot of kind of other considerations, but all else that's what we'd expect.

Now, the trade off often with this is the longer number of repayment periods can mean that all else

equal that debtor can pay more interest over the life of their loan, right? So, this is -- this is a trade off between how much somebody has to pay on a monthly basis versus how much they pay overall over the life of the loan.

The other thing which is consideration, which I'm not sure is discussed -- is gonna be discussed in these sessions is the tax liability on the forgiven balance, right? So, on the one hand, forgiving a larger amount of loan might be better for the debtor because that's the amount that they might not pay, right? But if there's a tax liability on that -- by that, I mean if they have to pay taxes in the years -- in the year in which this outstanding balance is forgiven, then that would be higher all else equal if they have a higher balance at that time.

So, I wanted to provide this background, you know, leading into our discussion tomorrow about thinking about poverty guidelines. I think it's helpful often to think about this or -- or to have a figure like this in front of me so I can kind of think about, you know, just the dollar amounts relevant for this. These are updated annually. And what I've put here is both the annual amounts and then also the monthly amounts it's effectively just the annual amounts divided by 12, again, for different household size, in this case, one to eight. The schedules actually go out to larger household sizes. It can also, you know -- there's also some

scenarios, you know, 125% or 50% of the poverty guidelines and that's available in the link -- that's in the notes in this document, and I can also put that in the chat if it will be helpful.

So, that's poverty guidelines. Are there any questions about that one? I can't see everybody with my shared screen, so.

MR. ROBERTS: There are some folks who added thoughts to the chat. I welcome them to voice them or if there's any new comments or questions, please feel free to chime in.

MR. BARKOWITZ: So, Raj, you mentioned and -- Persis answered this in part in the chat, you answered the liability question, tax liability. I presume that tax liability for forgiven principal on a student loan not necessarily forgiven interest. So, if interest is forgiven, it's not been added to principal, is there current tax liability for that portion?

MR. DAROLIA: I'm gonna allow one of the lawyers or legal folks on this to answer that, if they're able to.

MS. HONG: So Persis is right. That -- I believe it's their 20 -- yeah, 2025 and that was provided through -- Brian, correct me if I'm wrong, through the appropriations act?

MR. SIEGEL: Yes, through the appropriations act passed in December. Discharged amounts are not taxable until, I think, it's 2025.

MR. BARKOWITZ: Thank you.

MR. ROBERTS: I'm seeing Christina and Dixie's hand up. Christina

MS. CHRISTINA: I -- well, I'm an alternate, so I don't want to speak without permission. But I did -- I did want to explain my comment. I just -- I'm looking at this from two ways. So, there's -- there's the flat percentage rate that you're applying to all borrowers which has the problem of being essentially regressive on lower income earners because there's -- as we know in financial aid, there's a protected income or there's a presumed amount you need, you know, to meet your basic expenses and then have people with higher income, of course, have more discretionary income. So, the impact of a flat percentage rate is less even though dollar amount, the -- you know, the low income family is paying less, it's still a greater proportion of their -- of their discretionary income because they simply don't have it.

So, that's how I'm thinking about that. But then the fix, of course, that you're providing is to go to a tiered percentage rate, right, to bring down the percentage rate for the lower income and that -- and while I support

that in theory, I'm -- I'm worried about the cliff it creates for those -- and the disincentive to be a higher wage earner so that -- so -- for those that would cross over into the higher rate. And I don't know if that's been addressed in the chart or not. That -- that's my contribution.

MR. ROBERTS: Thanks, Christina Dixie?

MS. SAMANIEGO: Yeah, sure. I'm not sure if this is where I should talk about this, or you know, mention it, but I was wondering if there would be consideration about like poverty levels like regionally because specifically in O.C., in Orange County, our poverty is very different. It looks very different than what it is federally. And to be poor in O.C. is to be like, right -- it's extreme, right? So, poverty, in O.C. is not the same as it would be across the nation and specifically to my lived experiences, the way as I live as a poor person, as a low-income person, it may be very different to someone else.

And so, I would wonder if there would be special consideration regionally at the very least to what poverty levels are because I know that other folks don't -- that are considered low income, I -- my lifestyle and my low income looks very different because of the school that I attend in Orange County and the fact that I live in Orange, County.

MR. DAROLIA: Thanks, Dixie, for that.

Subsequently, I'm not gonna respond, but the -- that's for kind of the committee to discuss, but-- what I can say is that in the next document I have, I do talk a little of -- I'll provide a little bit about regional variation into poverty as well as some type of programs in which poverty guidelines vary by state or -- but in others, it's federal and I will -- I will mention that.

MR. ROBERTS: Thanks. Persis has a question and that she's resuming her seat of the table on behalf of legal assistance organizations. All yours.

MS. YU: Thank you. This is somewhat of a procedural question. So, I'm curious whether or not we are starting to engage in the conversation about what the regulations are or are we engaging in conversation on questions for Raj. Because if we are talking about questions for Raj, I'd love to give Raj the floor; however, if we are engaging in conversation about the actual proposals that are at the table, I'd like to get the department to respond to whether or not this conversation will include the discussed that I raised about defaulted loans, though I think that that is actually very relevant to Raj's discussion since the majority of defaulted loan borrowers are living in poverty as well.

MR. ROBERTS: Jennifer, please.

MS. HONG: I agree with you, Persis. It's --

I think all of those issues are overlapping. And I think from the discussion points that you raised on defaulted borrowers, I think they are pertinent to some of the discussion here.

So, to answer your first question, yes, we are getting into the IDR discussion broadly while we are also asking more discreet questions regarding Raj's presentation but to the extent that we -- these are all overlapping issues to inform the IDR plan that we're putting forth. And you can see that this -- this issue paper is written much more open ended and we're really -- we really kind of felt like we needed more feedback from everyone before we engaged with it.

And certainly, the defaulted borrowers issue certainly falls into some of the things we'll be discussing under IDR, but there are, you know, other proposals that we are putting forth with regard to default that are not on the table here for this particular negotiating rulemaking for some of the issues that you raised might be a better fit.

MR. ROBERTS: Thanks, Jennifer. Yes. So, I think, Raj, if you wanna -- if anyone has asked a specific question to Raj, we can just finish up that, and then if not, we can return to the questions that ED has raised. So, with that, Persis?

MS. YU: Sorry, not to belabor the point, but I think it would be helpful as we're having -- as we're

asking questions of our experts for us to understand what we are asking about. And so, if we're going to be discussing issues of default at this negotiation table, I think it would be helpful to understand that in advance so that we can utilize our experts as best as we are able.

MS. HONG: Point well taken. I mean, I think -- I think that discussions relevant to IDR to the extent that we can -- we can provide better protections for lower income borrowers that we find in default under the current plans, what can we propose that's better with them in particular?

MS. YU: Well, under the current plans, defaulted borrowers are not eligible for income driven repayment. So, that -- so my question is whether or not we are going to add a discrete issue about we're adding protections for defaulted borrowers to this negotiation.

MS. HONG: So, we're not adding any issues at this time to the extent that -- to the extent that discussion is relevant or pertinent to this discussion and keeping borrowers from defaulting. We are open to hearing those ideas.

MS. YU: So then, procedurally, we had deferred this conversation about the proposals that I had raised on Monday until this conversation. And I would like to revisit that conversation about whether or not we can add

topics to the table and I believe that that is something that can be subject to a vote.

MR. ROBERTS: So, I'm gonna -- I'm -- just deferring to you, Jennifer, how would you like to address this if you want Raj to can continue or you want to move to return to Persis' outstanding issue versus the issue paper that you've introduced?

MS. HONG: Yeah. I'll just -- I'll be consistent with what we said from the beginning in the outset, which is a lot of the discussion on defaults might be taken better outside of this negotiated rulemaking. There are some -- obviously, these issues are overlapping. So to the extent that it's -- we've been to this discussion on IDR, we're happy to talk about it.

At this point, we wouldn't support adding any more issues on the table given that we have still a couple of more that we need to get through by the end of this session. But your point is well taken and I'll defer to Brady in terms of process if Persis would like to bring this -- to add more issues to the table.

MR. ROBERTS: So, I would just say -- so Persis, feel free to jump in, but I will only say that under the protocols, these are open for a consensus check to add new topics of negotiation to the rulemaking session.

MS. YU: So, I would just like to add -- ask

that we then do add this topic to the negotiations. You know, as I stated in the proposals that were circulated, you know, there are currently roughly 9 million borrowers in default and they are experiencing a lot right now, unfortunately, because of the payment suspension, a lot -- most of them are not experiencing involuntary collection but they are subject to having their wages taken, they are subject to having their Social Security taken. They are subject to having their entire tax refunds taken, which includes the earned income tax credit and the child tax credit.

And while the department is currently working towards restarting payments on February 1st, that is the beginning of tax season, which means that when the switch gets flipped back on, millions of borrowers are gonna have their tax refunds, which include the child tax credit which has lifted millions of children out of poverty seized immediately. And that is a subject that I think that this rulemaking committee needs to take up. We need to have protections for those borrowers. And I think, you know, it can't be deferred for another day. I think they need to have protections now. I hear from borrowers all the time telling me about how the seizure of their tax refund is threatening their -- threatening their ability to go to work, how it's threatening their ability to keep housing.

Hundreds of folks have told me about how

they now live in shelter because they fell behind on their rent, they were counting on their tax refunds, and they could not pay their landlord back, and so, they were evicted. This is an immediate issue that's going to come up for borrowers before February 1st. And so, I believe that it needs to be an issue at this rulemaking. And I would like to -- I would like to get a consensus vote.

MR. ROBERTS: I was going to say, Jennifer, unless you have an immediate response, I would ask for a consensus check and I see your hand is up.

MS. HONG: Yeah. Just to add, if -- Persis, if you can articulate those proposals again for the post (inaudible) committee, really quick, all those conversations, everything surrounding debt collection, the department has already started that discussion. It's just that those -- our debt collection practices are authorized also from the HEA. It's not on a -- not authorized under Title IV, which is what this negotiated rulemaking is about just to put that out there but we will be discussing that sometime.

MS. YU: So just for the --

MS. HONG: (Inaudible) under way --
certainly under way.

MS. YU: I appreciate that and any -- and we certainly welcome any insights into what the department is planning for defaulted borrowers to protect them from these

involuntary seizures that are going to start on February 1st. The proposals that I had submitted and sent around were to first was to create an additional pathway out of default for borrowers.

Currently, there are two methods that borrowers are able to -- well, there's four where payment in full and complete settlement is being two of them, which is not available to the vast majority of my clients but rehab -- rehabilitation and consolidation being the other ways that borrowers getting out of default, those are very limited. The CFB has data that shows that a lot of borrowers default after those programs.

And so, therefore, I suggest that we create a new pathway. I sent around the statutory language, which I thought -- which I believe gives the department the legal authority under the Higher Education Act to create a new pathway, which would be more flexible, which would get borrowers into income-driven repayment faster, and would have less restrictions on borrower's ability should they re-default again. So, that was the first proposal.

The second proposal was to have the department ends its use of the acceleration clause so that borrowers could be placed -- so that borrowers could automatically be placed into an income-driven repayment when they do default so that any involuntary collection that

occurs through the other -- through the Debt Collection Improvement Act, as you alluded to, would be limited to the income-driven payment amount, therefore, meaning that any borrower who was subject to involuntary collection would not be done so punitively but only to the amount that they would have been expected to pay under an income-driven repayment amount.

MR. ROBERTS: Alright. And David, I see your email about this. I'm just gonna -- yeah, please.

MR. TANDBERG: I really appreciate Persis putting this together and it's very well done. I think I agree with the proposals. And I guess my only question before voting to add it to the agenda, which I think I'm inclined to do, is if the department is prepared now or later today or tomorrow to articulate what it is they are planning to do about these issues, so if they're gonna take care of them, that's great. But if they're not, then we need to compel it through the regulatory process.

Given the deadline, the timeline that we're facing and the cliff, I think the more we can do to better prepare students and deal with the repercussions of the -- of the student debt collection that's about to start the better. So, I'm seriously concerned about that issue. Thank you, Persis, for pushing this. I would like to hear what the department is doing and planning to do. If they're taking

care of this, great. But if not, then that's another matter.

MR. ROBERTS: Oh, yeah, Brian, please.

MR. SEIGEL: Yeah. I would just note that nothing will be final until fall of next year. So, to the extent you want to propose ways for the department to ease the transition of borrowers back into repayment beginning in January of 2022, those need to be addressed more appropriately to the department's leadership in a different forum.

You know, we're looking -- here, we're developing regulations that will, as I said, will be published next fall and that will go into effect primarily in July of 2023. The changes Persis has suggested, you know, may be considered forward in the future. As the department has stated, we're not sure that we have time or -- and bandwidth to take it up in this process because we have a big agenda now. But I just want to -- if your focus is on what happens in January 2022, this isn't the place to those changes are gonna be made.

MR. ROBERTS: Yeah, Persis?

MS. YU: So, I appreciate that -- that there is a delay in the timeframe in which the rules that we negotiate now will take effect. I think that's all the more reason in why we should not it now though. There are, hopefully, things that the administration can do and will let

us know that they are doing in the interim to protect borrowers from this cliff that we are facing on February 1st. However, given the fact that default is always a problem and it has been our problem before the COVID crisis, I think that's all the more reason why we need to do it as soon as possible and this is the rulemaking we have the opportunity to write rules that could make meaningful protection for millions of borrowers. These are our most vulnerable borrowers. And they need to have the protection as soon as possible and I think that means doing it during this rulemaking.

I think if we don't have time during the current schedule, we could also create a working group that could meet outside of the scheduled times and could make a presentation to the main session as well, which would be a way that we could both accommodate all of the issues that we have at hand and also work on this vitally important issue so that we can get relief for these borrowers as soon as humanly possible.

MR. ROBERTS: Brian or Jennifer, any additional response from the department?

MS. HONG: I just want to make clear that -- I just don't think that this is the right place for it and I just want to affirm the department's commitment to all borrowers. If you know, we extended the CARES benefits to --

expressly to defaulted FFEL borrowers earlier in the year. So, we are continuing with that commitment. And all I can say is those discussions are well underway at the department. I just -- this particular negotiated rulemaking table is not the right place for those issues right now.

MR. ROBERTS: Yeah, Dixie?

MS. SAMANIEGO: Jennifer, then I ask a question, and Brian too. So then what would be the right time to raise these concerns, these, you know, issues that Persis raised up? Definitely not after February 1st, right? I would hope not. But that's my question, when would be the right time then?

MS. MACK: I -- if I may, Brady. I'm seeing David reiterate in the chat what he mentioned in his prior comment, right, which is giving an opportunity to the department to speak to what Persis has raised and proposed and it has been circulated to all of you.

I'm wondering if we hit a brief pause button even on the consensus check here and allow everyone to give this a little bit further consideration and perhaps if there is any additional response from the department that the department can come back with and then we will, in fact, take a consensus check.

Are you amenable to -- to that? Everyone maybe a -- I'm seeing a couple of thumbs up, a couple of

nods. So, I'm gonna run with that, folks. Let's hit the pause button here. Why don't we take a quick break, come back. If there's anything additional we need to hear from Raj, we can do that. And then let's move in to some of the questions that the department is hoping to get your feedback and insights on in that issue paper.

I have 2:18. So, let's come back at 2:28, 10 minutes, will that work? Okay. We'll see you then. Thank you.

(BREAK)

MR. ROBERTS: Thank you, everyone. Welcome back. We have about an hour remaining before public comment. We do have a full public comment period today. So in interest of utilizing our next hour wisely, do we want to pick back up with offering questions and comments to the -- to some of the questions that ED has lined out give issue paper number 10?

If that's okay with you Jennifer, I'd ask Aaron just to briefly reshare it to guide our discussion.

MR. DAROLIA: Brady, did you want me to finish up discussing the discussion (inaudible)?

MR. ROBERTS: Raj, I apologize. Yeah, if you want to reshare your screen and finish up that second half of your presentation.

MR. DAROLIA: I'll go very quick.

MR. ROBERTS: Okay.

MR. DAROLIA: So, the second document I provided here are just some other background documents, just to get us thinking a little bit more about poverty. Let me just say that tomorrow I'll present more about IDR plans specifically just some specific numerical simulations and examples.

And certainly, if there are specific things that the folks on this committee wants, please me let me know, especially as we go into the -- out of this session, you know having three weeks to work on things before November will certainly give me time to do some analysis. So, please go ahead and let me know if there are things that come up with that.

So, one thing I wanted to mention with this and I think this came up in a -- in a chat question as well, because it's important to note that everything we're presenting here today is based on income. The income is the only one to measure of how we might think of social wealth welfare.

Nothing I'm presenting here is related to other things we might think of such as wealth. There's also been a number of research efforts to measure things like material insufficiency or other conceptions of poverty.

What I can say is that one of the advantages of income is that it's more easily recorded in a lot of federal data systems or data systems more generally, right. So, there are reasons to think that other measures of poverty, wealth, material insufficiency are incredibly important, maybe even more

important than income, when we think about poverty or social welfare but there are data challenges in trying to record some of this.

So, I did want to point that out and I'm happy to talk more about that in future discussion. The first figure I showed here is really to actually -- was something that I -- Dixie astutely picked up on in the earlier discussion and that is that there is geographic variation in how we might think of poverty.

So, this is a map from U.S. Department of Education which shows the percentage of children under the age of 18, living in poverty based on their household income. And so, the darker blues are those that are a higher percentage living in poverty than the national average and the lighter blues are those at lower percentage.

So, as you can see there's clearly variation across the country. What does not show here again, to -- to Dixie's credit pointing this out, is there's a clearly a lot of within state variation within this as well. This can be based on regional factors, labor markets, other things, also there's variation through across general geographic categories like urban, suburban, rural areas as well.

Now, as I mentioned before, some federal programs do have different poverty threshold or sorry, poverty guidelines by state. Medicaid is a prominent example of this.

What I would say with that is that -- in Medicaid for example, that's a federal-state partnership program in which the federal government and the state government really work together to implement that program.

Federal student loans for most of us at least thus far have not operated in that fashion. And so, often when we see different guidelines by state, that's often where the state has a prominent role either administering or dealing with that program as well.

The second and third figures here, I just wanted to also point out that poverty rates vary by race and ethnicity as well. This is a measure or a figure that comes from the Census Bureau and this looks overtime, 90% with individuals of who identified certain races, ethnicities in this case.

Black, Asian and Hispanic are listed in non-Hispanic white, how poverty rates have changed over time. There has been some convergence over time but as you can see from this graph, there's clearly still some large disparities among the ethnic groups.

Figure 3 here is in a similar spirit but slightly different group. Again, these are children under age 18, a figure produced by the Department of Education. A handful more, race and ethnicities included in this graph but as you can see certainly here we still see some disparities in poverty rates by race and ethnicity.

Finally, this last figure I have here, this is a figure that came from a Pew Research Center report. And so there is a differential income distribution at different types of schools as well.

So, this is a little bit older data, it's in 2016. It's actually the -- still the most current data that we can get for this question, specifically and I'll also mention, point out here that this is just dependent undergraduates in this.

And so, obviously we know independents are also critically important in a lot of these discussions as well. But for dependent undergraduate, we focused on just 2016. I think the highlight here that we could take away is that those bottom 2 categories there which are private for-profit institutions and public two-year institutions have a larger share of students either living below the poverty line or near the poverty line certainly relative to the other two categories of institutions in your public four years and private nonprofits as well.

So, I just wanted to also provide some background. I think a lot of folks know this, that the income distribution students is not even across institution type. And the other thing I'll say with all of that (phonetic), is there's a clearly a lot of intersectionality across institution type, race, ethnicity, gender, where folks live, other things as well.

And so, again, if there are specific requests or questions, I'm happy to -- to dig as much as we can on some of these data, again in some cases the data is just limited.

So, that's all I have to present today. I saw those little questions in the chat that I'll -- I'll respond to now. If there's anything for me I'm happy to stay on but otherwise I can bow out and can let the committee get back to the deliberations.

MR. ROBERTS: Raj, I'm not sure if any of the -- the questions in chat are immediately addressable but I do see Bethany's hand.

MS. LILLY: I just wanted to say the question that I put in the chat out loud because I think one of the challenges that we run into when we're talking about poverty level is the churn that happens because people's income varies over the course of the year.

And so, I don't know if it exists. I know churn is a huge problem between Medicaid and the ACA exchange plans and I just -- if there was any information on churn and like if there's a way to minimize that with different income phases, I think that would be helpful. But I also totally understand if that's not available because it's -- yeah.

MR. DAROLIA: Yeah, so what I can say is there's certainly research evidence based on more limited samples not systematic data sometimes. That certainly

demonstrates what your -- what you say, whatever threshold that we put forth with to measure poverty.

A lot of people's circumstances will fluctuate in and out of that over time. And so, you know, sometimes we think of this concept of research a persistent poverty. And so, there are certainly a lot of people also living under those conditions as well.

But I think you rightfully point out that in a lot of programs, whether for federal student loans or other programs, big issues that people qualify at certain times in their life and they don't at other times and that's certainly something.

I can try to put together kind of the best we know on that. I can send it out but the short answer is that what you're describing is certainly happening.

MR. ROBERTS: Persis?

MS. YU: Thank you and thank you for this and I appreciate your comments earlier about how this doesn't take into consideration factors such as wealth which is obviously very important and also has huge implications when we think about the disparity between different races and other different groups of borrowers.

I'm curious if you also have research on differences in expenses which is also not taken into consideration with this formula. And you know, certainly amongst

many immigrant communities that I, you know, that I know personally.

But you know, I'm sure there's other research out there that shows that, you know, different communities, also have different expenses with regard to, you know, whether or not they're caring for extended family, whether or not they have higher expenses because of child care, other sorts of things and I'm wondering if that's some of the research that you could provide for us as well, as we considered this formula and what's -- and what's appropriate.

I also will just to flag for you have it, some data request with regard to how we break down -- how the income driven payment plans have worked. I won't put them in the chat because mine's currently five pages long but I will e-mail that around to you.

MR. DAROLIA: Yeah, I'll just respond to that and say, you know, I agree with you completely on, you know, these different measures and I think it's incredibly important. It is difficult to measure, you know, and I know researchers say this all the time in other measures but I'm certainly happy to -- to try to pull together what we can and you know.

What I'd say is for a five-page data request, some of that is probably going to be it will be directed to the department and the things that I can find on my own, stuff that I don't try and get it done by tomorrow but I will do my best to

get as much as I can for (inaudible).

MR. ROBERTS: Okay, Michaela?

MS. MARTIN: Sorry, I couldn't -- it wasn't turned off mute for me. If you are doing any type of like demographical breakdown, could you also include students who have dependents.

So, that's like student parents because there's been other data by the BPR that's shown that student parents are some of the highest loan borrowers. And I know we talked about children who live in poverty and I think kind of connecting those dots would be really helpful.

MR. DAROLIA: Yes, so what I tried to rely on today, again, just kind of anticipating some of the requests was kind of figures and tables that are already published in other reports.

There are some datasets we can dive into that I might be able to pull out specific things that might not be available. Those things like parents, independent students is actually a research interest of mine as well in the -- they're not often given the same attention in some of the reporting as dependents, so.

MR. ROBERTS: Right. I'm not seeing any new hands. I just want to thank you, again, Raj for spending so much time with the committee.

And with the remaining time and again we do

want to ask folks who have signed up and received confirmation for public comments to join the meeting a little bit early, just so we can make sure everything is going well on your end So, we can bring in to the room at your slotted time. But ED, do you want to -- Aaron could you reshare the issue paper number 10, just so we can use it to guide our discussion for next -- for next little while?

Oh yeah, Marjorie, sorry, I didn't see your hand.

Up here (phonetic), okay.

MS. DORIME-WILLIAMS: So, this is actually about the issue paper not any questions for Raj. So, are we ready --

MR. ROBERTS: Great. I think we can jump right in. The only thing that I'll say is that there's a number of questions on this issue paper and you -- people probably have questions and comments throughout the document.

But just maybe for the sake of ease of the transcript, if folks want to maybe speak to like the first two questions initially and we can obviously return to you once folks have questions related to that three for the rest of document. So with that Marjorie, the floor is all yours.

MS. DORIME-WILLIAMS: Yeah, so the first question that I have about this document is the rationale behind -- only lowering the percentage of income for undergraduate

borrowers. There are a significant number of students who in fact only borrow for graduate school education.

And that's a substantial burden as well and my -- you -- while, I understand perhaps the earning potential might be the rationale. It really doesn't make sense to me why we would distinguish between undergraduate and graduate borrowers.

So, I think that is something that's really concerning and would sort of make an unnecessary distinction between when you got your loans because it doesn't change what you're paying and how much you have to pay back.

So on that point, I would strongly, I guess, suggest that we don't do that and if we're considering lowering the income threshold, if there are borrowers who are signing up for this payment plan, whether they were undergraduate or graduate borrowers, the issue is that they don't have the resources to make those payments not when they got the loan. So, I think that wouldn't make sense to make that distinction.

MR. ROBERTS: Great. Again throughout this, anything, feel free to add it to the chat. We -- and we want to encourage a robust transcript with its process. So with that, Persis, please?

MS. YU: Thank you. I second Marjorie's comments about separating between undergraduate and graduate I think, especially when you look at the data with regards to

racial disparities. We know that students of color are more likely to feel the need to get a graduate degree in order to compete with their white peers.

And so making sure making sure that whatever affordable repayment plan we have is available for graduate students is incredibly important.

I think based upon -- based upon my experience with clients, the stories that we hear from across the country and the data that Raj just shared, when I think we know that 150% of the federal poverty level is insufficient to protect for a lot of folks.

IDR is simply not affordable at this moment and I think that raising the discretionary income threshold is the most important way to ensure that low income and middle income -- and low, middle income borrowers have the most protected, so that they can afford the basic necessities for their families.

MR. ROBERTS: Thanks Persis. Bethany?

MS: LILLY: So, I'm going to talk about both 1 and 2, echoing Persis' and Marjorie's comments. I think there's a balance we struck here between -- as you probably guessed from my questions -- my comment about churn and about people moving between income areas.

I think there's a balance we struck between setting the baseline low enough that we catch a bunch of people

and then also not necessarily moving. This is with regards to the department's question, specifically about should the % of income rise as income increases?

And that's where I have -- I'm not opposed to that but I think implementation-wise that is going to be challenging for the department and for students And so, that's just something we should keep in mind in setting them a -- the kind of baseline as high as we can I think will address a lot of that.

On 2, I mean we just saw a collection of data on this and I think Dixie's point about geographic diversity is really important here. I don't -- I would want to increase it from 150% of the federal poverty line. I think that's important.

And I also wonder if that's actually a more appropriate way to have -- to place to have that phased out piece rather than to kind of address I think what was brought up earlier and I -- and I apologize, I don't remember who brought this up, about folks kind of hitting a cliff.

We run into that a little lot of different public benefits program where people are getting a lot of help and then there's a cliff and then they're not. And so, I think anything we can do to reduce that cliff will be important. That's it for the first two.

MR. ROBERTS: Thanks Bethany. Michaela?

MS. MARTIN: Yes, for that second one, I -- I

think that 150% of the federal poverty line just really isn't like enough, like I don't think that that's high enough. I think that for two people that was a 2 person household is like -- like \$26,000 I think.

And I think, you know, either you have two adults, but like for me like I'm a single mom, that means that like only up to \$26,000 and I'm not -- I'm not sure that there's anywhere really that \$26,000 would be enough for a single parent to live off of truthfully. And so, I think really being mindful of that implication is important.

MR. ROBERTS: Thanks Michaela. So, I'm, not seeing any hands -- oh, Jennifer, please, yeah.

MS. HONG: Just really quickly. I issued a thread (audio) of three questions, they tend to go together. I think you've already having some of the comments speak to number 3. So, just how should the department think about the interaction between changes to the shared income devoted to payments and changes in the amount of income protected in terms of ensuring plans that are affordable for low, middle income loans. So, these three generally go together.

MR. ROBERTS: Yes, Michaela?

MS. MARTIN: I'm taking that as, in interpretation of the recommendation. I would -- I would say you go to that 250% that would -- that would increase the two-parent household to \$43,000 that's protected. I don't think that's a

huge ask.

I think that, you know, the more -- especially because when I live in Southern California, right, rent itself is going to be at least \$1,400 for like a one-bedroom, right. So, like that right there would be half of my income and other programs I think are starting to look at the 250% income, particularly housing assistant which will allow some assistance up to, I think actually in fact, a higher level.

And I think looking at where those other programs are viewing their points is important but I do believe that in California and in many places, \$43,000 a year as a single parent would still qualify you for public benefits. And at that point, I think that you should be protected.

MR. ROBERTS: Thanks Michaela. So, keeping in mind, just everyone we're now looking at third question, so feel free to ask pertinent questions as it relates to question number 3 as well as 1 and 2, if you didn't get a chance to ask those earlier. I see Persis.

MS. YU: So, I would actually encourage to say that we could even go above 250%, especially if we are not -- if we are not going to be looking at measures that look at location or expenses or things of that nature.

I think we need to recognize that folks do have a lot of different life expenses and wealth as well and so I think that going actually above the 250 would account for

that, if we are not going to do something that would take into consideration expenses. You know, I have two children, so I know how expensive, you know, childcare is for example. We have folks that come to us who may -- may technically be above 200% or 250% of poverty but their children have extraordinary medical expenses.

So, I think that actually going higher would -- is a reasonable thing to do, 400% is I believe Medicare is where -- uses that as the threshold. And so, I think that there are other examples of other federal programs that have gone higher than 250.

And I think especially given the variations in borrower's location, their expenses, I think that would be a reasonable thing to do. I would also -- I would resist the urge to tier down. I think, sorry for that, that when we -- to like kind of lower the amount as income increases, I think that was complicated implementation-wise.

And so, we want to keep the program simple. I think if we could see the math out, I don't think that causes a cliff effect. I think protecting, you know, whatever amount for as many folks, you know, people with higher incomes will pay -- pay the same percentage over that amount but I don't know that that would necessarily create a cliff.

And maybe if we could see some -- some mathing out of what the different payment amounts would be might be

helpful for this conversation. So, thank you.

MR. ROBERTS: Thanks, Persis. Marjorie?

DORIME-WILLIAMS: So, I just absolutely want to echo everything that Michaela and Persis shared and -- and maybe another way to think about it. So when I think about, you know, the form for even applying, it's simple which is great but I and, you know, others that I've talked to about this issue often feel like we don't get an opportunity to provide enough information.

And so, you know, parent as well, a single parent and so might be able to put well it's me and my kid and this is what I make a month, just an account for any other expenses including, you know, child care and all the other things that come out and so, maybe procedurally it's taking a look at the application.

And again I don't want to make it more complicated but maybe as an optional or sort of other ways of thinking about how individuals can demonstrate their need because, you know, I get that letter and amount back and I'm like that's not going to help. So, that's I guess maybe another consideration in addition to thinking about raising the -- what we're looking at as the threshold or the guideline for, you know, families who -- who are enrolled in this program.

MR. ROBERTS: Thanks Marjorie. Bobby?

MR. AYALA: We also want to consider and kind

of echo what everybody else is saying that this marriage penalty that's out there, where you have a two-single income individuals holding off getting life starting and getting married just for the simple fact that once they do, then an income doubles.

And if you have two lower income individuals, that could mean a significant impact on the one that's on the income -- income repayment plans. So, I just want to consider that.

MR. ROBERTS: Thanks Bobby. Joe?

MR. SANDERS: Hi, thanks. Question here on a theme that we talked about another topic areas regarding automation. You know, people have talked about certain expenses that people have that they play under ability to -- to make a certain level of student loan payment and one of those is child care.

Certainly, the IRS captures a lot of data on, you know, how many kids a person has to make various tax credits on that. You know, I would question whether the department could look at using some of that data, given that I think tax forms are used to determine income levels now.

So, automation has the benefit of simplicity and there may be other information that could be considered that would materially play into a person's ability to repay as the committee has mentioned here, and in a particular child care.

MR. ROBERTS: Thanks Joe. I'm seeing

Bethany's hand but at the conclusion of your comment period, Bethany, do we want to move on to the next set of questions? Seeing some -- some, none. Jennifer?

MS. HONG: Yeah. I think that makes sense, unless anybody has -- if there are any further comment regarding the lower of the percentage of income that most of it paid please chime in, Otherwise, we can move on after Bethany.

MS. LILLY: I wanted to actually respond to Joe's point because I think that's very possible that the IRS does have that information but one important thing that -- especially during the pandemic we have learned is that the lowest income families often are non-filer families, below a certain baseline of income you don't actually have to file your taxes and so those folks are not in that database and I wouldn't want to lose those families, especially those families in many ways. So, I totally agree that could definitely be used but I just like we need to keep in at the back of our heads that there are folks excluded from the IRS dataset who kind of by definition are the lowest income folks we want to be targeting.

MR. ROBERTS: Thanks Bethany. And I think closing this out is going to be Jennifer who is stepping in on behalf of Student Loan Borrowers. So, welcome Jennifer, the floor is yours.

MS. CARDENAS: Great. Thank you. I also wanted to mention what Bobby said. I think one thing we -- the

trajectory of this is that we forget about nontraditional students. So, we think like 18 year olds going into college but there's other students, especially students of color who later in life go back into education and they also are affected by this.

Because by that time, we already have a family, we already have children. So, I just kind of wanted to add to Bobby's statement. Thank you.

MR. ROBERTS: Thank you. And then, Aaron, if you want to scroll down a little bit, Jennifer do you want to -- do you want to just restate the next set of questions you think are best to consider as a -- as a group for the committee?

MS. HONG: Sure. Let's see question number 4 is regarding existing IDR plans and they either use the same time to forgiveness or vary the time based upon whether a borrower has any graduate school loans.

Should the department consider other bases for variations in time to forgiveness such as whether a borrower is consistently low income or whether the borrower has lower loan balances or any other factors?

I could go -- I can read five -- five is a different issue but that way just to kind of get people thinking. A lot of borrowers raised concerns about how interest accumulation results and then wait more after years in repayment. And that can get very disheartening for borrowers,

how should the department address this and should that approach varied based upon factors which is borrower income.

MR. ROBERTS: Okay, thanks, Jennifer. I see Daniel's hand first, thank you.

MR. BARKOWITZ: Thank you. I have thoughts on both of these issues. So, first of all, the department states in its -- it's prefix or introduction to these issues that many low-income or low-balance borrowers still end up delinquent or default on these -- on their loans.

And you know, again, I'm really concern about low balance borrowers. I think that there needs to be a shorter timeframe to forgiveness for low balance borrowers, especially those that are some college and no degree.

Those are the students who I'm -- I'm very concerned about in this process. They experienced the debt without the benefit of the college education in terms of income.

I'd also like to explore in number 5, the -- and this -- this is why it ties in for me, the possibility of either zero interest rate during a period of income-based repayment where there's lowest income or the possibility of forgiving interest. The principal of needs analysis is that, you know, you looked at the income that the student has or family has to make payment for college at that time and I would echo the idea for repayment as well by, you know, by adding the interest one (phonetic) or accumulating interest in a sense

where we're saying is, you know, we validate that you a difficulty paying based on your income right now but we're going to hold you accountable for this in the future.

And that seems to be penalizing, so I would strongly suggest the department what could either is a zero% interest rate during, you know, income-based repayment if possible or if not, forgiveness of any interest assessed that is unpaid.

So, we're not facing an accumulating loan balance for periods during which the payment is less than the minimum required. And as a final piece, I would also suggest that the department look at forgiveness as you go.

So, the other way to look at this is to forgive a portion of principal for each year that a student is actually in an income-based repayment period as another way of approaching this rather than doing this as a lump sum at the end.

Perhaps, there's a mechanism by which if the, you know, income-based repayment period requires 20 years for example, a 20th of principal is forgiven at each of the years that was unpaid during the timeframe that the student is in repayment. So, those are my three thoughts. I'm happy to type them in the chat but I wanted to lay them on the table.

MR. ROBERTS: You beat me to it, Daniel, yes, please add them to the chat. I'm seeing Bethany. Go ahead.

MS. LILLY: So, I'd like to echo everything Daniel said. I also would like to reiterate our comment earlier about differentiating between undergrad and graduate school loans. Completely agree that we should be prioritizing the lowest income borrowers.

And I -- in terms of the interest accumulation piece though, how does this interact with the interest accumulation proposal that we considered earlier in the week? I apologize, my brain is a little fried but if someone could walk me through that quickly, I would appreciate it because it's -- I'm just trying to cross-reference in my head and it's not coming through.

MR. BARKOWITZ: Can I offer you a response? One of my concerns about interest capitalization is the deals we're capitalizing and adding it to balance but it doesn't remove it. So, that the idea here is that our -- our proposal before wouldn't add it to principal but would still stay out there as a pending obligation for the borrower to pay, if indeed, their income does resuscitate at some point or does go higher.

MR. ROBERTS: Does that satisfy your question, Bethany?

MS. LILLY: To some degree, yes.

MR. ROBERTS: All right, thank you. Persis?

MS. YU: Thank you. I have a lot of thoughts

and I will try to get through them in my three minutes allotted. So, I mean I think first in terms of thinking about the repayment period, I -- this is another area where I think more data would be helpful.

I'm particularly concerned about borrowers who for long periods of time has zero dollar payments and why we're making them fill out paperwork for 20 years to continue to verify that they're persistently in poverty, makes no sense to me. And I think it sets them up for failure and for default frankly.

So, I think it would be really helpful to have data about, you know, how long folks, you know, like what is the population of folks who after three years, five years have continuing -- have zero dollar payments? What's the likelihood that they're -- they're ever going to actually repay their loans? Can we just forgive those?

I have some concerns about modulating the forgiveness period based upon the balance. The data shows that black borrowers in particular have to take on more debt and therefore, by doing -- by structuring this by loan balance, you are disadvantaging those who have to take on more debt in order to attend school.

And so I'm concerned about modulating in that way. I do agree that I think there needs to be some kind of way in which we capture folks faster, we give people progress. I

would be open to suggestions about doing certain percentages by year.

I like the idea of people making progress as they go which I think kind of leads into the next part about interest. I think we just have to get rid of negatively amortizing loans.

One (phonetic), it's a real deterrent for folks to get into IDR and persist in IDR when they see their loan balances continue to grow. I think that it -- and for most folks or for a lot of folks, I don't know -- I don't have the data on this but I -- for the folks that I see, it means that they're not going to pay back their loans and it dissuades them from staying in the program.

We need to get rid of negative amortization and also I don't know if the -- I don't see this in the question but I also -- we considered in the public service loan forgiveness conversation what counts as a qualifying payment as well. And I'd like that to be a part of the conversation, you know, deferments forbearances and as -- as we raise then periods in which borrowers --

MR. TONCHI: Thirty seconds.

MS. YU: -- should have been into an income-driven repayment plan but were not because of perhaps malfeasance or steering on the part of their servicer.

And then, the last point that I will raise is

because I don't know where else to raise it in here but on the interest capitalization question, there's deferments. And this is where -- I wonder if we couldn't create deferment-like programs into the ICR statute because then we could ensure that any interest if it does accrue does not get capitalize. So, I'll turn it over there.

MR. ROBERTS: Thank you. And this is to everyone, for whatever reason you run into three minutes, you're more than welcome just to re-queue. We just want to get as many people commenting as possible. So, Michaela, please.

MS. MARTIN: I was considering yielding my time to Persis, especially, you know, the only thing that I -- that I could add is that, you know, I'd been following student loans on Twitter because, you know, it's a great way to see students' voice.

And there are like so many stories of folks saying like, oh cool, I'd been paying for five years or seven years and I have not paid a dollar towards my -- towards my -- towards my principal.

And so, I just really wanted to point that out that like I don't in this case have a solution which is why my purpose is to keep going but I think it's just incredibly important to acknowledge that when you're enrolling folks in these programs, we do know that there's -- there's a lot of them that just are going to wait out that 20 years or not be able to

have it forgiven because it goes into -- it goes into other collections. Thank you.

MR. ROBERTS: Thanks Michaela. Joe and then Persis and then we'll just do, you know, do a quick sweep of the room and we might have time to move on for the next two questions. So Joe, please.

MR. SANDERS: Yeah, hi. Lots to address here but I'm going to focus on point Persis raised about negatively amortizing interest and how it dissuades borrowers from entering the program.

Part of my job is to review all the higher education complaints that come in via the Illinois Attorney General's Office. We had over 800 in 2019. A consistent theme in those complaints is rising student loan balances and frustration with that situation.

That to the extent that the department is considering the structure of the IDR program, I think that you would see more uptake in IDR programs to the extent that negatively amortizing interest was removed.

There's a really interesting paper from 2018 that I will drop into the chat that has the University of Maryland study where they looked at how the department currently talks about IDR which emphasizes sort of a disclosure or a warning on the fact that your interest is going to increase versus a separate message that they crafted around the

insurance-like aspects of IDR.

In other words, that if your income drops or you experienced loss of employment, your payment will drop and they saw a material difference in student uptake with those two messages. So, I see negatively amortizing interest as something that consumers don't understand.

You don't see it in other consumer financial products and it adds to confusion and frustration with the income-driven repayment program. I think that removing it would be a benefit to the program and to borrowers.

MR. ROBERTS: Thanks Joe. I'm seeing Persis and then I'm seeing Suzanne, stepping in on behalf of State Regulators. So Persis, the floor is yours.

MS. YU: Thank you. So, not to be a broken record for -- throughout these different topics but I want to also raise that anything that we do needs to be retroactive. And we also need to take into consideration the FFEL borrowers.

So, I had a number of messages from FFEL borrowers and/or borrowers who had FFEL loans then consolidated into the Direct loan program who had been in repayment for decades.

And we need -- whatever we do and whatever guidelines we come up with, with how we do cancellation we need to somehow take into consideration the decades that people have been in repayment.

We need apply our rules retroactively, so that borrowers are not in a position where they have been in a forbearance for the last 20 years but now they come into this plan and they default or two in order to continue paying their loans. So, that's just it, my word of the day is retroactivity. Thank you.

MR. ROBERTS: Thanks Persis and Suzanne?

MS. MARTINDALE: Yes, plus one to Persis, also I appreciate Joe reminding. I think I may have said this as well that it's very unusual to see interest accrual and capitalization in the consumer finance context.

This is really an outlier here and a huge problem. You know, I will also note that, you know, I've -- we hear very frequently that the interest accumulation and capitalization event is a shock to people when they first experienced it.

It is not what consumer expectation would be, student borrower expectation would be. It's kind of hard to get your mind around also because you don't necessarily know what your income is going to be year over year, and what -- and what your debt income ratio will be as a result.

I know we've already talked about the department's consideration of removing interest capitalization. I want to reiterate our strong support for that, that would be more protective of student borrowers.

And in addition, I want to tie -- make a quick tie to IDR and PSLF, right because I hear all the time and actually I even checked in with Berkeley's Financial Aid Office the other day to ask them, you know, talk about the rulemaking, and they reiterated back.

There are a lot of students who are skittish about betting on a public service career because they're worried that IDR is going to make their loans inflate and they may not get PSLF at the end of it.

There's a lot of concern and so I hate to think that the way that these programs are structured could have a chilling effect on -- on, you know, folks who actually do want to go into public service which we've been talking about today where, you know, many of those jobs are less lucrative than just a pure private sector job.

So -- and then we should also be thinking about the interplay between the IDR plans and PSLF throughout this process to remember the kinds of students and student borrowers who are going to be impacted by both of those programs at the same time. Thank you.

MR. ROBERTS: Thanks Suzanne. I'm going to give the final word for Jeri for questions 4 and 5.

MS. O'BRYAN-LOSEE: I just want to say thank you to Suzanne. That's exactly what so many people have problems with. Thank you for articulating it so well and if I could give

her a plus 1 million, I would because that is -- she hit it right on the head.

MR. ROBERTS: And the inflation rate for the pluses in chat is really out of control. And I do want to acknowledge that Dr. McTier has taken a seat at the table, so welcome.

So with that, Jennifer, I'm going to turn it over to you to reintroduce our next set of questions.

MS. HONG: Thank you. Thank you, Brady. So, this is kind of borne out by information that Raj just shared with us. And I think some of you have already spoken to this but we could build this up further.

Question number 6, data show that underserved populations in communities of color face higher rates to student loan struggles and others. What design factors and changes to better support equitable access and success in repayment? That's question number 6.

Since we've been taking two at a time, we're moving -- move on with 7 as well. 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 noncompleters who owe low balances, yet who do not enroll in existing IDR plans at a high rate.

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? Again, we're concerned about these borrowers that have low balances and low-income.

And I think David -- David, we touched upon all these issues but if we could build off that discussion a little bit further, thank you.

MR. ROBERTS: Thanks Jennifer and just as -- we're about a little over 50 minutes from public comment, I'm going to ask everyone, again, if you'd been assigned a slot to speak, please start joining this meeting. So, we can just make sure everything is set and ready to go right at 3:30.

So with that, Persis, I see your hand.

MS. YU: Thank you. Yeah, so I think I've mentioned this before but I think it always bears repeating that students of color have to take on higher loan balances. And so, it -- as we are thinking about equity and how we structure this program, I think while there are a lot of low balance borrowers who are in default and that's an incredibly important thing to acknowledge that disproportionately borrowers of color have higher loan balances.

And so, I would like resist any urge to kind of segment by loan balance. I think we also should take into consideration, there's actually a recent journal article that came out showing that student loan borrowers of color

experienced higher rates of servicing errors and abuses.

And so we know that there are access problems with accessing income-driven repayment and those are borne out by student loan borrowers of color primarily. So, we need to -- we need as we're crafting to take into consideration what happens to a borrower when they're steered.

And then finally, for this round the options for borrowers and defaults, borrowers of color default at twice the rate of their white peers. And so having options for borrowers in default is critically important.

The current regulations unnecessarily restrict the access to income-driven repayment to borrowers in default. I don't -- my reading of the statute does not prohibit defaulted borrowers from accessing income-driven repayment. They should be allowed into the payment plan.

They should have their time counting towards cancellation, especially any involuntary payments that are above the income-driven payment amount should count towards cancellation. And I think that would move us a lot closer -- a lot closer, not quite there, to equity.

MR. ROBERTS: Thanks Persis and I'm seeing more hands but really quick, I just want to recognize that Jennifer has joined the table on behalf of Student Loan Borrowers. So, I see Bethany, David, Michaela and then Jennifer. So, Bethany, the floor is yours.

MS. LILLY: I want to echo everything Persis just said and I want to bring up something that's slightly more radical in the context of what I'd been saying this whole time which is why are we not automating this? Like, I'm completely and utterly baffled by that.

Like if you have a student who is starting to go into default like the best thing to do is to automatically put them in an IDR plan and that's going to prevent a lot of problems. If it's doable under the statute, I don't understand why EDisn't doing it. I -- it's baffling to me I will just say.

And I want to say that also disability rates are higher in communities of color, they're higher in low-income communities. That means you're by definition going to have more problems with paperwork and with the bureaucratic barriers that we talked about repeatedly during this entire session.

And so for me, automation in this is kind of the be all and end all -- that I don't -- I think we should be doing everything else that Persis said as well but I just -- I want to hit that point home because I think that there's a lot of problems here that could be addressed by that.

MR. ROBERTS: Thanks Bethany. David?

MR. TANDBERG: Yeah, thank you Persis for those really good recommendations and I would reference those that she provided in -- in her comments just now but also earlier suggestions around how we do with interest and -- and

Bethany's reference to automation.

And I think what that gets to is that we will develop the best policy if we address those populations that are currently being poorest served, right. So if we -- if we keep in mind students of color, low-income students, first generation students and design the policy to better serve them, all students are going to be better served, right.

And so, I think that is absolutely where our focus should be, better information, automation, and readjusting the terms of the IDR so, that we're not putting them in a worse position financially over the long term, definitely putting folks that are facing default into IDR and doing it automatically if we can.

All of that is going to benefit all students who are borrowers but particularly it's going to benefit those that are facing the largest structural constraints. So, I'll just leave it there.

MR. ROBERTS: Thanks, David. Michaela?

MS. MARTIN: Yeah, just a consideration, because the question asked about like considerations for the good (phonetic) design. And I think that really thinking about not punishing people for being poor, these programs shouldn't make you owe more just because you didn't have money. It just seems incredibly counterintuitive.

And then also, I want to build upon

marginalized communities, low-income and students of color, not that we have a lot of data on student parents and I will continue to talk about them throughout these, particularly because I am one. We're also representing independent students, any student who is in enrolled in college automatically because of an independent student when they have a child.

So, a large portion of the folks that I am speaking for are also parents. Data shows that about two out of five African American women currently enrolled in the undergraduate program are also student parents.

So, we're talking about almost half of -- of these students also having dependents and so then we're also talking about being low-income and coming out of these things. Students of color and low-income students have the highest -- have higher rates of being student parents, not taking into account family composition, not just family size.

Again, going back to, you know, if you're a two-person household, you could be a single parent or you could be a two-income earner. If you have a three-income, you could have one child and two incomes. And I think considering how that composition is in this is really important when you're designing that program.

MR. ROBERTS: Thanks Michaela. Jennifer?

MS. CARDENAS: I just want to say, thank you, Michaela but I also want to -- I want to get clarification

before we go into public comments. That's why I kind of raised my hand early. On the next steps that are on the issues around defaults that were brought up by Persis.

I want to just clarify, will ED be giving a presentation tomorrow morning on the conversation that they're having because that's what was mentioned earlier but we didn't really get a clarification on that. I want to do it now before we go into public comments. Thank you.

MS. MACK: I think the clarification that I can add is that I suggested hitting the pause button because David asked perhaps maybe the department wanted to respond on some of the issues where the plan forward on what was raised in Persis' proposal to add additional topics.

And instead of rush directly to a consensus check which may have been to add those but it may have also been to not add those to perhaps allow everyone to further consider that, give the department an opportunity to respond, if there is a response to be given.

And then, we can move forward with the -- the consensus check. That was what my thinking was behind the suggestion. Does that -- does that address it, Jennifer?

MS. CARDENAS: A little bit. So, just for clarification we will be getting --

MS. MACK: Okay.

MS. CARDENAS: -- those results in the

morning? That way we know like where the stance is and what we're doing with them. If that's something (phonetic), yes, it's answered. Thank you.

MS. MACK: Okay, so ED let me ask you.

Earlier, I suggested a pause button because David had asked more clarification perhaps around ED's perspective on that in terms of moving forward. I wanted to hit the pause button, so that you could respond. I don't know that you have a response at this time but I'm happy to invite it to answer Jennifer's questions.

MS. HONG: I mean all I can say at this point, no. We won't -- we won't have a presentation available for you all tomorrow. We need to get through our topics first. So, we're very worried about not getting through things like, yeah, false certification.

We wanted to finish the discussion on IDR. We want to Raj to kind of share more information with us. We want to get through false certification as well as Pell Grant eligibility for prison (phonetic) education.

So -- and we also -- we further have concerns about the feasibility about -- at least one of the proposals that has been put forth. And we just -- we can't at this point weigh in on it. We know, again, that we are already proposing to do regulations directly related to debt collection which do not live in the EHA.

So, we would, you know, we would need several

answers on any of those items to discuss that. We're just -- we're not prepared to do so right now.

MR. ROBERTS: Right, thank you. Joe, the floor is yours.

MR. SANDERS: Yeah, hi. Are we -- are we addressing questions 6 yet?

MR. ROBERTS: Yeah, we are. Yeah those are introduced.

MR. SANDERS: Okay, okay. So, I think that question 6 gets to issues of borrower support and borrower support as currently provided through servicers. Servicers are supposed to be your information conduit to go to when you have purchased like loans about issues of repayment, about, you know, how to deal with, as question 6 says, "student loan struggles."

And you know, what the Attorneys General had consistently seen in the student loan servicing space is a lack of the kind of detailed information that borrowers need in order to navigate these systems.

And I think that as you have populations that don't have as much experience with consumer financial products and debt generally within their families, the need for that support increases. And so, you know, there are a couple of ways to deal with this one, something that I mentioned that Bethany, has certainly brought up this automation and simplicity.

One of the things, you know, in the Consumer Fraud Bureau, the Attorney General's Office, when we get relief for consumers, through a lawsuit or settlement we do everything we can to avoid a claims process or any kind of administrative burden.

So when you're thinking about question 6, reducing the need for the borrower to take action or to gain information or to make some kind of a choice, I think we have to.

The second piece goes to the amount of touch and support that borrowers get. I -- I have had some interesting discussions with the Rhode Islands --

MR. TONCHI: Thirty seconds.

MR. SANDERS: -- Rhode Island Student Loan Authority. They instituted a state level income driven repayment plan and one of the things that they think made that plan successful is that they took their servicing in-house.

And when the servicing is in-house, there's a connection between the profit that the servicer makes and repayment of the loan. So, I would encourage the department. I can drop a link in this data on (inaudible).

MR. ROBERTS: Thanks Joe. I think we have time for probably one more -- two more, I see Noelia and Persis' hands. But, I just want to quickly recognize some primary folks who are rejoining us. So, we had Misty back at the table,

representing Four-Year Private Institutions, Jeri, representing Student Loan Borrowers and Jessica representing Proprietary School. So with that, Noelia.

MS. GONZALEZ: Yeah, I want to echo the -- those comments about support but I think we're also missing the support that universities and schools give their students. I know that many campuses have put in financial wellness programming, financial literacy programming to really guide students through the, do you need to borrow? If you do, can you lower how much you're borrowing?

And then as they near graduation or they exited the campuses, walking them through those borrower repayment options, what are some of those loan forgiveness programs that they may qualify for?

So, I think that campuses and universities and colleges are very important -- play an important role to this and really guiding students through that, what happens after I leave campus whether through graduation or dropout, so.

MR. ROBERTS: Thank you, Noelia and then Persis? I think you are our last committee comment for the day before we open it up to the public.

MS. YU: Thank you. I just want to return the point that was raised earlier that if the department is not planning on making a presentation about the proposals that I have motioned to have included that we then take a consensus

check on whether or not those should be included.

MR. ROBERTS: Understood. Let me do this. Aaron (phonetic), would you mind stop sharing your screen very briefly? If we want -- we can have more conversation on this tomorrow morning just to -- because I think it might eat into the public comment period but I am willing to just take a thumbs (phonetic) vote right now. But Persis since you raised it, I'm willing to see what you're interested in doing.

MS. YU: I'm happy to see if there are other folks in the committee who would like to speak to this. In which case, I'm happy to defer to tomorrow but if there's no need for further conversation, I think you heard a lot from me, so then I would just love to get everyone on the record on what they think.

MR. ROBERTS: So, I see at least one hand up right now. So if it's okay with you, I'm going to call in Daniel and then we can open up tomorrow's proceedings with this chat, if it's okay with you.

MR. BARKOWITZ: I would specifically like to encourage the department to consider Persis' suggestion around using IDR as a recovery method from default, if we're not willing to consider the entire piece. It seems to me that it's completely relevant and appropriate given the conversation we're having about restructuring the IDR program.

So, I would offer support to that piece, if

not to the entire piece that I also support but at minimum I see the direct relevance of that particular piece to the conversation we're having.

MR. ROBERTS: Jennifer?

MS. HONG: Yeah, just to reaffirm. That's always been our stance to the extent that these proposals are relevant to the discussion we're having and we're happy to hear them.

MR. ROBERTS: So with that, why don't we -- if we're okay just opening up tomorrow with that check because again, we have a full period for public comment because it is right at 3:30. Can I actually -- can I get thumbs on, on that? I know consensus check or a consensus check is an annoying thing to ask for.

I'm seeing thumbs, I'm seeing sideways but no, I do appreciate that and then we will return to this I promise.

So with that, I think we are ready to admit our first person. So, Cindy could you go ahead and admit Brian Whitehead who's a veteran representing himself.

Oh and I see -- oh there he is. Yes, enable his audio. Hi, Mr. Whitehead, can you hear us? Good afternoon Mr. Whitehead. How are you?

MR. WHITEHEAD: I'm good. How is it going today?

MR. ROBERTS: Good. You have three minutes. Go

ahead.

MR. WHITEHEAD: All right, good afternoon. My name is Brian Whitehead and I'm from Loganville, Georgia. I served in the U.S. Army from 2000 to 2005. And after I left the service, I attended ITT Tech from 2006 to 2008 to study computer and electrical engineering.

I graduated from the program but now after almost a year of looking for a job, I was never able to get one in the field that I study. For the school who recruited me, they told me that 90% of their students were graduate -- were guaranteed jobs right out of the gate with average seller (phonetic) starting between 60 and 70,000 a year.

That was not true and top of that I had student loan debt around \$50,000 federal and \$40,000 in private loans, even though ITT told me that my GI bill benefits will cover my entire education. Right now I have a job because of the skills that I have learned in the military not because of that degree from ITT Tech.

Still, it's a job that barely pays the bills and I have to ask for help from my family and friends. I wanted to complete school to get into a career where I could earn a decent living but ITT's degrees aren't worth the paper that they're printed on.

I had classes taught by people who admitted they weren't qualified to teach computer programming or anything

tech-related. I know if I had gotten a degree from a more reputable university along with my military experience, I'll be in a much better place.

ITT Tech maybe closed but I had to live with the debt and frustration that they left behind. I wanted to testify here today to ask you to stop schools like ITT Tech, so that they can't get away with lying, to get veterans to enroll in their schools.

They need to be held accountable for their lies because they have the power to destroy our career goals and ruin our lives. Thank you for your time.

MR. ROBERTS: Thank you very much for your comment.

MR. WHITEHEAD: Thank you.

MR. ROBERTS: So, next up, if you can let in Amy Laitenen representing New America from the waiting room. And Amy, I think I'm hearing, you just need to the pause the livestream. I think we're getting a bit of an echo otherwise, got it. And then whenever you ready, you have three minutes.

Ms. Laitenen, can you hear us?

MS. LAITENEN: Oh yes, I'm sorry I thought Bradley was still speaking.

MR. ROBERTS: Oh no, you're okay, you're okay. You have three minutes, go ahead.

MS. LAITENEN: Great. Thank you. Thank you so

much for taking the time for public comment. I wanted to bring up an issue that I was surprised didn't come up yesterday in relation to issue paper number 8 on recovery from institutions.

In terms of the issue paper that the department put out, I was frankly surprised to see such a weak opening bid come from the Biden administration, given the promises during the campaign and then in the opening months of the administration to really crack down on predatory colleges in order to prevent real harm to students and borrowers.

Borrower defense should have both -- both the back-end and the front-end function. It should help borrowers who already have been harmed and it should also prevent future students and borrowers from being harmed. By making it optional for the department to act against the school, if the department has found that a borrower is entitled to relief his proposal fails to prevent future harm. For current borrowers, all we can really provide is financial relief but we can't make up for the other harms that -- real harms they experienced, lost time, energy and momentum and the emotional toll of all of it.

We cannot make those borrowers whole but we can and must try to prevent those significant harms for future borrowers. I agree that students shouldn't have to wait for the department to take action against a school before they get the relief entitled to them but the department should not have the

discretion on whether or not to take action against a school that harmed a student.

Predatory schools need to know that accountability is not optional. The proposal as written lets schools off the hook and absolves them of their decisions that harm students.

I'm so, so, so glad that this group is trying to strengthen the back-end protection, the borrower defense for those who have already been harmed by predatory schools but I urge you not to be inadvertently complicit in allowing future students and borrowers to be harmed by ignoring the front-end protections. Thank you for all that you're doing and good luck with the rest of the neg-reg.

MR. ROBERTS: Thank you very much for your comment. So, next up we have Ms. Trisha Purdon who is the Director for the Office of Rural Prosperity to the Kansas Department of Commerce. And Ms. Purdon, the floor is yours, once we get audio and video up and running.

MS. PURDON: Good afternoon. Thank you so much for having me to speak to the committee. I appreciate it very much. I'm Trisha Purdon, I'm with the Kansas Office of Rural Prosperity in the Kansas Department of Commerce.

I'm speaking specifically about rural communities but this issue that I wanted to bring up to the committee really pertains to both urban and rural. I wanted to

speak, really referring to issue paper number 5 regarding the department's questions, taking ideas on what should be included in the definition of the primary services of the private organization.

Specifically, the three areas that I wanted -- the committee to consider is allowing organizations that are not specifically defined in the current descriptions such as economic development organizations, Chambers of Commerce and main street organizations which are often 501(c)(3) organizations but fully, if not -- or partially funded by local government or state government organizations.

They are often 501 (c) (6's) because of their need to have private business memberships to cover that fund. However, these organizations are critical pieces of our local economies and often are the linchpins of whether or not a community maintains their rural health care facilities, mental health facilities.

And often are integral in pieces of public safety, public interest and legal services addressing poverty and public health issues. It's especially true in rural communities where there -- there's gaps in addressing these issues for communities.

And so, I would like the committee to consider including these organizations, specifically in the guidance as those are often areas that are confusing in

regarding the PSLF program and when they're filing the requirements.

One of the reasons, if you have difficulty, I thought, about including them is the fact underneath the public interest legal services. It does mention that these legal services are funded in whole or in part by state, local or federal or tribal government and these organizations typically are funded in that -- in that framework and provide legal services.

For example, organizations might fund or assist a small business in filing an LLC or getting an S corp or C corp set up, although they're definitely not attorneys they assist these businesses in this critical pieces, and often case (phonetic) in these rural areas.

So with that, thank you very much, Committee, for listening to me. We hope that these organizations will be considered and I look forward to hearing the results. Thank you.

MR. ROBERTS: Thank you so much for your comments. Next up we have David Kociemba and please correct me if I'm pronouncing that incorrectly who is an East Coast Organizer representing the American Association of University Professors. So, Mr. Kociemba, you have the floor for three minutes.

You just got to unmute yourself.

MR. KOCIEMBA: All right.

MR. ROBERTS: There you go.

MR. KOCIEMBA: Good afternoon. My name is David Kociemba. I'm an East Coast for the American Association of University Professors. I was an adjunct professor for 16 years at five institutions in the Boston area.

I'm not alone in leaving the profession. There's an entire sub-genre of quit-lit writing devoted to the phenomenon. For millions of academics like I was, your department and its loan servicers have broken their pledge to recognize those who live a life of public service.

Ninety-eight% of those who have applied have been rejected. While proposals on the table had promised, fundamental changes are needed to address the realities of what 10 years of laboring as an adjunct professor looks like.

It's extremely difficult for adjunct professors to have their work recognize by the existing program. Though, it is heartening to hear from so many negotiators today that you understand this. University administrators make sure that adjunct faculty don't hit the current eligibility threshold, lest the university give them health insurance.

So, career adjunct faculty cobble together work in multiple universities that's more than full time work but just barely 30-hour in state and federal definitions. Earlier today, folks asked for data related to the contingency crisis.

Contingent faculty are disproportionately women and racial minorities. Forty-three% are part-time and based on the AAP's annual survey, are just scraping by on the national average of \$3,556 a course.

Unfortunately, there isn't a recent or conclusive study on the average adjunct's course load but a 2010 study, estimated it was just shy of three classes per academic year.

Most get no contributions towards health or retirement and have unemployment so unpredictable, they might not know their own course load a month away from the start of term. Don't let the tweed the fool you. Being a college professor is no long a reliable path to the middle class.

I talked to faculty we needed to file for unemployment who work weekends and nights at other jobs or who wanted to find food pantries where they wouldn't run in to their students. The path out of crushing student loan debt should be less onerous for those whose employment is the most precarious.

To echo what others have already said at the negotiating table today, go beyond the 2.5 work hours proposed for every credit hour perhaps by adding on required office hours or by using a more generous conversion rate.

Under the current proposal, an adjunct professor would need to teach four, three credit courses each semester to qualify for PSLF despite their full-time peers

getting benefits with one less course this semester. So-called part-time professors advised --

MR. ROBERTS: Thirty seconds.

MR. KOCIEMBA: -- write and do research and please recognize that most courses are taught during the nine-month academic year when calculating eligibility and remember faculty like me that are still paying off loans they took out in the 1990s. Thank you for your time.

MR. ROBERTS: Thank you, Mr. Kociemba for your comments. The next commentary we had is Mr. David Mayfield, representing himself. So, Mr. Mayfield once we have your sound working, the floor is yours.

Mr. Mayfield, can you hear me?

MR. MAYFIELD: I can hear you now.

MR. ROBERTS: Great. If you had video, feel free to turn it on, otherwise you have three minutes for public comment.

MR. MAYFIELD: I'm trying to get everything up.

All right, can you see me now?

MR. ROBERTS: We can see you and hear you. Go ahead.

MR. MAYFIELD: All right, so my story with ITT Technical was to --I was told by the ITT employees that if I extended the -- that I attended the school and stayed the course

at school that I could get a five-figure salary -- starting out salary starting at \$55,000 per year.

I find that this was not the case as I couldn't even find a job or get any interviews and I thought the information that they told me for employment prospecting was very misleading. However, going into what else I was told about the program at school was fully funded through my Montgomery GI Bill by Post-9/11 that I wouldn't have any debt at all.

I would talk to student counselors to confirm this and that my -- the GI Bill was 100% but now I'm stuck with federal and private student loans that was taken out in my name. I was misled about the cost and everything that was being financed in addition to that.

With career services, ITT told me that I had contacts and they had contacts and will help me to get a job but I received no phone calls, no interviews from their alleged firms. I had meetings with counselors countless times who told me that I would need to stay the course at ITT Tech to be able to be sought after for the job market but that was not the case at all as well.

I ended up having -- so to get a job is -- as an installer with no help at ITT and this wasn't even a part of my career study. In addition, I would like to share that the professors were mostly graduates to ITT Technical Institute and they -- these classes were not challenging.

And then, I will receive a good education, that my experience wasn't credited, but I figured out and found out that these activities didn't, they were violations and it was -- it wasn't even applicable for the consumer protection laws. And now I'm stuck with private student loans as a military service member, as a veteran.

I served our country and I stood for honor, courage and commitment and I was lied to and I found it the parody is that I have -- we have enemies, the world does. And I served our country to protect our rights from these types of enemies.

And yet now, I have to worry about some of these things in addition and where we are -- even the United States of America where we have to now have office (phonetic) and education. I think that's not right.

MR. ROBERTS: Thank you very much for your comment Mr. Mayfield. The next person coming into the room is from the wait list and is Ms. Krissta Kirschenheider, representing herself. So it's -- if we could admit her, great. Hi, good afternoon, Ms. Kirschenheider. Can you hear me?

MS. KIRSCHENHEIDER: I can hear you.

MR. ROBERTS: All right, you have three minutes for public comment, please.

MS. KIRSCHENHEIDER: Okay, I'm sorry if I (inaudible) speaking. Good afternoon.

Hello, could -- sorry.

MR. ROBERTS: We can -- we can hear you, sorry about that, you have three minutes, go ahead

MS. KIRSCHENHEIDER: You can hear me?

MR. ROBERTS: Yeah, we can hear you.

MS. KIRSCHENHEIDER: Yes, I can hear you now. Thank you. Hi, good afternoon. Thank you for allowing me to speak before you today. I wanted to introduce myself. My name is Krissta Kirschenheider. I work for legal services and I've done that for the last 12 years.

I wanted to tell you a little about my experience with the public service loan forgiveness program. Yeah, I have 60 credits to date, even though I had been working in public service for almost 12 years. Sorry, I hearing an echo, let me see if I can change this.

MR. ROBERTS: You might have the live stream up, if you're able to pause that, that's typically--

MS. KIRSCHENHEIDER: Yeah, I cut that out, yes. So -- I only have 60 credits to date after almost 12 years of working in public service and I had -- my career is working with programs, Social Security, FEMA, VA for all sorts of people and this program has been the most complicated -- complex, convoluted and I'm a lawyer, in a program I ever had to deal with.

I can tell you that at one point because my

loans were sold to different service providers, I finally have to switch my loans to the Department of Education, so that I could get an answer to what qualified because I didn't know that if I overpaid one month, the next month those weren't counting, if I underpaid by a few cents.

And so, when I was switching over for a year, I didn't have any payments during that year. I was put on a deferment and so that whole year of work didn't count. The first three years of my public service beginning when I was getting -- earned income tax credit that year as a single mother.

My son was on Medicaid. I had (phonetic) been in public service, making myself through. I was paying my loans but they don't count those because I wasn't in this program. I was through a FEMA disaster and I needed extra income, so I could get out of the disaster.

And I had to get a deference and those months that I didn't make payments didn't count. It's just so hard. I went through cycle after cycle of review with the public service loan forgiveness becoming my fifth.

They don't tell you how long these reviews will go. I think right now I'd been waiting over a year. Randomly, they give me a month of credit. Oh, here's one that I heard, I was switching legal services job. I worked for my employer until September 27th. My payment was due September 28. I made my payment on time.

MR. ROBERTS: Thirty seconds.

MS. KIRSCHENHEIDER: But because my payment date was one date after I quit on a Saturday, they didn't count that month of service and that payment. But if my payment due had been -- due date had been due September 26, that month would have counted.

And I just want to express my frustration in trying to juggle this program and I'm really excited that you guys are meeting because I think the program was supposed to help us but it really limits our ability to do anything with our careers as we wait as I'll probably were this public service. Not that I mind but for the next 20 years.

MR. ROBERTS: Thank you, Ms. Kirschenheider so much for your comment. Thank you very much.

MS. KIRSCHENHEIDER: Thank you.

MR. ROBERTS: All right. Next up we have Ms. Arielle Atherley, representing the Leadership Conference on Civil and Human Rights. And we'll give her a moment to get online.

Hi, Ms. Atherley, are you -- are you in the meeting here with us?

MS. ATHERLEY: I am here.

MR. ROBERTS: Hi, welcome. If you're able to turn, it's great (inaudible).

MS. ATHERLEY: I got to get set up.

MR. ROBERTS: We can hear you and you have three minutes starting now.

MS. ATHERLEY: Wonderful. Thank you. So, thanks so much for having me. My name is Arielle Atherley. I'm a Policy Analyst at the Leadership Conference on Civil and Human Rights in Washington D.C. We are a coalition charged by our diverse membership of more than 229 national organizations to promote and protect the civil and human rights of all persons in the United States.

The civil rights community has long recognized equal, educational opportunity as central to our struggles to achieve equality for all Americans. And despite some of our nation's most fundamental laws that removed some of the barriers to access for students, students for marginalized communities continue to be excluded from quality post-secondary education based on their race, their status as a justice impacted person or their disability status.

Institutions of higher education must ensure the rights to an equal educational opportunity for all students in America and federal civil rights laws must be enforced. So, that campus communities are inclusive of the full diversity of students in America.

Without these protections, exclusionary policies and practices will result in a lack of equal opportunity for some of our most marginalized students. As such,

we urge the department to consider changes in the number of areas including what is outlined below.

Firs on student loan debt cancellation, the rising cost of education has kept post-secondary education out of reach for many low-income students unless they rely heavily on student loans. A choice that black and Latino students are disproportionately faced with.

The \$1.7 trillion student loan crisis is crushing individuals, families and our economy. And the weight of this burden is disproportionately borne by women and black and Latino borrowers.

A debt financed higher education system and a society defined by dramatic racial, gender, disability and wealth disparities will always inherently be flawed and inequitable.

And though there are established programs intended to make student loan repayment manageable, the impediments to accessing relief had been well-documented and very few borrowers had been successful thus far in obtaining relief through repayment programs

The only solution that addresses the harms of the past is to look towards widespread debt cancellation and so we're looking to the department to issue guidance that will result in an immediate cancellation of at least \$50,000 of student debt for borrower which would provide relief to millions

of borrowers facing the burden of their student loan everyday.

On gainful employment, in the 2018 brief on the topic of gainful employment, the civil rights community called for a strong gainful employment regulation that protected students and curtailed abusive practices by for-profit institutions.

Despite various claimsto the contrary for-profit colleges (phonetic) do not serve black and Latino community and rather they profit from deep cultural commitments to education and students' belief that the Department of Education would only make financial made available for worthwhile programs.

In the names of these students and their families, we urge the department to robustly enforce the laws and regulate (inaudible).

MR. ROBERTS: Two seconds left.

MS. ATHERLEY: On behalf of marginalized students.

MR. ROBERTS: Great. Thank you so much for your public comments. Next up, coming in from the waiting room is Ms. Ashley Pizzuti, who's a for-profit borrower and organizer for other borrowers in the Brooks Institute. Ms. Pizzuti, can you hear us?

MS. PIZZUTI: Hi everyone.

MR. ROBERTS: Hi, you have three minutes for

public comment beginning now.

MS. PIZZUTI: Great. Thank you. Hello, everyone. I am Ashley Pizzuti. I first want to thank those who are in support of giving my voice a seat at the table. It's pretty telling when student loan profiteers still control the narrative.

I'm utterly disappointed that our voice is being shut out once again. Jessica Barry, it's pretty obvious to everyone watching stuck in the borrower defense pipeline, you are not working in good faith but for those who stand to put more students in the same situation.

Here's my story in the last decade I'd been researching how my husband and I ended up with half of million dollars in student loan debt after graduating from Brooks in 2005. Easy, we were lied to about job prospects, placement, graduation rate, accreditation, transfer of credits and you pair that with the recession and capitalized interest and there you go.

In 2015, I started to reach out to others for my school. We're all suffering the same fate. I started to collect data on other Brooks' borrowers. Out of 500 borrowers, we collectively hold over \$70 million, that's \$70 million for just under 500 people, all student loan debt. This is one tiny CEC owned school out of many.

Like I said before, I applied for borrower

defense over five years ago. This is my application. It includes administrative and faculty testimony on how my program ran a noncompliance as ACICS looked the other way.

E-mails from the admission's reps, several loan investigations and class actions against Brooks and as CEC shareholder call transcript, stating dividends would be paid by keeping warm bodies in their seats by any means necessary.

Yet, my application was denied under DeVos for lack of evidence. CEC has been proven to be a bad actor, yet here we are still holding the bag. Our lives are permanently on hold, controlled by this debt while most of us reached middle and retirement age with little options.

I'm happy to share my data with anyone that's interested. Thank you for giving me a chance to speak. I wish it was more.

MR. ROBERTS: Thank you, Ms. Pizzuti for your public comment. Next up and actually our final public comments that we are currently have in the waiting room is Ms. Kecia Nicholson, representing herself.

Ms. Nicholson, can you hear us?

MS. NICHOLSON: Yes.

MR. ROBERTS: Hi, good afternoon. You have three minutes for public comment, beginning now.

MS. NICHOLSON: Hold on. Can you hear me?

MR. ROBERTS: I can hear you. Yep, you --

you're --

MS. NICHOLSON: Okay.

MR. ROBERTS: -- just fine.

MS. NICHOLSON: Thank you. Okay. I'm a school psychologist in public service and I'd been doing that for 15 years. I had FFEL undergrad loan and a Direct grad loans that I consolidated into an FFEL consolidation piece in 2006. So, I'm hopeful that your new guidelines are going to address most of my concerns.

But, I do have concerns about do I need to show payments because this will be difficult. I already had two FOIAs. I closed my bank account that I had paid from that. So, I hope that this will be addressed.

Also, if my loans are forgiven, yay, but my family budget will not change. My husband still has loans, so I'll still fall under that under that marriage penalty as Bobby had stated in the past.

Child care, when my child was younger, our thing was based on the sliding scale for AGI, that doesn't acknowledge student debt. So, even though we would get raises, our child care and our student loan payments would also go up.

So, this was also a problem with people who have non-traditional like work at night. They rely on family, so you don't know how their meetings (phonetic) have pay. So, Joe's suggestion of pulling the IRS data might not address that proof.

The loan amount calculated was too high when my husband was in deferment.

So, it was saying I could -- and the family need to take this much his loans were deferred. So, we need a way to calculate when one spouse is in school and paying under a loan or when one spouse is in school and the other one is paying on their loans.

Marjorie had pointed out like the discrepancy of undergrad and grad. From my position, we should have undergrad and grad forgiveness. I would echo that and not have any differences between the two because for my job I need to have a Master's. I needed to have grad school.

Otherwise, I kind of be in that position of not really being able to pay my loan necessarily with just the Bachelor's. I echo what people had said about needing more support. People with loans, they need somebody to understand the tax implications like do we have to do, marry (phonetic), file separately and we also need people that understand the different forgiveness programs because maybe somebody qualifies better for a teacher forgiveness versus a public service loan. I think this would help address the equity issue too for people.

Also, alumni support , especially --

MR. ROBERTS: Thirty seconds.

MS. NICHOLSON: -- for public university. So, just being able to have that connection and then also people

with student loans never get to experience any real increase when they get any kind of raises () because our cost () of living goes up, again our student loans give up -- go up as well.

So, thank you for allowing me to be part of this today.

MR. ROBERTS: Thank you very much for your comment and actually hope no one minds if we go a minute over. We have our final speaker just entered the waiting room, it's Mr. Christopher Loren, representing himself. So, Mr. Loren, can you hear me?

MR. LOREN: Yes, I can hear you.

MR. ROBERTS: Good afternoon. The floor is yours for three minutes.

MR. LOREN: All right, thank you. So, making this pretty brief, I'm definitely glad that this committee is the dealing with some of the hard situations that many out there are facing. Some of my concerns are however, you know, a little bit more broad I guess the department of education I hope is considering. My comment would be basically, you know, why is enough that you that you can go out and buy a house, you can buy a car and you can even get, you know, private loans for things that aren't education, pay at least a 50% lower interest rate than the federally mandated interest rate that's out there which is over 5% for some that have even higher than I've heard 7, all

the way to 12%.

You know, federal student loans in order -- are there to help people who can't afford school, made (phonetic) out-of-pocket. So they're able to further their quality of life by having the opportunity to have a higher income through jobs that require higher education.

You know, why is student loan interest capitalized driven for four to five years, you know, period of while you're in school. You know, if the economy is not healthy, there aren't a whole lot of jobs out there to do something could be after graduation.

You know, why isn't there a one-year grace period where interest is not being capitalized, you know, or another issue that I'm concerned with is why aren't student loan is something that feeds (phonetic) something coming out of your paycheck pretax just like many health benefits too. And I don't think, these fundamental flaws that, you know, are aiding in the \$1.7 trillion with student loan debt. I hope that on top of all the issues this committee is discussing that these are problems being looked at as a part of the solution. Thank you.

MR. ROBERTS: Thank you very much for your public comments. All right, that -- actually we ended right on time I think. That concludes day four of week one of negotiated rulemaking and we will see everyone here tomorrow at 10:00 a.m. Eastern.

Appendix

**Department of Education, Office of Postsecondary Education
Zoom Chat Transcript
Affordability and Student Loans Committee - Session 1, Day 4,
Afternoon, October 7, 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 Bethany (P) Disability (she/hers) to Everyone:

Hi, flagging that John will be taking my spot when we begin again.

From Bethany (P) Disability (she/hers) to Everyone:

*The disability spot

From Daniel (P) - Fin Aid Admin (he/him/his) to Everyone:

+1 to Jeri's approach above.

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

Thank you Jeri for providing language on the faculty/credit hour issue. I agree as well.

From Will (A) FFEL Agencies Lenders to Everyone:

As we move forward with expanding eligibility, I would encourage ED to be cognizant of overly complex rules and processes. The more complex the categories, eligibility rules/processes, etc. are, the more exposed this is for abuse in the form of entities that may take advantage of

the borrowers we are trying to help. Just an observation, to be considered as we work towards increasing inclusion.

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

What topic is after PSLF?

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

Josh will take over at arbitration for that topic

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

I can look to see what may be available in research

From Brady - FMCS to Everyone:

Thanks Raj

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

suggest "contingent" or "non-tenured" faculty

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

Would also add "non-tenure track"

From Daniel (P) - Fin Aid Admin (he/him/his) to Everyone:

+1 to Suzanne

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

+1 Bobby

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

+1 Dixie, I used to spend 3hrs/day traveling between campuses when I was an adjunct many years ago

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

I am back now, was just on the phone with Kayla so missed the last few minutes

From Jessica (P) Proprietary Institutions to Everyone:

+1 Daniel

From Heather - PSLF Advisor to Everyone:

Multiple part time jobs already count as full time

From Daniel (P) - Fin Aid Admin (he/him/his) to Everyone:

Multiple jobs for faculty members. Allowing multiple employers to "count" for certification as full time.

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

Quick facts on contingent faculty by the AAUP |
<https://www.aaup.org/issues/contingency/background-facts>

From Daniel (P) - Fin Aid Admin (he/him/his) to Everyone:

Thanks Heather. I see that now. Just making sure that the multiple employer qualification counts for adjunct professors as well...

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

Thank you Raj! Appreciate you!

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

Josh will take over for the legal aid seat for this issue paper

From Heather - PSLF Advisor to Everyone:

I think all the points about adjuncts are vital examples of how the existing employment certification process is failing to protect borrowers, in spite of regulatory language that should have allowed such borrowers to benefit

From Rachelle - 4 Yr Public (A) to Everyone:

+1 Heather

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

For Raj: If you could pull research/data on adjunct professors/guest lecturer workload that includes the workload of travel times for those who teach at multiple campuses as that is a part of their work. (If at all possible, include how many adjuncts teach at multiple campuses/travel to those campuses)

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

For Raj (part 2 hehe): This is a lot of info to pull but I have one more ask. Is there any data on a breakdown of racial/ethnic and gender for adjunct professors x student loan debt (or is this 2 different sets of data?)

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

+1 I feel you Jeri!!! First gen HS grad and higher ed student here. I would and will do anything to continue my education.

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

+1!

From Alyssa (A) Fin Aid Administrators to Everyone:

If only one school type uses these instruments and it is also the school with the most BD claims and other complaints isn't that enough to demonstrate that they are problematic?

From David Tandberg to Everyone:

+1 John

From Bethany (P) Disability (she/hers) to Everyone:

Hello, I'm back in the disability seat. Thanks!

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

+1

From Josh (A), Legal Aid (he/him) to Everyone:

+1 jeri

From Misty (P) Priv & Non-Profit to Everyone:

+1 Jeri

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

Meet students and borrowers where they're at and not where you want them to be.

From Bethany (P) Disability (she/hers) to Everyone:

+ Jeri

From Bethany (P) Disability (she/hers) to Everyone:

+ David

From Michaela [P] Ind. Student to Everyone:

+1

From Joe (P); State AGs to Everyone:

Eager to see more on Josh's points

From Will (A) FFEL Agencies Lenders to Everyone:

+1 David

From Josh (A), Legal Aid (he/him) to Everyone:

+1 Jennifer

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

I am back in the legal aid seat

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

I have concerns about the implicit penalty for earning a higher income for those who just minimally exceed the income cut off.

From Marjorie (P), 4 Yr Institutions (she/her) to Everyone:
+1 Christina

From Daniel (P) - Fin Aid Admin (he/him/his) to Everyone:

Is there tax liability on forgiven interest?

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

currently forgiven student loans are not taxable until end of 2025

From Heather - PSLF Advisor to Everyone:

not through 2025 but yes otherwise

From Heather - PSLF Advisor to Everyone:

principal and interest forgiven were both previously taxable as income

From Bethany (P) Disability (she/hers) to Everyone:

There are some states with state tax liability, right? But most/all states have defenses for low income folks from tax liability

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

Couldn't type it fast enough.... Christina will be sitting in

From Heather - PSLF Advisor to Everyone:

insolvency provisions can help low income borrowers otherwise subject to taxation, but they are based on assets vs. liabilities rather than on income

From Bethany (P) Disability (she/hers) to Everyone:

+1 to Dixie

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

+1 Dixie

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

Great point Dixie.

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

+1 Persis!

From Justin (P) Service Members and Veterans to Everyone:

Late with this but for the discussion on Predispute Arbitration: The 11th Circuit Court of Appeals decision opining on and analyzing the prior definition of Borrower Defense under 34 CFR § 685.300(i)(1). *Young v. Grand Canyon Univ., Inc.*, 980 F.3d 814, 815 (11th Cir. 2020).

From Bethany (P) Disability (she/hers) to Everyone:

I can drop my question for Raj in the chat

From Bethany (P) Disability (she/hers) to Everyone:

do you have data on churn?

From Joe (P); State AGs to Everyone:

Q for Raj - are there other recognized measures of poverty beyond the HHS guidelines?

From Bethany (P) Disability (she/hers) to Everyone:

specifically between different income levels?

From Bethany (P) Disability (she/hers) to Everyone:

it's a huge problem with Medicaid eligibility caps and transitions to the ACA exchanges

From Jessica (P) Proprietary Institutions to Everyone:

I need to step away for a moment. My alternate, Carol, is taking my place.

From Joe (P); State AGs to Everyone:

I support Persis's proposal to discuss defaulted borrowers

From Bethany (P) Disability (she/hers) to Everyone:

+1 to Persis

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

+1 Persis

From Misty (P) Priv & Non-Profit to Everyone:

+1 to Persis

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

+1 to Persis

From Joe (P); State AGs to Everyone:

Our student lending complaints spike during tax season based on the issues Persis is identifying

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

+10000000000000000 to Persis

From Bethany (P) Disability (she/hers) to Everyone:

The memo were sent around on Monday

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

+1

From Daniel (P) - Fin Aid Admin (he/him/his) to Everyone:

Also couldn't the department include the regs here and early adopt them.

From Josh (A), Legal Aid (he/him) to Everyone:

+1. Just because we have a large agenda, doesn't mean these borrowers should be left out of the discussion.

From Daniel (P) - Fin Aid Admin (he/him/his) to Everyone:

I agree that the proposal (specifically the issue of IDR as a pathway out of default) could be added as a sub issue under the current IDR conversation.

From David Tandberg to Everyone:

I request that the Department present on what they are currently considering doing to address the concerns raised by Persis.

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

I can quickly discuss the other document I sent and then can bow back out

From Jessica (P) Proprietary Institutions to Everyone:

My alternate, Carol, is going to continue in our seat after break.

From Daniel (P) - Fin Aid Admin (he/him/his) to Everyone:

Raj, question for research: how much of assessed interest for students in IDR programs is never actually paid in the lifetime of the loan?

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

Raj: Yes, I would like more info on gender

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

+1 Persis

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

+1 Persis

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

+1 Michaela

From Bethany (P) Disability (she/hers) to Everyone:

+ Michaela

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

Raj, can you clarify if this information is only based on students that graduate and if so do we have info on students that do not graduate

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

1+ Marjorie

From Bethany (P) Disability (she/hers) to Everyone:

+ Marjorie

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

1+ Marjorie

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

1+ Persis

From Bethany (P) Disability (she/hers) to Everyone:

+ Persis

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

+1 Persis

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

+1 Persis

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

Distinguishing between undergraduate and graduate borrowers for making changes to income percentages that must be paid is unnecessary and would unfairly penalize students who have graduate loans.

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

+ Marjorie and Persis

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

+100000 Michaela

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

+1 Michaela

From Bethany (P) Disability (she/hers) to Everyone:

I'd like to see the math

From Bethany (P) Disability (she/hers) to Everyone:

that might address my concern

From Michaela [P] Ind. Student to Everyone:

Examples are super helpful

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

I am planning to "math out" some scenarios tomorrow and even moreso in advance of November. Can you please provide specific requests/examples you would like to see? I am trying to take notes but may have missed some things

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

the Affordable Care Act subsidies slide up to 400% of poverty

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

+1 Bobby

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

+ 1

From Bethany (P) Disability (she/hers) to Everyone:

1+ Bobby

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

+1

From Justin (P) Service Members and Veterans to Everyone:

+1 Bobby

From Misty (P) Priv & Non-Profit to Everyone:

+1 Bobby's point

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

+ 1 bobby, it's also why some borrowers are married filing separately on taxes and missing out on tax benefits

From Heather - PSLF Advisor to Everyone:

An important point by Bobby. Also, under most IDR plans, married borrowers are permitted to file separate federal tax returns to have IDR payments based on separate income but that means they lose access to benefits allowed only for joint filers such as the student loan interest deduction

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

Jennifer is stepping in for me.

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

Jeri is taking her seat back

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

I am back.

From Joe (P); State AGs to Everyone:

+1 consider completion

From Bethany (P) Disability (she/hers) to Everyone:

+1 consider completion

From Rachelle - 4 Yr Public (A) to Everyone:

+1 Daniel.

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

+1 Daniel

From Rachelle - 4 Yr Public (A) to Everyone:

So much more likely to stay in repayment if borrowers can see forgiveness as they go

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

Catching up on questions in the chat - please let me know if I missed anything - Bethany: Churn specifically between different income levels? o RD response: Evidence on churn certainly exists, though I am not aware of anything on these specific income levels. Let me see what else I can find - Daniel: how much of assessed interest for students in IDR programs is never actually paid in the lifetime of the loan? o RD response: I believe the Department would need to answer this question using their data - Joe: are there other recognized measures of poverty beyond the HHS

guidelines? o RD response: Income is the main measure that most government programs use. Researchers have come up with a multitude of other ways to measure social welfare and poverty, but I have not seen these measures be used at scale. I will look further to see what I can find on this

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

- Jennifer: Yes, I would like more info on gender o RD response: I was not able to see this when presenting so not sure which figure to which this was in relation. Happy to track things down with more clarity on which figure/data. - Jennifer: Raj, can you clarify if this information is only based on students that graduate and if so do we have info on students that do not graduate o RD response: Again, sorry, I am not sure which figure to which this refers. For the 4th figure (distribution of income by school), that was based on enrollment as of that year. But happy to track other knowable information down

From Heather - PSLF Advisor to Everyone:

Daniel's point is important. Eliminating interest capitalization is not the same as waiving unpaid accrued interest

From Daniel (P) - Fin Aid Admin (he/him/his) to Everyone:

0% interest during period of IDR. Forgive interest that accumulates during the year and is unpaid. Forgive a portion of the loan as you go. And have a shorter time to forgiveness for students with small loan balances.

From Heather - PSLF Advisor to Everyone:

Under the REPAYE plan, during periods of negative amortization, 50% of unpaid accrued interest is waived.

From David Tandberg to Everyone:

+1

From Alyssa (A) Fin Aid Administrators to Everyone:

+1 million to Persis

From Rachelle - 4 Yr Public (A) to Everyone:

+1 Persis

From Heather - PSLF Advisor to Everyone:

REPAYE demonstrates ED's authority to waive interest on ICR-based plans such as PAYE and REPAYE.

From Misty (P) Priv & Non-Profit to Everyone:

My alternate Dr. McTier is stepping in for me

From David Tandberg to Everyone:

My alternate, Suzanne is joining to make a comment.

From David Tandberg to Everyone:

+1 - Joe

From Bethany (P) Disability (she/hers) to Everyone:

+1 to Joe

From Bethany (P) Disability (she/hers) to Everyone:

+1 on retroactivity

From Justin (P) Service Members and Veterans to Everyone:

+1Persis re retroactivity

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

+1 on retroactivity

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

+1 to Persis - this is me!

From Joe (P); State AGs to Everyone:

Paper on IDR uptake and negative amortization:
<https://www.nber.org/papers/w24484>

From David Tandberg to Everyone:

Thanks, Joe

From Heather - PSLF Advisor to Everyone:

A borrower owing \$30,000 at 6% must pay \$150 in interest each month in order to avoiding owing more the he did before making the payments.

From Joe (P); State AGs to Everyone:

+1 Suzanne - negative amortization does have a chilling effect on IDR uptake

From Justin (P) Service Members and Veterans to Everyone:

+1 to Suzanne on program structure discouraging borrower participation/public service.

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

:)

From David Tandberg to Everyone:

Yes, to Suzanne!

From Heather - PSLF Advisor to Everyone:

+1 Suzanne!

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

I will just add to Joe's comment that there is a large amount of literature that indicates that students do not fully understand their student loan debt obligations, have difficulty navigating repayment plans, and that the structure of messages matter as do "default" plans. I will also note that the paper Joe posted that shows that the messaging of IDR matters was done on a sample of students who should be relatively well suited to understand their

future prospects (at a flagship university, a lot of engineering and econ majors), yet they made many "mistakes"

From Bethany (P) Disability (she/hers) to Everyone:

+1 Suzanne

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

Jennifer in for me

From Daniel (P) - Fin Aid Admin (he/him/his) to Everyone:

+1 to Persis on default and allowing them access to IDR and allowing that to be count as rehabilitation and cancellation.

From Joe (P); State AGs to Everyone:

Agree with Raj that students do not understand their student loan debt. We have a student loan helpline in our office. A consistent theme in the calls we receive is that borrowers do not understand the basics of their student loans. They often do not know whether they are federal or private. They often not know whether they are in delinquency or default. Would love to have Raj get a sampling of that research for the Department to consider.

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

Joe -- I will put together a summary of the research literature on this topic

From Joe (P); State AGs to Everyone:

+1 Bethany on auto-enrollment in IDR when delinquency hits a certain point

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

+1 Persis and +1 Bethany

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

+1 Bethany auto-enrollment

From Jessica (P) Proprietary Institutions to Everyone:

+1 Persis and +1 Bethany

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

Automatic enrollment with an opt-out option seems to make more sense.

From Bethany (P) Disability (she/hers) to Everyone:

+1 Michaela

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

+1 Michaela!

From Jessica (P) Proprietary Institutions to Everyone:

I am subbing back in. Thanks, Carol!

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

1000% Michaela

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

+1 Michaela

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

Or those who are dual caretakers-children under 18 and caring for parents or older relatives

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

I am back, thank you Jennifer.

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

Misty is subbing back in.

From Bethany (P) Disability (she/hers) to Everyone:

+1 servicing in house

From David Tandberg to Everyone:

+1 to Joe

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

The research suggests that the meetings with financial aid professionals and campus counselors can be quite helpful, but not enough borrowers seek these services, including many who might need a lot of support

From Bethany (P) Disability (she/hers) to Everyone:

Support this proposal!