

**Department of Education,
Office of Postsecondary Education
June 24th Public Hearing**

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Greg Martin: Morning and thank you for your attendance at our virtual public hearing today. My name is Greg Martin and I am the Director of Policy Development in the Office of Postsecondary Education. I'm pleased to welcome you to this portion of today's hearing. This is one of three public hearings that we are conducting this week. Our purpose is to gather input regarding regulations that govern the programs authorized under Title IV of the Higher Education Act of 1965. I am joined on camera today by two other Department officials, Alexandra Sweeney from the Office of the General Counsel and Claire McCann from the Office of the Under Secretary. I'm happy to say that we've been able to add an additional half an hour to both our morning and afternoon sessions to accommodate the large number of people who wanted to get the opportunity to speak. For those who were originally scheduled to speak for the two-hour sessions that we had, they will have 5 minutes to present, but because they want to get in as many people as possible during the additional half an hour that we were able to add to both the morning and afternoon, those individuals will be limited to three minutes, and I'll make that clear with them when that delineation occurs.

With respect to the logistics for today's hearing, I will call your name to present when it is time for you to speak. We ask all speakers to limit their remarks to five minutes. As I said earlier, that's five minutes for the those who were originally scheduled to speak and then three minutes for those who were added. I'll make that clarification when it's their time. If you get to the end of your 5 minutes or your 3 minutes, I will ask you to wrap up and ask that you do so within 15 seconds. If you exceed your time, you may be muted. Speakers have the option to turn on their cameras while presenting, but it is not required and is the consideration of others. We ask speakers to please silence their cell phones and be in an area free from background noise while presenting as much as you can. Perhaps most importantly, we ask speakers to remain on mute before being called on to present. We ask that speakers leave the Microsoft Teams meeting and join the public Microsoft Teams meeting. If you are a speaker and did not mute yourself when not presenting or speak when it is not your turn, we will administratively mute you from the Microsoft Team meeting and may remove you from the speaker line. You can always dial in the Microsoft Teams line meeting as an attendee where you can listen to the hearing. When you are called to speak, please provide your name and your affiliation. This hearing is being transcribed and the transcription will be posted to our website in the next few weeks. The Department will also post a recording of the hearings with audio and video.

This is a public hearing and it is possible that a member of the public may record your remarks and post edited clips of them before or after the Department post the full unedited hearing. Closed captioning is also available in real time during the hearing. To use live captions, go to your meeting controls and select more options then turn on live captions. If you are submitting written comments, we encourage you to do so through the regulations.gov website. You may also submit comments through portal mail

commercial delivery, or hand delivery. Due to the COVID-19 pandemic, if you wish to hand deliver comments, please email Vanessa.Gomez@ed.gov and she will coordinate with the front desk staff in the lobby of the Department of Education Building at 400 Maryland Ave., SW, in Washington, DC so that you can leave your comments there. We will not accept comments by fax to ensure that we don't duplicate copies or receive duplicate copies. Rather, please submit your comments only once. In addition, please indicate the Docket ID, ED-2021-OPE-0077, at the top of your comments. You can also use that number to quickly access the place to submit your comments, just use the [regulations.gov](https://www.regulations.gov) website.

OK, now we are going to move on to our first speaker for the day and that will be Karla Coleman Garcia. Miss Garcia, whenever you are ready.

Karla Garcia: Good morning, thank you to the Department for convening these hearings and for the time to speak to you today. I'm Karla Coleman Garcia, the Director of Policy for the Tennessee Higher Education in Prison Initiative or THE. I am based in Nashville, TN. I'm commenting today on behalf of THE on the topic of Pell Grant eligibility for prison education programs.

THE is a nonprofit organization whose mission is to disrupt systems of harm and create opportunities for autonomy and success by providing college access to people inside Tennessee prisons, preparing students for skillful reentry and reducing barriers to continued education and achievement. THE works in partnership with the Tennessee Department of Correction, and Higher Education agencies to provide college in person programming across our state. Through our partnerships we offer associate degrees and as of this month we also offer two bachelor's degree programs. THE also provides in depth reentry programming for our students prior to and through the reentry process to support them in overcoming the numerous collateral consequences of incarceration.

Over the last 10 years we have supported 346 students through college programming, celebrated 53 graduates inside, and provided robust reentry support to 59 of our students that have returned home. We echo prior comments encouraging the Department to act swiftly and implement Pell restoration for incarcerated students prior to July 2023. We believe this can be done while also ensuring safeguards of program quality and student-centered programming. As such, we offer the following six recommendations which include directly impacted people in the decision-making process.

(1) We urge the Department to create multiple opportunities for directly impacted people, including currently incarcerated students to provide feedback throughout the process of restoring Pell grants. This includes ensuring that those directly impacted are represented in the forthcoming negotiated rulemaking committees to include higher education in prison or HEP practitioners in the decision-making process;

(2) We urge the Department to create opportunities for HEP program providers and to provide feedback on the Pell restoration process. Those who have coordinated health programs prior to Pell restoration have significant insight into the challenges to be anticipated and can offer mitigating solutions. This may be done via the negotiated rulemaking committees or a separate stakeholder committee created to provide guidance from the field to the Department;

(3) provide guidance to state DOC's to ensure quality and integrity for programs inside prisons. This can come in the form of program quality indicators developed with help of stakeholders to ensure high quality post-secondary education inside prisons. It should also include guidance regarding how to limit

or remove access to Pell Grant fund institutions of higher education providing low quality programming to incarcerated students and ensuring clarity and alignment relative to how higher education institutions will be selected and evaluated;

(4) provide guidance to state DOC's systems of higher education on the evaluation of head programs. We encourage the Department to include in these evaluations program quality and rigor, equitable access to counseling student support services and technology, and an emphasis on racial equity and justice;

(5) Provide guidance to state systems of higher education on ensuring adequate and accessible communication with incarcerated students. This includes schools accommodating their existing processes of communication, to consider the limitations of internet or phone access for incarcerated students and ensuring students can contact their school.

(6) We thank the Department for the guidance on recent changes of fast simplification around selective service requirements and the drug conviction question. These changes reaffirm federal financial aid as an access point for opportunity as opposed to being used as a tool for punishment. We encourage similar guidance on rehabilitating student loans for incarcerated people. There is a key partner in Tennessee's work currently underway to develop program quality indicators and evaluation tool for the DOC and our systems of higher education to utilize how our efforts would be bolstered by guidance from the Department.

We urge you to take all this into account along with the knowledge that incarcerated students are college students who are also often first-generation college attendees, parents, military veterans, and above all human beings deserving of dignity, respect, and the benefits and protection of the US Department of Education. On behalf of our team and our students and alumni, we thank you for your time and consideration of these items. We will supplement these oral comments with additional written comments. We welcome the opportunity to connect further with the Department to ensure justice for impacted students and have practitioners involved in this process to talk about our work currently underway in Tennessee. Thank you.

Greg Martin: Thank you for your comments, Miss Garcia. Our next speaker is, and I apologize in advance if I don't get the name correct, Cathy Koluch.

Cathy Koluch: Yes, Cathy Koluch. Thank you so much. I'm the President and Founder of the Studio Academy of Beauty in Phoenix, AZ. My husband and I own and operate three campuses since 2006, and I have been in postsecondary education for 32 years. We've probably had about 2500 graduates during that time-period. I currently also sit on the American Association of Cosmetology Board (AACSB), and I was appointed by former Arizona Governor Jan Brewer to the Arizona Postsecondary Education Mission where I served for five years.

Our schools are accredited by NACCAS. We are approved and licensed by the state and we're also approved by the Veterans Administration. We offer three programs: cosmetology, hair styling, and esthetician. Arizona is a destination state not just for vacation with our wonderful resorts, but we are also one of the fastest growing states in the country, especially with Phoenix in the metro area. Our economy is very strong and the careers in beauty and the beauty professions are very strong due to the workforce demand. But today I want to stress to you that beauty schools are different. We are small businesses, as demonstrated by the many, many schools across the country that are husband and

wife teams, such as me, brothers and sisters, parents, and children, where it's passed on through the generations. With our small schools of populations being as small as 50 to 70 or maybe at the most to 200 to 250, our students can get that one-on-one education and ensure that they progress through our system. Our student services, and our career placement staff are committed to helping the students overcome their challenges while they're in school and get them placed into a position that works for them.

Community colleges cannot replicate what we do. We have a lot of community college students that transfer to our school simply because it doesn't offer what we do: wrap around services, flexible schedules, and quite honestly, people that are passionate about the industry and keep our finger in the pulse of the industry. As we come out of COVID and 2020, one of the small nuggets that came out of this difficult time is that we can all agree we miss getting our hair cut and colored and our nails done and all those personal grooming's and our profession was elevated in the eyes of the community because it was a lot harder to cut your hair then you thought but our licensed professionals make it look easy because the hours of training that they get and hands on training. Once again, beauty schools are different. Our outcomes are higher than average of other school groups out there. Our AACSB member schools have an average 70% placement rate and summer hire, 90% licensure rate 9.45 default rate and our average debt is only \$970. One of the major flaws I see in the discussion of gainful employment is it doesn't take in account how income is earned or reported; we are a tipping career field or cash field.

I'm sure in the halls of Congress there is a barbershop. Do people pay or tip in cash? Do you pay or tip in cash? Maybe you do, but you don't know how that's reported and so as beauty school owners we have no control over how our graduates report their income or file their taxes. As it stands today, we are held accountable for that. Listen, we're okay with common sense regulations, but transparency and equal treatment is necessary if you truly want to protect the taxpayer and the student. It's incumbent upon us as a group to find that middle ground to make community colleges, for profit schools, public and private universities have standard treatment for everybody, same outcomes if the student is really going to be our focus. We serve minorities and predominantly females that are single parents. They're looking for a flexible profession and this is the industry that does that.

The American Dream is to own your own business, to control your own schedule, to be able to create your own destiny, and find that work balance that we're all looking for, and this is the profession that does it. If you haven't visited a beauty school in your area, I suggest you do 'cause I think it's probably going to be different than what you have in your head. So my two asks of you is that you embrace that beauty schools are different and that you include us in the discussions because if you don't, the unintended consequence is going to be on the student and this is a growing profession. I thank you for your time and I thank you for allowing me to speak to you today about how different beauty schools are.

Greg Martin: Thank you, Ms. Koluch, we really appreciate your comments. Our next speaker is Betsy Mayotte. Ms. Mayotte, whenever you're ready, thank you.

Betsy Mayotte: Good morning, my name is Betsy Mayotte, and I'm the president and founder of The Institute of Student Loan Advisors or TISLA. This is a 51C3 nonprofit whose mission is to provide fair, free expert student loan advice and dispute resolution to all consumers. I've been working in the student loan industry and in a compliance or advocacy role for over 25 years and have worked with

thousands of borrowers who struggle with their education debt. My testimony today stems from both my experience in a compliance role and from working directly with these borrowers.

I commend the Secretary for tackling such a robust, consumer focused agenda in this upcoming negotiated rulemaking session. While I could comment on most of the items on this agenda, due to the limited time allotted I will focus on the issues that will have the most positive impact for student loan borrowers. My first topic and comment are regarding expanding the availability of the income driven repayment plans. While the income driven repayment plans or IDR have proven to be invaluable to borrowers with high student loan debt in relation to their income, these plans are not available to all borrowers. A large group of federal student loan borrowers – parents - continue to be awarded unaffordable amounts of student loans yet are not given access to the tools needed to make that debt manageable. To receive a Federal Parent Plus loan, borrowers are not required to pass any type of ability to pay test, such as an evaluation of their debt-to-income ratio. Consequently, I frequently work with Parent PLUS borrowers who have been awarded student debt amounts that far exceed their household income.

While some of these borrowers may stumble upon the requirement of consolidating their loans to access income contingent repayment, as this plan is the only plan that takes 20% of the borrower's discretionary income, it is also often unaffordable to those families, especially those living paycheck to paycheck. In any other forum outside of the federal scheme, the practice of awarding loans in large amounts without regard to the borrower's ability to pay and that are almost impossible to discharge in bankruptcy, while not providing tools for relief, would be considered predatory and unconscionable. In fact, such practices sound very much like what we saw during the mortgage crisis in 2008. Yet without these loans, access and choice of higher education would not be available to lower- and middle-class families. Parent PLUS borrowers' inability to access this lower cost income driven plans also prevents them from making retirement contributions, thus further financially destabilizing the middle class whose success the Biden administration strongly supports. Allowing parent borrower access to IDR would balance these sometimes competing parental (and societal) financial goals — helping dependents secure higher education and ensuring parents can also achieve a stable, independent retirement.

To ameliorate this inequality, TISLA is proposing that the Secretary allow consolidated Direct Parent PLUS loans access to the lower cost PAYE and REPAYE plans, which were created under the same statutory authority as the income contingent repayment plan. While such an action would not solve the conundrum of the size of Parent Plus loans, which would require thoughtful, statutory change, it would allow these loans to become more affordable, especially to those parent borrowers who have retired and are on limited, fixed, incomes.

On a related note, as the Secretary considers other topics during this negotiated rulemaking session, I urge him to consider ways to ensure that institutions be held accountable for not only student debt, but Parent Plus loan debt as well. It is important that we find a way to discourage schools that may be circumventing the consequences of high default rates by steering families away from the lower cost Stafford loans, into the more expensive Parent Plus loans, often to these family's detriment.

My next comment is regarding the borrower defense to repayment discharge. I was one of the negotiators in the 2016 negotiated rulemaking session that drafted the initial rules for the borrower defense to repayment discharge. As a participant in that session, and an observer in the session facilitated by the last administration; I understand better than most what a complicated issue

the borrower defense to repayment discharge is. And, as someone who has been working directly with struggling student loan borrowers for decades, I have seen the real harm the current process and rules are causing already victimized borrowers. The primary goal, at least of the first negotiated rulemaking session, was to create an even playing field between a consumer, especially the more vulnerable consumers, and an institution that has greater legal resources at their disposal. We were also attempting to ensure that institutions that were found to have defrauded students reimbursed US taxpayers for the cost of the relief provided victimized borrowers. Finally, like most forgiveness and discharge programs, we wanted to ensure there were mechanisms in place to identify and prevent frivolous claims. Even putting the actions, or inactions, of the prior administration aside. I'm going to skip down to the ASK we are asking that the borrower defense to repayment discharge be put under a rebuttable presumption standard to equalize the playing field and our final asked is to ensure that loan rehabilitation payments be no higher than the lowest payment the borrower could get post rehab. Thank you for your time and sorry I took so long.

Greg Martin: No problem, thank you very much for your comments. Our next speaker is, again I apologize if I do not get the first name correct, Persis please speak whenever you are ready.

Persis Yu: Thank you, good morning and thank you for this opportunity to speak today. My name is Persis Yu, I'm the Director of the Student Loan Borrower Systems Project at the National Consumer Law Center. I am here today to speak on behalf of our low-income clients. In addition to providing help to student loan borrowers in the Boston area, we support a network of hundreds of legal aid and private attorneys. We also manage a website that borrowers across the country rely on for accurate and up-to-date information. Through this work we have seen time and time again this devastation that student loans cause low income borrowers because of their student loan debt. Our clients have lost their housing, our clients have struggled to afford diapers, medication, and other necessities because of garnishments and our borrowers from across the country have told us that they don't know how they're going to retire because of their crushing student loan debt.

We appreciate the steps the Department has taken to provide relief to a subset of borrowers, but far too many borrowers are still desperately waiting for relief. While the negotiated rulemaking may improve programs sorely needing regulatory fixes, those perspective fixes are not a replacement for widespread debt cancellation. The student loan system has failed student loan borrowers for too long. While they have waited, their debt has ballooned, and their financial futures have grown bleaker. Over 4,000,000 borrowers have been in repayment for over 20 years, and we know that few will ever repay their debt and only 32 have ever had their loans cancelled under IDR. Millions more have been suffering under the weight of their debt despite being eligible for cancellation under existing law, widespread debt cancellation is needed to remedy the failures of our student loan system. These changes are desperately needed, and you can make those changes.

The Department should also clear the books of borrowers who have been in repayment for more than 15 years and automatically provide relief to all the borrowers who are already entitled to cancellation under existing law. Once the Department has cleared its books and freed the hardest disturbed student loan borrowers from their debt, we encourage you to prioritize 1) ensuring that students have access to truly affordable repayment options 2) fixing cancellation programs so that they actually work and 3) protecting students from institutions that use predatory practices to lure students into programs that provide little or no value, those institutions must be made to answer for harming students.

Before I discuss those topics in more detail, I must say that we were disappointed that the Department failed to include any topics intended to provide relief to defaulted borrowers. The statistics are dire, roughly 9 million borrowers are in default on their loans. Defaulted borrowers experience extraordinarily punitive and expensive collection tactics, and as we know these harsh realities are more likely to be felt by families of color because of decades of structural inequities and discrimination. Student loans have burdened African Americans and Latinx borrowers more than any other groups and as a result these borrowers' default at twice the rate of their white peers. Moreover, as the pandemic has revealed, the Department cannot stop these tactics even when required by law.

The Department has the authority under the Higher Education Act to eliminate some of the most harmful collection practices and to provide more options for defaulted borrowers and we urge you to take this opportunity to do so. Returning to the other topics, the Department must create an income repayment plan that is affordable and accessible to all borrowers. Although current IDR plans are more affordable for our clients than standard repayment, many of our clients still struggle to repay. For many of our clients, IDR plans feel like an eternity of bureaucracy, paperwork, and overwhelming debt that often grows over time, risking crashing down on them just because they miss paperwork. Our clients desperately need an affordable IDR plan that is easier to navigate and requires less time before cancellation.

Critically, the Department must ensure that all borrowers are able to access new and improved IDR plans, including Pell borrowers, Parent PLUS borrowers and borrowers in default. The HEA allows broader access to IDR than the current regulations allow, and the Department must remedy this problem through this rulemaking. As the Department works to improve, IDR must also bear in mind that implementation matters and any changes to IDR will not benefit borrowers unless it is also accompanied with quality loan servicing and implementation of the FUTURE Act. The Department must also fix existing cancellation programs, including Borrower Defense, closed school, false certification, and disability discharge programs so that they reach the borrowers they intended to help. Data released from the Department demonstrates that these programs have systematically failed to reach borrowers because they have overly restrictive eligibility, improve requirements, and play a serious series of unnecessary bureaucratic hurdles between borrowers and relief should be expanded and automated as much as possible while fixing it.

The cancellation roles are critical. The Department should not and does not need to wait for rulemaking to automatically provide relief to the 500 and 17,000 borrowers that have been identified as eligible for a disability discharge, nor the hundreds of thousands of borrowers with pending or wrongfully denied borrower defense applications.

Finally, I would like to address who is sitting at the negotiating table. For far too long the Department has crowded the table with a few schools and given few spots to students and borrower advocates. The Department must ensure that representative of all impacted types of student loan borrowers are at the table. We joined with disability advocates and are calling to ensure that a disability advocate seat is that any negotiating committee where the display discharge regulations are discussed. Thank you for this opportunity to provide this testimony and for your work to protect our low-income student loan borrowers.

Greg Martin: Thank you, Miss Yu, we appreciate your comments. Our next speaker is Erin Clouser. Ms. Clouser whenever you're ready. You appear to be on mute, Ms. Clouser. No problem, you're good to go.

Erin Clouser: Good morning, my name is Erin Clouser and I serve as a Financial Aid Officer at Reading Area Community College. I oversaw gainful employment, reporting and disclosures at our institution from 2008 to 2018. Thank you for allowing me to present what I feel are very important considerations in relation to gainful employment, reporting and regulation. Reading Area Community College, like most colleges in the public sector is accredited by a regional accrediting agency. Regional accrediting agencies are among the oldest and most prestigious in the nation and classes from regionally accredited schools have high transferability. Our institution is regularly subjected to a rigorous third-party review to ensure that our faculty student learning, and professional outcomes are nothing short of excellent. In addition to the rigorous accreditation standards, any programs that do not terminate in a degree must conform to very specific criteria to be financial aid eligible and thus fall under gainful employment regulation. Any program between 300 and 600 hours in total is required to have a 70 completion and placement rate to qualify for the aid. Any program with more than 600 hours and less than an associate degree must be able to be used as a steppingstone into the next level of education, generally an associate's or bachelor's degree. And therefore, must meet the same standards of quality as the courses in an associate or bachelor's degree program with all these quality checks already in place, we feel that the addition of individual reporting and disclosures for gainful employment programs is excessive and duplicative. Only requiring student level reporting and disclosures by the sectors that have historically struggled with failing programs would minimize the reporting and processing burden for the Department of Education and the financial burden on taxpayers who are funding a portion of the operating costs of public sector schools through their tax dollars. We found a look at past statistics to be quite informative. In 2011 projections, 13,765 total programs were on the gainful employment debt to earnings ratio report, 5300 of the programs were in the public sector, and out of those only 36 were in the zone and none were failing. The first reporting year of 2000 appears to have similar statistics, although the detailed pass zone, and fail information is not the 2015 gate.

Full employment debt to earnings ratio report shows a total of 8637 programs with 2493 in the public sector. Out of those, 2493 programs only were in the zone and none were failing looking at 2015 alone in straight percentages. In the public sector, 99% of programs passed less than 1% were in the zone and none failed. In the private sector, 83% were passing, 14% were in the zone, and 3% were failing, and in the proprietary sector 70-67% were passing, 20% were in the zone, and 13% were failing. The annual burden hours that our school underpass regulations were significant. We tracked a total of 29 programs and only twenty of which had students in them in the last reporting year and only three of which had enough students to be tracked for debt to earnings ratios. We spent over 100 hours for more than 200 students in approximately 20 active programs, but only are LPN medical coding and billing and phlebotomy programs had students in them to be tracked as passing or failing programs.

After over 100 hours of work costing over \$5000 to collect, report and disclose data at the student level less than 1% of our population had potential impact and they had always been succeeding. We proposed that the Department only regulate historically failing sectors and consider the level of scrutiny already applied to the public sector by regional accreditation agencies and the financial aid requirements for short term programs to be enough. This would save tax dollars and allow public colleges to direct more of their attention to student's needs. Thank you.

Greg Martin: Thank you, Ms. Clouser, we appreciate your comments. Our next speaker will be Jantz Hoffman, whenever you're ready to begin.

Jantz Hoffman: I echo with many of the thoughts that some of the previous commentors made. My name is Jantz Hoffman, I am the Executive Director of the Certified Student Loan Advisors Board of Standards. We are a nonprofit organization that provides education and training material to financial professionals and accountants to aid with incorporating student loan repayment into comprehensive tax and accounting planning. Since many of the comments that I've made have already been brought up, I'll kind of focus on a few points here.

First, I want to encourage Department of Education to continue to look at this rule negotiation process through the eyes of the student loan borrower. For too long the statutes in regular regulations that have been put in place have been burdensome and it had been interpreted in a way that are not favorable to the borrowers. For example, the treatment of paid ahead status for public service loan forgiveness qualifying payments that the Department of Education has recently corrected in October as a first step at looking at some of the regulatory and administration processes that can be altered and looked at in a way that are more favorable to the borrowers and allowing them to have the relief as designed. Some specific further ideas as mentioned previously, could be looking at ways in which the programs are administered and additional benefits that can be provided to borrowers through the effective loan servicing put on them by the federal loan services that are out there.

Secondly, I would like the administration to look at the management of the direct loan's portfolio. One of the criticisms of the direct loan's portfolio and of income driven repayments has been the increased subsidization of the portfolio by the federal government, and a big portion of this is due to the mismanagement of that portfolio. So when you look at any portfolio that is provided of loan obligations, they were going to be performing and nonperforming assets and many of the assets and income driven repayment plans are subject to forgiveness are going to be non-performing assets that are going to require subsidization on the part of the Department of Education. However, the most performing assets of the loans that are made to individuals that have small debt amounts or have large incomes and have the potential to repay those loans in full, including the interest are being siphoned off to the private sector. Those good loans, the Department of Education should be making and having as revenue sources to subsidize the forgiveness debt to those low-income borrowers that need it. The consumer protections we're losing that interest by allowing those borrowers that have high incomes and low debts to transfer those debts to private interests in the form of private lenders, who then reap the benefits of the good loans that are made.

I encourage the Department of Education to look at ways to maintain the portfolio of loans that they make it so that the performing assets in which they generate are used and kept internally to help subsidized those underperforming assets that they have. I'd also encourage the Department of Education to continue to work with all of the borrowers and all those who represent borrowers including ourselves and other financial advisors who want to be part of the solution and help educate and inform borrowers about how student loan repayment affects and fits into other aspects of their personal finances. Thank you again for your time and we want to encourage you guys to continue through this process to reform any rules that we can that can make this more beneficial to student loan borrowers. Thank you.

Greg Martin: Thank you, Mr. Hoffman, we appreciate your comments. Our next speaker is, Tarah Gramza. So, whenever you're ready.

Tarah Gramza: Hi everyone, my name is Terra Gramza. Can you hear me? Awesome. I am one of over 120k other borrower defense students who have been waiting for a fair decision- in my case since

2014- and are part the class action case Sweet vs Devos, which is now Cardona. I attended American Intercontinental University (AIU) a Career Education Corporation school (CEC) between 2003-2008. My case along with 95% of the class action participants received unethical, invalid, unfair, and unreasonable mass denials in late 2019 after years of stalling by the department. I quote Judge Alsup when describing the borrower defense process as "Kafkaesque" which means oppressive and nightmarish. In my case- my denial didn't even address all of my complaints and the response by the department was different depending on who was asked, not limited to but including, my application being lost in a computer change by the department. Not to mention the steps of what to do next were unclear and confusing. It was clear that these decisions were rushed and possibly not even looked at all. It was later discovered during the lawsuit discovery that the department was paying people for cases to be denied as fast as possible. This sounds a lot like using fraud to cover up fraud and the department should be ashamed.

The length of time that it has taken to receive a fair decision has shown the cover up for these executives at the expense of the taxpayers. We have yet to get answers as to why the department has fought students and taxpayers on holding these schools and executives responsible. Today I have 100k in debt for a worthless degree. I was a victim of high-pressure enrollment, promises of huge salary, promises of an amazing education, and many more, of which, none was true. It took many years of job searching before I was finally told by a potential employer that my degree was worthless because I went to a degree mill school. My school was sued by 49 state Attorney generals and even was placed on probation by the department of education in 2006 for the exact same things as my complaints. The fact that there were settlements at all should be enough for students like myself who attended during the covered time frame get full forgiveness. Instead I'm paying the price for their illegal behavior. As part of the Attorney General state litigation settlements with Career Education Corporation, all private loan holders were given forgiveness and government loan holders like me were told to address with Borrower Defense. If you read the settlement agreements it becomes clear that these schools have gotten away with stealing the tax payer money by not stating responsibility or admitting fault for their own actions and making the department of education battle the outstanding cases on their behalf. How is asking students to have additional proof beyond public settlements for fraud putting us first? You can't reasonably expect students after over 10 years to have physical proof beyond our own experiences and public lawsuits. How is this protecting taxpayers? How is this even fair to other schools who do provide rigorous and job creating degrees? I am like many here; we the students didn't have the resources or the knowledge of what was happening to us until many years later.

Why is the department not fighting for us? Like most students I trusted the government, I trusted the schools. I was a young, single mom who was hoping for a way to change my life and circumstances, instead, I was failed by our leadership and I hope that we can change this for so many who have been victimized and prevent future crimes.

We absolutely need student loan reform and better oversight but we need to start with borrower defense and give students like myself a chance to breath and the department needs to go after the leaders and executives who caused this to happen in the first place rather than the students and the tax payers.

They have gotten rich on the backs of us all. Please stand up for us and help us! I leave you with a final thought; close your eyes and recall when you were 20 years old and how gullible you were? If someone had promised you the world and it was backed by the most powerful government in the world, would you have believed them? Would you have felt the need to hold evidence of flyers or record phone

calls? How can students be asked for such unrealistic expectations? Give students a fair chance, hold these schools accountable, and the same should be true for those responsible and students should be given forgiveness like the law demands! Thank you for your time.

Greg Martin: Thank you, Ms. Gramza, we appreciate your comments. Our next speaker will be Bryan Black. Mr. Black, whenever you are ready.

Bryan Black: Yes, thank you. Can you see me OK?

Greg Martin: Yeah, now we can, your head in the frame. Thank you.

Bryan Black: Thank you very much for taking this time, your deliberations are certainly important. I want to tell you that I served as an alternative negotiator in the 2017-2018 borrower defense to repayment and while those deliberations were long days, I certainly learned a lot and what I really learned is that we have to protect the students and at the same time since the schools and institutions play a vital part in our economy that we have to try and eliminate unmeritorious claims. My background is in law; I was an attorney in Michigan for 30 years. I'm retired now, but in 1997 I began to invest with my wife and daughter into the vocational schools and the Paul Mitchell schools. We now have four schools in Michigan and in Florida. We have salons we offer ownership to our graduates, so we take very seriously the regulations of NACCAS, our accreditor and of our state's cosmetology board.

Of course, we want to put out an excellent product for students so I'm proud to say we never had a borrower defense claim. To my knowledge, the Paul Mitchell network hasn't had one and there's a little over 100 Paul Mitchell schools. We're proud of our record, and we believe that we do the very, very best at striving to protect not just the student, but the taxpayers, and keep our product as strong as possible. What I did learn is protecting the students and exercising some degree of due process for the schools and institution. There's certainly a balance there so our job placement has been excellent.

As I said, we actually take some more students who become owners of our actual salons and we've gone from a school in 1997, even before the very first borrower defense to repayment rule, which was established back in 1994 and there was very few claims back then, but our school got started in 1997 in heavily dependent social economic area where 50% of the population live below poverty and that has expanded. We started with two employees and now we have nearly 100 employees in our school system and our salon system.

So, what I'm here really to communicate today is that I believe the existing borrower defense to repayment is fair compared to 2016, the definition or the misrepresentation standard that we dealt with would sometimes allow for de minimis errors to be claimed for borrower defense, even if you mistakenly put in a wrong digit under replacement or graduate or licenser outcome. So, I believe there is a fair balance today. It seems to have increased a little bit in terms of the standard that is looked at to be in that have substantial misrepresentation, but it's also been lowered. The burden of proof or burden of persuasion that we call it, they have a preponderance of the evidence standard. I think that's been a fair of movement, same for the statute of limitations. I think that is a fair balance of three years compared to before it used to be wide open under financial harm.

Financial harm was always such a legal concept like the accounts of the mitigation, like in a contract setting. Today we have one where the student can be a little bit better off, and any education is good. I think of some of our graduates who are mothers and went on to have children and they really can't

afford to get into a slum, but they get into a suite or they get into working out of their garage. Under the definition of misrepresentation, it was previously advocated to be a tendency for any kind of mislead, misleading, or any kind of error, and I think that's a balance where now it has to be of a material fact and reasonably relied upon. I think that standard misrepresentation, the definition is fair. The same for claims processes. I believe the application that existed is very easily filled out and implemented and sent it to the Department. And where it was previously assigned to a Department of Education representative, I now believe that the schools that were a right to respond, and I think that's part of the due process balance that I was talking about.

Finally, on triggers to schools. For example, we had a couple of personal entry slips and fall incidents in our school, and it was okay we reported it. In conclusion, I really do feel that there's a very good balance between what we previously had and what we have today. I believe our beauty industry is clearly distinguishable from some of the other predatory bad actors and I think it's a fair compromise-the old and the new system. Thank you very much for your time.

Greg Martin: Thank you, Mr. Black. We appreciate your comments. Our next speaker is Chris Walters. Mr. Walters, whenever you are ready.

Chris Walters: Hi there, this is Chris Walters, I'm the CEO of GradFin, we work with a lot of educators, school districts, physicians, and nurses at hospital systems to help them navigate public service loan forgiveness. We help them if they have any payments that hadn't been counted correctly for public service loan forgiveness, we help them get them retroactively counted and often call FedLoan with them and get a lot of past payment history from some of the other services like MOHELA, Great Lakes, Nelnet or Navient so that they can document that at FedLoan to make sure that all their payments are kind of correctly so they know that it's accurate and they know exactly when their forgiveness status is. So, I just have a couple comments today, one on the public service loan forgiveness help tool which is on studentaid.gov. We love it! The Department did an awesome job over the last six months adding this especially during a transition with the new president. It's a really great feature. Kudos to everyone at the Department for working hard and getting that released. So, the public service loan forgiveness help tool what it does is it allows each of the borrowers that is applying for public service loan forgiveness to add their employer to studentaid.gov it pre-fills the form with the codes and then allows them to print that out, get their employer to get their signature on it, it's been really effective. On page 2, which is the employer page, it has a code that automatically gets approved at FedLoan for that employment period.

There are a couple of comments that I have, one right now after the borrower gets their PSLF or adds their employer on the help tool, for every borrower even if they have 60 or 80 qualifying payments already, the help tool tells them that they're not in compliance and that they have 0 qualifying payments, that's a quick fix that you all can focus on, but for the most part we love this new tool. It's doing great stuff and we appreciate all the work.

The number two thing I wanted to bring up is the temporary expanded PSLF program. As you're aware, this was passed by Congress a few years ago. It allows for borrowers that have been in the wrong repayment plan like the extended or graduated repayment plan to get qualifying payments counted just like as if they were in regular qualifying repayment plan like an income driven plan. The challenge has been that these borrowers may or may not have been at FedLoan the whole time. Some of them were at Nelnet or Navient when they were making those payments. The extended or graduated payment, so it's a lot of schoolteachers, a ton of borrowers. At this point, they are 10, 11

and/or 12 years, most of their payments were in the wrong repayment plan so TEPSLF provides relief for them when they get to the finish line.

We have a couple dozen borrowers that were appealing at FedLoan. There's some student loan services like direct loan servicing that doesn't even exist anymore and so when these borrowers are making these payments in like 2009, 2010, 2011 at this direct loan servicing the FedLoan is just taking so much time reviewing that payment history because DLS does not exist. Also, MOHELA, it's been a challenge getting repayment plans and payment histories from them. We would ask if possible if the Department can require that FedLoan coast all those payment histories that they've obtained from other loan servicers so that these borrowers when they're going into their myFedLoan accounts that will have access to those past payment histories, otherwise we have to go back to Nelnet or some of these other services and ask for that.

The other thing we would ask is if the Department of Education can ask Congress for more appropriations to help FedLoan because they're quite short staffed right now in reviewing all these past payment histories for temporary expanded PSLF. That would be huge if we can get more people on the Ombudsman office and caseworkers to review a lot of these past payment histories. We've had several borrowers where it's just taking months and months and months, and they've applied for forgiveness and they just can't. We appreciate, thanks for the time today and for opening the public hearing.

Greg Martin: Thank you, Mr. Black. We appreciate your comments. I'm sorry that was Mr. Waters, my apologies, I miss a line there and I apologize for that. Our next speaker is going to be Christen Szymanski, Christen will be using will be signing and we were going to use the servicers of our American Sign Language interpreter to translate so give us a moment while we prepare for that. Christen, whenever you are ready. We'll give Christen a moment here to come on. Christen be certain to put your video on so that we can see you and our sign language interpreter can do the translation for us. Christen? I think at this point will move on to our next speaker and then go back to gather Christen. Our next speaker is Donna Telling-Gurnett. So, Ms. Gurnett, whenever you are ready.

Donna Gurnett: Hey good morning everyone, how are you? Can you hear me? Thank you. OK, good morning and thank you for this opportunity to present this testimony on behalf of the Association of Proprietary Colleges. My name is Donna Telling-Garnet and I'm the president of the Association of Proprietary Colleges (APC). APC represents 12 degree granting proprietary colleges in New York state that are committed to educational excellence access and affordability. We look forward to working with Secretary Cardona and the Department staff. APC shares this philosophy that there are significant inequities for students of color, low income, and generation students that needs to be addressed. APC has a long history of working closely with state and federal legislators and regulatory agencies to craft policy that protects and lifts the diverse student body that we serve.

With that in mind, APC respectfully offers the following insights and suggestions for the proposed rulemaking process. First, create universal policies. As we move through the negotiated rulemaking process, we would suggest that proposed regulations apply universally and treat all institutions equally. Opponents of the proprietary sector say that the profit-making mission of these institutions warrants additional scrutiny. However, the success of the New York model of oversight would suggest that it is not the case. New York has a long-standing history of working together with institutions of higher education and all four sectors: the SUNY system, CUNY system, independent, nonprofit, and proprietary sectors to benefit all New Yorkers. This committed commitment to equality and parity

across all sectors has created a robust and diverse education system that should be an example for the Department. What makes this regulatory structure unique is that all degree granting colleges and universities are held to the same standards and all institutions fall under the oversight of the state Education Department Office of College, and University Evaluation.

This equity is an oversight across all sectors of higher education, has resulted in two things. First, there are no publicly traded colleges with physical campuses in New York. Instead, what you find is a relatively small number of privately held mostly family owned institutions. APC member colleges have on average been in existence for over 90 years, handed down from generation to generation. Second, the proprietary sector in New York has very strong student outcomes. We educate an incredibly diverse student body. The typical student we serve is female, Black, or Latino, receives a Pell grant, and is likely to be the first in their family to attend college. Our colleges serve these students well with high graduation rates and in many instances the on-time graduation rates for the proprietary sector are higher than the other sectors in New York. As well the sector has low cohort default rates and low student loan debt. Our second recommendation would be to consider the data. APC Member institutions are committed to date of transparency and accountability as we move through the negotiated rulemaking process appropriate data should be available to committee members as they consider proposed regulations. To that end, APC will soon launch a new website highlighting data called Higher Ed Outcomes. Using data compiled from IPEDS and the college scorecard, this website will provide detailed information about graduation rates, especially for Black, Hispanic, and Pell students, debt to earnings rates and student loan repayment rates.

Unfortunately, poor student outcomes are endemic and can be found universally across higher education as the database is in this website will show. The website is intended to help address the data invisibility problem by making information available regarding institutions were at risk and under-represented students are struggling. It's our hope that this information highlighted on the website will foster a more constructive dialogue among policy makers and negotiators.

Finally, APC will be submitting written comments with more detailed suggestions, and I thank you for your continued support of our students. On behalf of APC member colleges, thank you for your time and consideration of my testimony.

Greg Martin: Thank you, Ms. Gurnett, we appreciate your comments. Our next speaker is Sylvia Cabral. I'm sorry I made a mistake; our next speaker will be Will Hubbard. I'm informed it will be Mr. Hubbard, so Mr. Hubbard when you are ready. You need to unmute yourself Mr. Hubbard.

Will Hubbard: It's only been a year. Thanks so much. Good morning, my name is Will Hubbard and on behalf of Veteran's Education Success, a nonprofit focused on serving veterans seeking the transformative power of higher education. I'm here to highlight real examples of why these issues matter. I am a proud Marine corps veteran and today I have the privilege of elevating the voices of my sisters and brothers in arms and their families.

First, on borrower defense. We've helped countless veterans who were lied to about every aspect of a school, including accreditation, tuition, and job prospects. One veteran, Chris Wolf, shared "these schools target and exploit military veterans for their GI Bill benefits, deliver a subpar education then leave us with a worthless degree or no degree at all, it's their business model." He continues, "I proudly served my country and earned my GI bill, and this is how I ended up. I remain \$23,000 in debt with no

degree to show for it. If you want to support the troops, please scrutinize these schools, and defund them when they do us wrong.”

Second, gainful employment. The big question we must ask of higher education is, what the point? For many veterans and their families, the vast majority of whom are first generation students. The point is mobility and improving their circumstances in life, but higher education fails many veterans. As Juan Harris from Fresno, TX shares, “I went to University of Phoenix to get a better job and can't even get a promotion at my current job. I have a degree and an MBA from the school, I applied to over 200 jobs and no one would hire me, got only one interview. I received more job offers when I removed the University of Phoenix from my resume”, he said. At Veteran’s Education Success, we wonder why does the Department continue to put its stamp of approval on schools with little to no return on investment?

Third, looking at false certification. There are numerous examples of schools signing up veterans for loans despite them explicitly stating “I do not want any loans. I have my GI bill.” One veteran Travis Crag shared, “the admissions process was very rushed. We signed everything on electrical notepads so us as students, we didn't know what we were signing for. The admissions person would be seeing the screen and we would just be signing our name on the notepad”, he said. Worse yet, some for profit schools electronically signed for loans and create an email account in the veteran’s name. When FSA sends confirmation about the loan, the school officer receives the email and the veteran has no idea. One whistleblower told us, “we just think of it as an electronic signature, not really forgery.” Another whistleblower explained that students were often pulled out of class to take on extra loans. He had one student veteran who had all costs covered with VA education benefits, but each semester was still pulled out during exams and forced to take out an extra \$6,000 plus. The whistleblower wonders where all that money went because it must have doubled the actual tuition, and a student didn't see a dime.

Fourth, moving on to ability to benefit. As a long-time recruiter for an entirely online college told us, he was required to enroll homeless veteran with no access to a computer or smartphone. This individual had no ability to benefit from an online education, yet the college still got his Title IV funds. Fifth, public service loan forgiveness. Nearly 200,000 active-duty service members hold close to \$3 billion in federal student loan debt and less than 0.06% have received this forgiveness they're entitled to; this must be looked at. Sixth, with two decades of our nation being at war the volume of veterans with total and permanent disabilities is a harsh reality we must face. We are grateful to the Department for collaborating with VA to automate relief for disabled veterans, but the process needs attention and non-veterans still lack any kind of automated relief.

Finally, I met with one veteran this past week, whose school closed suddenly in 2019. He thought he was doing the right thing by enrolling in Argosy University after serving four years in the army. What he didn't know is that Argosy would close months before he could complete his degree and he'll never get the time he invested in this program back, the least we can expect for this is for the financial damage he has suffered to be mitigated with his loans discharged and his GI Bill restored. As you listen to the personal experiences of these veterans, we ask you to consider the burdens they face. We thank the dedicated staff and officials of the Department for your efforts on behalf of all students and look forward to working with you to protect and advance service members, veterans, and their families in higher education. Thank you.

Greg Martin: Thank you, Mr. Hubbard, we appreciate your comments. We will now be returning to Christen Szymanski. Just as a reminder, Christen will be using the services of our interpreter, our ASL interpreters, so Kristen whenever you are ready.

Christen Szymanski: Thank you, can you see me now?

Greg Martin: I can.

Christen Szymanski: Great, great, great, thank you. Thank you, got to love technology. OK, so good morning and thank you for inviting us here this morning. I'm a student with a student loan and now I have already graduated, I have my Ph.D. and that's great, but I have a large student debt. I got my Ph.D. in clinical psychology and private practice. I'm currently working in a school that services the Washington D.C. area, a deaf school. Now with my students. I take care of my students. With my student loan and living in Washington D.C., it has become impossible to follow the perimeters of the IDR because the cost of living in Washington D.C. with the IDR, it's at an impasse, it's not possible. Now, based on the current salary and my IDR, that means I would have to move back home. It's not possible to do that with my current job. Now I understand it's possible I get the loan forgiveness, I understand that. And part of the problem is as a person you cannot live in a city with a high cost of living and service individuals that need the service if you must follow the IDR Regulations.

Now I'm stuck with wanting to work in public service. However, I'm penalized for working in public service because I do not qualify for the 10-year loan forgiveness. Now I understand that forgiveness, that the waiver is possible, but I also know that several people who have successfully gotten that waiver is little to none. I would like the Department of Education to consider people that really have to live in big cities and must service the community and see how that IDR is not working for us. Thank you for your time.

Greg Martin: Thank you Christen, we really appreciate your comments. I also want to thank Mr. Dubois, the interpreter, for his services. I know during that with the feedback being the way it is, that could not have been easy so thank you very much. Moving on to our next speaker, Arielle Atherley, whenever you are ready.

Arielle Atherley: Can you all see me and hear me? Thank you. Good morning and 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 DC. We are a coalition charge by our diverse membership of more than 200 national organizations to promote and protect the civil and human rights of all persons in the United States through advocacy and outreach to targeted constituencies. We work toward the goal of a more open and just society in America as good as it's ideals. The civil rights community has long recognized equal educational opportunity as central to our struggle to achieve equality for all Americans. The Higher Education Act of 1965 provides the framework for the college access and success vital to social, political, and economic opportunity for all people. Originally passed on the heels of significant civil rights legislation, including the Civil Rights Act of 1960. VHA is a civil rights law and regulations governing the implementation of the laws most recently and authorization should preserve that legacy despite some of our nation's most fundamental flaws that remove some of the barriers to access for students.

Students from marginalized communities continue to be excluded from quality postsecondary education based on their race, their statuses adjusted impacted person, their disability status, or

several other aspects of their identities. Institutions of higher education must ensure the right 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 several areas, including but not limited to what's outlined below to ensure that all students have access to high quality higher education free from discrimination and barriers.

First on student loan debt cancellation, the rising cost of education has kept postsecondary 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 and families in our economy and the weight of this burden is disproportionately borne by women and Black and Latino borrowers. This has happened as policy makers intentionally shifted away from publicly funding our higher education system to primarily debt finance system just as students of color and women gain access disregarding the rising cost of college for students and families. Persistent racial wealth and income disparities ongoing discrimination in the labor and credit markets, and many other societal and policy failures. These decisions have left a generation of color on the brink of financial devastation simply because they saw economic security through higher education.

A debt finance higher education system in a society defined by dramatic racial gender disability and wealth disparities will always be inherently flawed and inequitable though there are established programs intended to make student loan repayment manageable, the impediments to accessing relief through these programs are very well documented. In fact, very few borrowers have been successful in obtaining relief through repayment programs and default and delinquency rates remain high despite their availability. The only solution that addresses harms of the past and clears the landscape to create a better system going forward is to cancel at least \$50,000 of student debt per borrower. We call on the Department to issue guidance that would result in immediate cancellation, which would provide relief to millions of borrowers facing the burden of their student loans every day. Second on gainful employment, in a 2018 brief on the topic of gainful employment, the civil rights community calls for a strong gainful employment regulation that protected students and curtailed abusive practices by for profit institutions. We urge the Department to robustly enforce the laws and the regulations, protections on behalf of marginalized students. Despite spurious claims to the contrary, for profit colleges do not serve Black and Latino communities. These companies profit from deep cultural commitments to education, student's belief that the Department of Education would only make financial aid available for worthwhile programs, and the determination of students to make a better life for themselves and their families. In the name of these students and their families, the Department must preserve this regulation and protect students.

Third on borrower's offense, to repayment. In addition to the gainful employment regulation, we urge the Department in the strongest terms, to preserve the borrowers defense repayment regulation. This regulation similarly provides needed protection for borrowers who are most likely to be misled and taking advantage. Denying wrong students access to the courts as forced arbitration would do as a fundamental denial of their access to the basic structures of our democracy, similarly creating leniency for fraudulent institutions serves only to undermine the fundamental purpose of the underlying statute and betrayed the Department's obligation to students.

The issues mentioned above are just a few of the areas which the civil rights community would like to see reform and enforcement to ensure that the Department is serving the needs of all students in America. The Civil Rights principle for higher education developed by the Leadership Conference on Civil Rights Coalition also include a number of recommendations around ensuring access for our most marginalized students robust data collection and the need to ensure that data is disaggregated and creating safe and inclusive campus environments where all students feel welcome. The test and regulations guidance and technical assistance and other implementation and enforcement activities by the US Department of Education must always be whether they advanced educational equity and serve the interests of all students. Low income students, students of color, students with disabilities, immigrants, and women deserve no less than robust and thorough regulation enforcement by this Department to ensure equal opportunity in education. Thanks so much for the time.

Greg Martin: Thank you, Ms. Atherley we appreciate your comments. Our next speaker is Ms. Laura Bradshaw, whenever you are ready.

Laura Bradshaw: Thank you, can you hear me? Great, thank you so much for having this meeting today. I really hope that this means that the U.S. Department of Education accepts that we truly have a student loan debt crisis here in the United States. I fully support loan debt reduction or discharge, but today I want to talk to you about the public service loan forgiveness program. My name is Laura Bradshaw, I'm a 41-year old wife, mother, public school educator, and taxpayer. I voted in York County, South Carolina. I received my bachelor's degree in 2002 and a master's degree in 2009 from a state university. I've consistently paid on that debt since that date. I'm a speech language pathologist who serve students with special needs and their families. I've done so faithfully for the past 19 years. I'm still seven years away from receiving public service loan forgiveness. I'm a proud daughter of a Pennsylvania coal miner who was one of six children and the first female in my family to graduate college and have student loans for my only option to receive a higher education.

My original loan balance that I took out with \$78,000 after paying on that set for 19 years. I now owe \$94,000 after working in public service for 9 years, I learned about the PSLF program from a flyer in the faculty lounge. I contacted the company and was shocked to find out that I could have my loans forgiven after one more year public service. I paid this company \$1000 to transfer my loans to FedLoan and enroll in an income-based repayment plan. Little did I know that the transfer included consolidating my loans and therefore restarting my tenure clock to achieve forgiveness. That company continued to charge me \$250 per year to stay enrolled in the program and they helped by completing a yearly income verification. When I educated myself fully on this program, I understood that I was able to do all those things myself and thankfully I was able to advocate for myself and stop payment to this private company. This private company took advantage of borrowers, advantage of Americans who are working hard to pay their student loan debt. I continue to get phone calls from this company and several others like it, encouraging me to go with their service for a fee. I want you to understand that this story is not unique to me. Social media has a support group for people just like me titled "Public Service Loan Forgiveness Support Group." We need a support group to help us pay for our student loans. Amy writes, "has anyone divorced their spouse, but stayed together purely for the purpose of achieving public service loan forgiveness"? Kim writes "my income-based payment just got reapproved and my payment doubled, but I never changed jobs." Amy writes "when I check my eligible in qualifying payments the ineligible payments include all of 2008 and require a manual review."

What I'm trying to say by telling you all these people's stories is this is not unique to one or two borrowers. This is thousands and thousands of borrowers who have been misled by their loan service

providers. When we call FedLoan, we get one answer. We email them and get a second answer. There is no consistency in this program that truly allows for public service loan forgiveness which I believe to be the intention of the program. Now that I'm enrolled in what I think is the right repayment plan I am working a qualifying job as I have been for the last 19 years and I believe I have the right type of loans. I'm still nowhere close to receiving public service loan forgiveness. Even with this program in place, I will be fortunate if I'm able to pay off these loans before my daughter enters college. I hope that our government sees that this is an issue and start supporting the American student and families.

I request on behalf of myself and thousands of other Americans who are crippled under the student loan debt that you consider the following changes to the public service loan forgiveness program: (1) eliminate the spousal income in our income verification process; 2) discharge the consolidation penalty. As I said, I've been in public service for 19 years and I am nowhere close; and 3) simplify the program, complete an employment verification that demonstrates 10 years of service to the public and then simply discharge the loans. Thank you so much for your time.

Greg Martin: Thank you Ms. Bradshaw, we appreciate your comments. Our next speaker will be Erin Corbett. Ms. Corbett, whenever you are ready.

Erin Corbett: Good morning to everyone. My name is Erin Corbet, Administrator of two higher education in prison programs here in Connecticut. The Second Chance, Educational Alliance, and the Quinnipiac University Prison Project. I am here today to give public testimony on behalf of my students, other students incarcerated across the country, and practitioners on the frontline ensuring quality educational opportunities for confined learners.

Second Chance and Quinnipiac are broadly supportive of the Department's plans to invite comment on and examine in federal higher education regulations. We would especially encourage action to protect students and student loan borrowers by restoring and strengthening the gainful employment and borrower defense to repayment rules. But today I want to focus on the Department's implementation of Pell Grant eligibility for students in prison education programs. While the Consolidated Appropriations Act was passed, the Pell Ban has yet to be fully lifted. The Department has until July 1st, 2023 to do so, but it does not need to wait and should not wait to make students in prison eligible for Pell Grants. Until Pell grants are restored, more than 400,000 eligible students in prison will remain locked out of higher education opportunities.

We urge you to act with deliberate haste to implement Pell grants for students who are incarcerated this year in 2020, while establishing safeguards to ensure that higher education and prison pays off for students and for taxpayers. Without Pell grants, higher education in prison remains inaccessible to overwhelming number of students. After the 1994 ban was put in place, the number of education programs in prisons plummeted from more than three 1990 to only a dozen in 2005. Fewer incarcerated education programs mean fewer justice impacted individuals have access to essential educational opportunities that many of them were denied throughout the course of their lives. It means fewer justice impacted individuals have the means to pursue opportunities for themselves and their families. It also means delaying progress on addressing racial disparities in college attainment overall which is an ongoing goal of the Department of Education.

Reinstating educational opportunity for these students cannot happen soon enough and Congress has provided a way to expedite this policy. Given the Department's existing experimental sites, effective models are already in place to facilitate quick and efficient implementation. Existing frameworks for

approval and reporting established by the Department can be repurposed in guidance to ensure that existing programs can expand responsibly, and new programs can begin operating with fidelity and integrity. The time for you to act is now. And now a word about safeguards, through guidance outside of the negotiated rulemaking process, the Department can and should address several important issues related to program integrity and quality to ensure that students and taxpayers are protected when Pell Grant eligibility for students who are incarcerated is fully restored, and prison education programs are implemented. Prison education programs should only be eligible to administer Pell grants if they offer students who are incarcerated the same opportunities for academic and career advising and counseling as free world students, if they ensured that the cost of the program does not exceed the value of the Pell Grant or other funding that the institution may have received to support the program, if they facilitate student's future career and educational goals and partner with local community-based organizations to work together on comprehensive full-service reentry programs, if they identify ways to absorb the cost of transcript fees and other administrative fees that provide barriers to students, if they understand the challenges of operating effective distance, education or correspondence programs for students who are incarcerated and prioritize access to established face-to-face programs, if they build it enough time for students who are incarcerated to gather the necessary documentation for filing a FAFSA and prohibit enrollment practices that give priority to students based on years to reentry or their probability of obtaining the documentation needed to fill out a FAFSA and if they assist students who have defaulted on federal student loans to rehabilitate those loans and help ensure that students who are incarcerated are included in any student debt cancellation policy implemented by the administration or Congress.

Some of our partners, some of our friends, some of our colleagues will share their own comments and testimony about why it's so important to expedite and require safeguards for the implementation of Pell grants for students who are incarcerated. We hope you will take their perspectives into account as you decide how to proceed on this issue. I welcome the opportunity to connect further with the Department to ensure that the voices of directly impacted individuals, practitioners, policy experts and advocates are at the forefront of this effort to efficiently and effectively implement Pell Grant eligibility for students in prison education programs. Thank you and this message also was written by Sacha Taylor, who's at the Educational Trust.

Greg Martin: Thank you, Ms. Corbett. We appreciate your comments today. Our next speaker will be Ella. I apologize if I've mispronounced the last name, Ms. Azoulay, whenever you are ready.

Ella Azoulay: Hello, can you hear me? Great, thank you so much for the opportunity to comment during this hearing. My name is Ella Azoulay and today I speak on behalf of Generation Progress. Higher education is supposed to be one of the best ways to achieve long term economic stability, yet many students and family, in fact, one in three young people become burdened with student debt to reach the steppingstone toward the American dream. The flaws in the system most harm low income borrowers, Black borrowers and borrowers with low balances who did not complete a degree. My comments today will focus on fixing their payment system canceling student debt, strengthening, cohort default, rates, helping defaulted borrowers, and providing better student loan data broken down by race.

First, there are too many confusing and badly designed student loan repayment options, and it is too difficult for students to access the best income driven or payment plans that is affordable to them. Even in IDR, some students still cannot afford the payments or struggle with the annual income recertification process. The Department should prioritize the implementation of the FUTURE act to

make annual recertification of income automatic. It should also change regulations to allow defaulted borrowers to enroll an income-based repayment and income contingent repayment as permitted under statute. Even with these and other regulatory tweaks, too many borrowers will continue to struggle with repayment. We think now is an opportune time to cancel as much data as possible for all borrowers through your administrative authority, and you should prioritize discharging the debt of students who qualify for total and permanent disability and who have been deceived by predatory institutions.

Second, the Department should strengthen the cohort default rate measure. While CDR is intended to hold colleges accountable for their poor default rates, some colleges routinely game the system to avoid consequences and often strand their students in a poor repayment scenario. The Department should issue regulations that treat extended forbearance like default, strengthen the usage of forbearance for the benefit of the student borrower only, require colleges to disclose their default management contracts when third party servicers, target program reviews or institutions that consistently engage in forbearance abuse, and fix the OPE ID issue that allows brand campuses to mask their high default rates by reporting under the main campus.

Third, the Department can do more to prevent struggling borrowers from defaulting. One such borrower told us her story. Alisa is a multiracial multi-racial first-generation college student who attended college and graduate school with the dream of helping improve the education and mental health systems. Despite going to public colleges, she now holds over 130,000 in student loans and doesn't see any end to paying off her debt. Her monthly payments are over \$1,000 and she currently cannot afford them with her salary. Right now, her loans are in default which is troubling knowing that the current system of garnishing wages and tax benefits is highly punitive. ED should prioritize replacing this system with more humane one that helps borrowers get into good financial standing. This means removing administrative wage garnishment with the terms of income-based repayment, ending the use of the Treasury offset program for force collections and collection charges, and creating a statute of limitations on collections.

Finally, it is important for the Department to keep in mind that Black borrowers struggle more than others to pay off their student loans. Research from the Center for American Progress in Brookings Institute show that Black borrowers are more likely to borrow for school in student loans and are twice as likely to default then as white borrowers. The Department can do more to address the Black student loan crisis by providing better data on student loan outcomes, broken out by race and wealth. We also need data like student loan status categories and cohort default rates that are collected and made public over longer time periods to better understand borrower outcomes.

Expanding data collection would help the Department and researchers learn more about how America's 1.6 trillion dollars in student loan debt affects various student groups. Unless something is done to address the gaps in the system that harms students like Alisa, many student borrowers will remain in precarious financial situations that prevent them from making ends meet or achieving the American dream. Thank you for your time and for ensuring that young people and student loan borrowers we work with, like Alisa, are given a platform in this process.

Greg Martin: Thank you Ms. Azoulay, we appreciate your comments today. Our next speaker will be Scott Buchanan. Mr. Buchanan, whenever you are ready.

Scott Buchanan: Hey good morning, hope you can hear me.

Greg Martin: We can.

Scott Buchanan: Great, good morning, I'm Scott Buchanan. I serve as the Executive Director of the Student Loan Servicing Alliance. Our membership includes nearly every servicer of student loans in the country, including private and Pell loans, but also including all the companies, state agencies, and nonprofits who currently perform servicing functions as partners with FSA. Some facts about our performance are clear. The CFB complaint data has definitively shown that beyond the rate, the fact that rates and concerns or complaints on student loans have declined by 60% in the last four years. The complaint rate about issues that might even be about loan servicers instead of federal policy is 0.0008% or less.

We're happy to stack that up against performance from any other federal program, but we must continue to improve federal policies. One of our primary concerns is always getting complete and timely guidance from the Department and FSA on how it would like us to handle the portfolio of loans it controls, whether that relates to changes decided upon negotiated rulemaking or those that need to be made in the day-to-day running of the program. FSA is ultimately responsible for clarity and direction for us, but also American taxpayers and borrowers. While I will address several topics that are under considerations for neg reg, we want to be helpful to allow the Department to prioritize their bandwidth and focus on the matters that are most pressing. Borrowers expect FSA to be focused on developing and laying out a clear and actionable plan to implement payment resumption for more than 30 million federal student loan borrowers. For months we have asked for open discussion decisions. While I understand some of those key decisions and are now in active development in the last couple of weeks at FSA, I want to echo the sense of urgency shared by many FSA staff and Congress further servicer or should be given permission to communicate openly and in diverse channels with borrowers. As soon as the Department can make those decisions, we have faced this issue before through multiple resumption date shifts, but borrowers now expect payment resumption on October 1st, and they need to plan. Yes, there are long-term improvements and we look forward to working together to develop through neg reg, but we cannot lose focus on issues facing borrowers today.

We have previously offered multiple options we want to coordinate together with that could be accomplished in regulation, sub-regulatory guidance or in legislation that would smooth the transition. Options we have already including allowing for verbal recertification for IDR plans, offering extension of grace for those who graduated into the pandemic, providing an opt in forbearance for those who face ongoing financial impact from the pandemic, accelerating the process for us to add additional staff and ED choosing to provide the resources that would even make that possible. Once we address those time sensitive issues, we look forward to an opening constructive neg reg process to address some of the key long-term issues that the Department has rightly highlighted that we too have advocated for some time. income driven plans through IDR in the multiple other flavors offered today need to be simplified and consolidated into a single option that reduces the paperwork and complicated process that Department and federal law requires servicers to administer. Implementation now of the FUTURE Act provisions can go a long way, but we also must reduce a cumbersome and outdated workflow that servicers are required to ask for ours to use. Discharge of federal loans due to total and permanent disability, or borrower defense to repayment or decisions that have always been made by FSA itself, but we support getting the clarity and consistency on these matters.

PSLF is also an area that needs to be addressed. Congress set the rules and requirements for the program and so those who are today ineligible or ineligible by congressional design. Recent data published in the last few weeks by ED clearly shows that the rate of loan forgiveness to date is a function of borrowers failing to meet the requirements mandated by law. We look forward to continuing to work with ED to find ways to better communicate the process to borrowers regarding requirements that Congress has chosen to place on the program.

To summarize, as contractors for FSA who implement your guidance, we look forward to some immediate decisions, but we're also looking forward to an open and frank neg reg process where we can each share our deep operational expertise on what works, what can improve, and drive changes that will make the Department's federal student loan program work better for the next generation of borrowers and students. Thank you.

Greg Martin: Thank you, Mr. Buchanan. We appreciate your comments today. Our next speaker will be Eric Wolf, Mr. Wolff, whenever you are ready.

Eric Wolff: Thank you for allowing me to speak. I work for an investment firm. I normally would have no reason to be in a call like this, I have no financial incentive in anything we discuss other than that I am a citizen that votes and pays taxes and is outraged by the stories that have been discussed today and many others that will probably never be aired. I researched publicly traded companies, as everyone knows, a lot of for-profit education companies compose, very frankly, a lot of the debt crisis that we face are publicly traded. As part of that, I found occasion to kind of get involved researching this. I probably spent two months researching this and I was just disgusted by what I saw and what I learned. Obviously, it's a complicated problem. It's great to see the government trying to adjust and I don't know how to solve that high-level issue, but I do know one specific instance that the government could do something today to help people out that are struggling and to prevent another call like this in four to six years when the issues that have created the student debt crisis persists because more complicated issues aren't addressed. Namely, in my view, the predatory nature of for profit institutions and the economic incentive they have to get money from the Department of ED to make profits for their shareholders at the expense of people on this call today and others affected that then spend the rest of their lives paying off their debt. I want to talk about the company Walden University. You may have heard of. If you don't, you should. As of 2014, Walden students had \$10 billion of debt outstanding as people probably also know if you look at the largest schools that have debt outstanding in many cases, they are for profits. I think the University of Phoenix is number 1 so I don't see how we can have any conversation about borrower defense without discussing those responsible for getting students in debt. Let's just talk about Walden specifically. If you think about Walden's 10 billion student loan outstanding, they were I think the 2nd largest recipient of Title IV funding. At roughly \$400 million last year taxpayers and students have a graduation rate of about 15 to 20% and very poor student outcomes. I want to focus very specifically on one particularly egregious thing that they're doing which is representative I think on a lot of the issues we faced that are being discussed today several years after the fact, and that is their MSN, their nurse practitioner program. So, Walden's entirely graduate, about 80% graduate education, there's very little graduate information available to the public on graduate programs. There's very good information available on undergrad programs, but graduate programs there's basically nothing. They have 10,000 students enrolled in their MSN, their practitioner program, these are working nurses that in many cases are employed trying to improve their career prospects in their building and their ability to help patients by get more schooling.

They are two to three-year programs and it's about \$40,000 a year. I want to say 80% or so of the students, probably more than that frankly, at Walden are getting Title IV funding for the Masters in Nurse Practitioner Program. What you need to know as part of their Nurse Practitioner program someone needs to complete roughly 4 clinicals practices. That is basically for lack of a better word, people from med school, the concept of kind of interning or doing clinicals at the hospital is basically what's required as part of the graduation process. However, at Walden and other Master's in nurse practitioner programs are basically getting away. After about 2 years of study where those students now \$80,000 in debt and they let know that you're responsible for finding their own clinicals, which basically means that the students must call a bunch of people and try and get three or four different practices to allow you to work those clinicals shifts for free. As you can imagine, that's not particularly effective, and so what ends up happening is you have tens of thousands of students, working nurses, that are working during COVID and other things like that are stuck with \$80,000 of student loan debt and no ability graduate, and the only reason that exists is that the schools are unwilling to spend the resources to support students in finding clinicals so they can graduate. The cost of this is massive. It's over \$100 million a year just for Walden University. A couple of things about Walden specifically, Walden is owned by a company called Laureate Education. Laureate Education has over \$900 million of cash. I have no idea how we're talking about forgiving student loans while at the same time public companies like Laureate which have benefited from their fraud on students. I had no idea why we're paying for that and they're not paying for that. Any other topic for another day.

In this case, one thing that's very interesting about the Department of ED's ability to do something about it is they're in process of being bought by another for profit education company called Adtalem. As part of that, there's a Department of ED review into the program and whether they should change. I strongly urge Department of ED if they have any questions Eric Wolff Capital. ED should take into this and not allow the transaction to occur and as part of that should pull Title IV funding for this and other organizations facing these issues. Thank you.

Greg Martin: Thank you, Mr. Wolff, we appreciate your comments today. Our next speaker is Maya Weinstein. Ms. Weinstein, whenever you are ready.

Maya Weinstein: Thank you for the opportunity to comment on the Department's rulemaking agenda. I'm Maya Weinstein from Student Defense, a nonprofit that works to ensure that higher education provides a launching point for economic mobility. In alignment with this goal, we urge the Department to add key topics to the rulemaking agenda that address current inequities in the federal student loan system. This includes revisiting standards for undue hardship claims in bankruptcy to remove unnecessary barriers to student's abilities to discharge their educational debts.

Each year, a quarter of a million-student loan debtor's file for bankruptcy. Single women, older people, and Black households disproportionately file. In fact, Black borrowers with a college degree are just as likely to file as black borrowers without. Of those debtors only 300 exit bankruptcy having discharge their educational loans, a success rate of just 0.1%. The other 99.9% are denied the fresh start that our nation's consumer bankruptcy system promises to provide to honest, but unfortunate debtors. Borrower Jamie Mud was a bankruptcy discharge success story, be at under the easier totality of the circumstances test. Even so, the Department took extreme measures to prevent discharge.

Miss Mud work three jobs, seven days per week making less than \$30,000 per year as the primary caretaker for her 17-year old grandson with autism. Despite her testimony that she purchased Netflix and other streaming services to keep her grandson occupied, the Department insinuated that our

monthly expenses did not reflect sufficient belt tightening and argue that providing support for her grandchild was unreasonable. Meanwhile, the Department has failed to aggressively pursue more than 1300 higher education institutions including Miss Mugs' that together billions of dollars in outstanding liabilities. The Department now has an opportunity to address these unpaid liabilities by strengthening at administrative capability and financial responsibility of regulations.

While there are steps that the Department can take and its discretion to ease the burden of discharging student loans in bankruptcy, negotiated rulemaking as appropriate to ensure long lasting change. We recommend three revisions. First the Department should alter the presumption about when to contest undue hardship claims. Currently, the Department in its guarantee agencies presumptively contest these claims. The Department should either flip this presumption to one where it will not contest or create categories of student loan debtors whose claims will not be contested. The Department should also re-examine its cost assessment formula. The current formula disadvantages student loan debtors by excluding the cost of appeals using the current loan balance plus interest and fees and set up the original disbursement amount and failing to consider the likelihood of repayment if discharge is denied.

Second, the Department should promulgate factors consistent with the case law before contesting undue hardship claims. The Department's 2015 guidelines rely on an overly rigid application of case law regarding education loan discharge ability. ED should rescind that guidance through new regulations that require analysis of the borrower's present ability to pay their student loans after covering basic necessities. With respect to future ability to pay, ED should consider the original 10-year repayment window and standard repayment amount only, not possible eligibility for income driven repayment plans. The Department should collect data on student loan debtors who pursue undue hardship discharges and bankruptcy and publish that data in aggregate form. Of course, keep front end accountability reforms like reinstating the gainful employment rule. This can help prevent thousands of students from ever reaching the point of bankruptcy before rulemaking begins. The Department should immediately ask the Social Security Administration to reinstate the memorandum of understanding to share data to calculate the debt to earnings rates, engage in a dual agency rulemaking with the SSA to ensure this data sharing process becomes binding on both agencies and analyze and publish data at already has a debt to earnings rates, program level cohort default rates, and the repayment rates from the last five years. Thank you for your time. We will also submit a written comment further detailing these issues.

Greg Martin: Thank you, Ms. Weinstein, we extremely appreciate your comments today. As I indicated at the beginning of this public hearing, we were able to add an additional half hour today that will allow additional people to share their comments. So, we're moving into that phase now and the next speakers will be limited to 3 minutes so this is not indicative of the Department prioritizing of any other comments, or to say that their comments are not every bit as important as the ones that were shared previously, it's just that we wanted to give as many people the opportunity to speak as possible, so that is why in this next phase the subsequent speakers will be limited to 3 minutes for their comments. Our first speaker in this additional time-period will be Theresa Sweet. Ms. Sweet, whenever you are ready. OK, I'm going to move on to Leslie Brathwaite. Ms. Brathwaite, whenever you are ready. I'm told Ms. Sweet is available but on mute, so Ms. Sweet would you please unmute yourself and see if we can hear you. OK, it appears that we are unable to connect Ms. Sweet. At this time, I'm told that John Patrick Hunt will be next so Mr. Hunt if you would like to begin your comments please.

John Hunt: Hi can you hear me? Thank you. I tried to comment yesterday but was unable to connect so thank you for the second chance. My name is John Hunt and I'm a professor of law at the University of California Davis, also known as King Hall after Martin Luther King Jr. I have written several articles on student loans, particularly on bankruptcy discharge ability and I have two brief related points today: one big picture and one more specific. The overarching point is that student loan programs are not just loan programs, they're educational programs. Congress's purposes in creating them were to provide equal educational opportunity, educate the population, promote freedom of career choice, and importantly to help student borrowers that apparently is legally obligated to regulate the student loan programs to promote their purposes. Overly harsh collection policies can frustrate the purposes of the programs. Such policies can deter students from pursuing higher education, warp career decisions, and harm student borrowers. So, in deciding how stringent to be about collections the Department must weigh the interesting collection against the educational purpose of the loan programs.

This brings me to my specific point, which is that the Department must act on consent to student loan bankruptcy discharge, point that was just raised by Ms. Weinstein. The Department raised this issue in 2018 with request for information and received very robust public feedback, but it doesn't seem that the issue is on the Department's agenda anymore, judging from the notice for this hearing. The existing rules on consent to bankruptcy discharge have their origins with Secretary Bennett. In the 1980s, they were badly in need of systematic updating for technical reasons such as being incomplete, non-uniform, and ambiguous, but more importantly, the existing rules seem to be based on a collect, collect mindset. Just one example, the July 7, 2015 Dear Colleague Letter on the subject speaks of the duty to protect the integrity of taxpayer dollars and the obligation to collect debts without mentioning any of the countervailing educational goals of the programs. The Department should take account of the educational purposes of the programs and consent to bankruptcy discharge more readily. A recent Colorado Law Review article contains an important proposal along these lines, not written by me, written by other professors.

The proposal is that the Department grant consent to discharge through an administrative process in certain defined situations. For example, if the debtors been living in poverty for the last four years, such an administrative system would reduce the procedural barriers that are probably the main reason that only about one in 500 bankrupt debtors with student loans even try to get them discharged. Probably 200,000 people with student loans in our bankruptcy each year declaring in the starkest possible way that they need help. The Department should take heed and liberalize its rules on consent to student loan bankruptcy discharge. In doing so, it would go beyond acting as a bank and further its critical educational mission. Thank you.

Greg Martin: Thank you, Mr. Hunt, we appreciate your comments today. Our next speaker will be Darryl Crutchfield. Mr. Crutchfield, whenever you are ready. Want to remind all our speakers they need to turn on their video feed and unmute themselves.

Darryl Crutchfield: Hello Sir. I like to thank you for having me on today. I know you're very busy and I appreciate you having this meeting as well. My name is Darryl Crutchfield, I am the CEO and Chairman of High-level Hollywood. I am also an alumnus from Los Angeles Film School, so I would just like to speak about my time there and how I benefitted at the school. As the topic has been going on, I would like to say first, I could not complain one time about the price I paid for going to that school. At the time when I started this school, I was not a wealthy person at all. I grew up in South Central Los Angeles, so poverty was all over the place, but I knew I had to get to that school and go to that school.

If I had to do it again, I'll do it all over again at LA film school. LA film school gave me the power and knowledge and the feeling that I can make it. The education system with there, the teachers were surprisingly helping you out no matter what. They were Academy Award winning and Emmy Award winning teachers and they didn't just talk about their life. They taught you what they learn in the field, which was very valuable. So, they went above and beyond the academic. They also gave you the tricks of the trade that they learned while they were in the business so that was a great thing. Also, now with my hard work and determination and what I learned at LA film school from those instructors now I own my own independent entertainment company and now I can hire people, hundreds and hundreds of people through my company because I went to that school and they taught me everything I needed to do so it's a great school, I wouldn't trade it for anything. Just want to say that about LA Film School. I get a little flustered when I think about this school because I love the school that much. The instructors were great, the education was there, the connections, they help you with jobs. They bring the employer to you, they had job fairs at the school, I've never seen a school that brings the employer to you and let you hand in your resume, I never seen that. I also did all kinds of different volunteer work like that like the Writers Guild, the Producers Guild, all through LA Film School.

I ended up on a TV project as a co-producer all because of LA film school and the connection that they had. I cannot complain about LA film school at all, not the price, not the grant, nothing. I just want to go on record as to say that and I thank you again for having me so yeah, thank you very much.

Greg Martin: Thank you, Mr. Crutchfield, we appreciate your comments today. We are going back to Ms. Sweet, if you're available.

Theresa Sweet: Hi, my name is Theresa Sweet. I am the named plaintiff in Sweet v. DeVos, now Secretary Cardona. Thank you for the opportunity to speak today. In the mid-2000s I graduated from a for profit trade school that left me with a student loan debt that now totals over 500,000 and my degree is worthless. The specifics of my story are by this point easily available through various news sites as well as the Harbor Project on predatory student lending. When I attended the Brooks Institute it was owned by a company that was then called Career Education Corporation. Over the years, that company has become known as one of the worst bad actors in the for-profit education arena. Their enrollment salespersons lied to prospective students all the way through the recruitment process. They turned thousands of students through that diploma mill. Of just 505 of those students shows a combined federal and private loan debt of over \$70 million. Yes, you heard that correctly, 505 students, over \$70 million.

One of the biggest reasons this continued to go on is that for profits didn't abide by the same regulations and reporting as state schools. In particular, the gainful employment rule which should be put in place for all schools. For profits tend to have much higher student loan debt, lower graduation rates, higher loan defaults, and poorer student outcomes overall, and I believe a big part of that is because they've been allowed to exist in an unregulated free for all compared to state and community colleges. Worst still, Betsy DeVos stacked her inner circle at DOE with the shark suited lackeys and lobbyists of the for-profit education industry. They rewrote the rules of borrower's defense to make it nearly impossible for scammed students to get justice or relief. Having for profit education anywhere near the rulemaking table at DOE is a conflict of interest so vulgar I can scarcely find the words to describe it politely.

The new DOE needs to restore good faith reviews of borrower's defense applications and expedite the process for those of us who have been waiting for years for our applications to be properly reviewed,

especially when it has now become blindingly apparent who the bad actors in this industry are. There were already good rules, fair and just rules in place, please restore them without haste. Students and parents are out there right now, hoping to improve their lives with education, but they are on the verge of being scammed and this cannot be allowed to happen. These companies are sucking up billions of federal dollars, and that should enrage taxpayers across the political spectrum. Those seeking higher education should not be condemned to a lifetime of inescapable debt from attending schools that probably should not be allowed to operate in the first place. I'm always available to speak more or be involved in this process and I would be very much honored to do so.

Greg Martin: Thank you Ms. Sweet, we appreciate your comments today. Our next speaker is Sebastian Kryz. Mr. Kryz, whenever you are ready.

Sebastian Kryz: Hi, can you hear me?

Greg Martin: We can.

Sebastian Chris: OK great. Thank you for allowing me to do this. My name is Sebastian Chris, I am an 18-time Grammy Award winning music producer and small business owner and I am a 1991 Full Sail University graduate from the Recording Arts program. I'm here today to speak about the concept of gainful employment and the potential consequences an institution like Full Sail University. I'd like to say that I don't think we can put all nonprofit schools in the same category and that's why I want to speak about Full Sail.

I came to this country as an undocumented immigrant fleeing military dictatorship at the age of nine. My father was a travel agent, my mother a schoolteacher. I attended public school and unfortunately was not a great student. After high school I found Full Sail, which was the only school that accepted me to pursue my dream of being in the music business. There are very few universities around the country or the world for that matter which provide programs for people wanting to get in front of payment, and almost none of them are public universities. My career path started at the very bottom, I didn't know anyone in the music industry and Full Sail and their career development department provided tools to get my foot in the door, through them I secured an internship, I did menial tasks like serve coffee, hot food, and cleaned the studio. Generally, I ran around and did whatever needed to happen. The studio was owned by Gloria and Emilio Estefan, and I was honestly just happy to have my foot in the door in the industry, even if it was serving coffee and cleaning bathrooms.

After years of hard work, I started engineering and eventually became a producer and a very successful one. This was a 10-year long journey as it is for most people in our industry, you don't graduate school and pick up a Grammy at the door. Throughout my career, I have met Full Sail grads that have worked on everything from Game of Thrones, Pixar films, and have won Oscars. I've personally hired students to be my interns who are currently VPs of major record companies and award-winning producers. Off the top of my head I can think of at least two dozen examples in my immediate circle of working at a very high-level in our industry. From my actual lab group at school, which consisted of six students four are working in entertainment and have been for over two decades. I think that we would all consider ourselves gainfully employed. Equating student success to their income level is incredibly important, but it is important that these metrics be applied across the board, to all students attending all institutions, we can't afford to take a machete to a problem that requires a scalpel.

There is no other institution like Full Sail in the world and we should learn from them and not punished them for what they have built. Without them, I would not have had a career in the music business, period. When you think about all the music, movies, TV shows, games, and technology that kept many of us sane and connected during the pandemic, I will guarantee that thousands of Full Sail grads made that possible. Thank you.

Greg Martin: Thank you, Mr. Kryz, we appreciate your comments today. Our next speaker is Laura Diaz de Acre. Mrs. Acre, whenever you are ready.

Laura Diaz de Acre: Hi, my name is Laura, today I would like to talk to you about student loans. I'm sure anyone attending this is familiar with the statistics behind student loans, the 1.8 trillion in debt, the levels in default etc. In cases like mine where I borrowed \$27,000 in federal student loans, I have paid back over \$22,000 and still owe \$33,000. These figures are daunting but do little to fully express the entire human cost of the situation.

My story is not that unique. I'm a first-generation American, first-generation college student from a blue-collar family. I graduated 6 in my class with a 5.09 GPA, 10 passed AP exams and over 1000 service hours. I worked my entire scholastic life for the opportunity to attend college. I went to a state school. The loans I took out with the understandings that these were my only option to fund my education after scholarships had been exhausted were done so under the duress of having no other financial options, loans with exceedingly high interest, and predatory lenders that took advantage not only in my naivete, but my desperate desire for education. I then graduated into recessed economy that made it impossible to find full-time well-paying work. Even though I was paying, my total balances went from \$45,000 to \$90,000 in a few short years. There are so many of us suffering from the perpetual tax on social mobility that is paralyzed our ability to do things just that we're just a generation ago were commonplace, it's made it impossible for us to try new careers or start a business, it has made it impossible for many to get married, to have children or buy a house. While forgiveness programs became the touted solution, and it's clear that these programs are massive failures; the qualifications are over complex and administered by student loan servicers that have a vested interest in ensuring that people do not qualify for forgiveness and whatever solution is implemented, it needs to be done swiftly without complication and before the moratorium on student loans ends and needs to be widespread and simple or US taxpayers will spend millions on what could be several years long audit to try and correct the perpetual drag on our economy. The toxicity of the existing structure means we may be pouring resources into a collapsing system. That blanket forgiveness will be the most expedient and equitable solution. The fruit has rotted, you need to throw it out.

My years since graduation have molded me into a member of this hopeless and bittered and battered generation. The situation is that you can take a 30-year mortgage on a four-year degree, an item that depreciates over time that you cannot live in. It's taught me that the institutional and societal disadvantages do not disappear after your diploma. Most of all its taught me that we punish the poor and middle class for daring to seek an education above their station with student loans. I should have realized I was too poor to deserve an education. Thank you for your time.

Greg Martin: Thank you, Mrs. Acre, we appreciate your comments today. We're going to go back to pick up with Leslie Brathwaite.

Leslie Brathwaite: Hello, can you hear me?

Greg Martin: Yes, I can hear you and can also see you.

Leslie Braithwaite: Okay, wonderful. I'm just here to briefly talk about gainful employment and the good actors in the space. For me, I am a 1992 graduate of Full Sail University, I'm a mix engineer, I live in Atlanta, I've mixed records for Beyonce, Cardi B, Michael Jackson, Cher, I'm a 20-time Grammy winner. For me and many like me, our education was valuable. Much like Sebastian Krys who spoke earlier, we graduated from Full Sail and we get out in these industries and we must intern. Sometimes it can take a year, maybe a year and a half before we are seeing profits and gains from our employment. So, a lot of times I do recognize that there are bad actors in that space. There are schools that predatory that take advantage of students and their dreams and XYZ. But I'm here just to state clearly on the record of Full Sail. One thing that stands out is their commitment to making sure that those of us who graduate from Full Sail can audit courses for free reprogram. So, I was saying that I just feel like the fact that it's a relationship with Full Sail University and I'm allowed to audit courses in my field for the rest of my life for free. In our field, things changed. The way we recorded records in 1992, was very different from the way we record records now and we can continue our education and continue this relationship with this university. So, again just a small example in my opinion of why Full Sail University is a good actor in this space. Thank you for your time.

Greg Martin: Thank you, Mr. Braithwaite, we appreciate your comments today. Our next speaker will be John Mullane, Mr. Mullane, whenever you are ready.

John Mullane: Thank you. Can you hear me?

Greg Martin: We can.

John Mullane: OK, great, thank you. My name is John Mullane and I'm the president and founder of College Transfer Solutions (CTS). CTS provides research policy, advocacy, and consulting to help colleges and universities better serve transfer students. Over the past 15 years working with community college students have seen the obstacles they face when it comes to completing their degrees and transferring their credits. I put out several studies on this issue and this research and advocacy shined a light on the issue of students losing transfer credits. I'd like to discuss regulations that the Department can implement, it can address gaps in postsecondary outcomes such as retention and completion, particularly for low income, minority, and first-generation college students. The Department must address the problems with student transfer between community colleges and four-year schools. The average transfer student loses over 40% of their credits. My previous research, as well as data from the National Center for Education Statistics in the GAO would suggest the average community college student who transfers to lose over 20% of their credits. This loss of credit would be equivalent to almost an entire semester of credits and would delay the students time to graduate.

Fixing the broken transfer critic system would save students, states, and the federal government billions of dollars each year and make higher education more affordable and accessible for all students, especially the low income, minority, and first-generation college students they are more likely to begin their undergraduate studies at community colleges. With the cost of higher education soaring and states facing huge budget deficits, community colleges are the last affordable route to a bachelor's degree for many middle-and lower-income students.

The national conversation about college access, affordability, graduation rates and the 1.7 trillion in student loan debt seems to miss the transfer credit issue. For many students the most affordable and successful route to a bachelor's degree is a community college. This is especially true for low income minority and first-generation college students who are more likely to begin their undergraduate studies at a community college. That conversation also misses the fact that fixing the broken transfer credit system is the best way to help these students graduate on time with less debt and save the student, states, and the federal government billions of dollars each year. When students take classes at their state community colleges, those college level courses and credits should transfer and apply to their bachelor's degree at their state university. This is a bipartisan issue. Students should not be losing credits when transferring within their own state public higher education system. We need to put a system in place to prevent this from happening. According to the National Student Clearinghouse Research Center, 38% of all college students will transfer at least once before completing a bachelor's degree. Most students will transfer either into or out of a community college. In community college, transfer students represent 49%, nearly half of all students who complete bachelor's degrees in the United States each year.

While proposals for free community college dominate the headlines, the fact is that for many students, community colleges are already free, the main problem is that students do not have a clear path through these institutions that will allow them to fully transfer their credits and apply them to a bachelor's degree at a public four-year institution. Around 80% of community college students who transfer do not complete their degree before transferring. The solution to this problem would be for the federal government and states to enact legislation mandating statewide transfer pathways between community colleges and four-year schools and many states have laws that govern transfer credits and very few states fully enforce those credits to ensure students can get through their institutions and graduate on time. I appreciate your time and attention to this matter.

Greg Martin: Thank you, Mr. Mullane, we appreciate your comments. Our next speaker will be David Nichols. Mr. Nichols, whenever you are ready. You are still on mute. Can you hear me Mr. Nichols? OK, unfortunately we can't hear you. I'll tell you what we will go on to our next speaker and come back to you.

David Nichols: Can you hear me now?

Greg Martin: Yes, I can.

David Nichols: Alright great thank you and thanks for the opportunity to comment again. My name is David Nichols. I'm the vice president of Regulatory Affairs at Adtalem Global Education. I'm here today on behalf of the Title IV participating institutions and the nearly 41,000 health profession students we serve. Our purpose is to empower students to achieve their goals, find success, and make inspiring contributions to our global community. One way we do this is by investing in and providing quality academic programs that leads to successful outcomes that we agree with the Department that heighten institutional accountability is a critical factor for student success and job opportunity. So, we support the underlying premise of gainful employment and agree that aspects of the former GE rules were beneficial. However, there is the possibility of unintended consequences. Within our family of institutions, we have a clear example of an exceptional program, our DVM offered by y Ross University School of Veterinary Medicine, that may have been negatively impacted based on the 2015 GE rules as they were written. Ross Vet's outcomes provide clear, quantified evidence of a professional education program that graduate students who are contributing significantly to the U.S. workforce. These are

students that are passing their licensing examinations and repaying their Title IV loans yet would fall into the “zone” under former GE rules. Looking forward, we would like to provide a few solutions that apply to all high-quality graduate programs. We respectfully ask the committee to consider during negotiating rulemaking. First, evaluate other performance measures that provide more flexibility throughout such as those licenser pass rates and local cohort default rate for that talked about. Next consider the value of the disclosures required under GE. We find these disclosures very useful and believe that they would be informative for all students regardless of your program or institution type. For instance, we could consider eliminating the zone as a pathway to ineligibility, but rather use it as a high-debt warning disclosure. Finally, given that the original intent of GE was to focus on lower credential programs possibly not providing enough return compared to other student and taxpayer investment perhaps we should consider graduate and professional degree programs from the punitive aspect of GE while still collecting and reporting on those data outcomes. Thank you again for allowing me to comment and for considering our concerns and propose solutions.

Greg Martin: Thank you, Mr. Nichols, we appreciate your comments. Our final. speaker for this morning will be Margaret DiZenga. Ms. DiZenga, whenever you are ready.

Margaret DiZenga: Hi, thanks for allowing me to join you. I'm Margaret DiZenga, director of the Center on Sentencing and Corrections at the Vera Institute of Justice (Vera). Vera is a 60-year-old organization that brings data evidence in solutions to end mass incarceration. We currently provide technical assistance to the network of 100 colleges and correction agencies in 42 states in DC that participate in the Department and Second Chance Pell experimental sites initiative. Based on the lessons learned through Second Chance Pell, I would like to address two topics specific to incarcerated students.

First, the process for individuals who are seeking to rehabilitate their loans must be updated. As the Department's report on the first two years of Second Chance Pell states “if students took any kind of postsecondary coursework prior to incarceration, they're most often in default loan status.” The report details various challenges that financial aid directors and correctional staff face as they try to help students set up payments to rehabilitate their loans and how that process was only successful if students had someone outside of prison who could help them, which was often not the case.

The reality detailed in ED's report correlate with the current process for an individual seeking to rehabilitate their loan. These require that students must agree in writing to make nine voluntary reasonable and affordable monthly payments within 20 days of the due date and make all nine payments during a period of 10 consecutive months. Currently, many individuals seeking to rehabilitate their loans so they can access their Pell eligibility have to make for example nine payments of \$5 a month at a minimum, totaling \$45.00. The problem we've seen across most of the Second Chance Pell sites in addition to the amount of money required for people who often have none is the nine monthly payments. Many people who are incarcerated have great difficulty establishing a bank account so they can't make direct deposits so they must go through a process of organizing money orders to be sent monthly. The logistics of doing this while incarcerated are exceptionally difficult and the financial burdens are significant. What may seem like a simple \$5 payment could quickly turn into double or triple that amount. For example, money orders can cost up to \$5 each and if an individual wishes to send the payment through the mail, there is the additional expense of an envelope and stamp. One-time mail delivery can also be a major concern if someone opts for third-party payment service. Sending the \$5 payment could cost an additional \$8.99. We ask that ED please support a one-time lump sum payment option for people to rehabilitate their loans.

Second, loan cancellation programs must include people who are incarcerated. As the Biden administration considers loan forgiveness for low-income Americans, we would ask that people who are incarcerated not be excluded in any broad reaching efforts, or if there's a more targeted approach to reach specific populations that they are included as a target population. Through Second Chance Pell, we're seeing prospective students with debts less than \$5000 with some students owing just a few \$100. By including these students in any loan forgiveness measures, ED can ensure that students make the most of post-secondary education opportunities so that when they return home to our communities, they are in a better position to take care of themselves and their families. Additionally, supporting these students access to opportunity will be a positive step forward in addressing the racial inequities that result in the over incarceration of people of color. We look forward to continuing to work with ED to ultimately expand access to high quality post-secondary education for people in prison. Thank you all so much for your time today.

Greg Martin: Thank you, Ms. DiZenga, we appreciate your comments this morning. I want to thank everybody who joined us this morning for sharing their comments with us. That concludes our morning session. We will reconvene at 2:00 PM Eastern Daylight Savings time today. Thank you very much and goodbye.

Greg Martin: Good afternoon and thank you for your attendance at our virtual hearing today. This is the afternoon portion of the third and final public hearing that we are conducting this week, my name is Greg Martin. I am the director of the Policy Development Group in the Office of Postsecondary Education. I'm joined today by Nicholas Lee, who is the Deputy Assistant Secretary with the Office of Planning, Education, Policy and Development and Todd Davis who is our attorney with the Office of General Counsel. With respect to today's hearing, I will call your name to present. When it's time for you to speak, we ask that speakers limit their comments to five minutes. We have a bit of a different format today because we have been able to add an additional half hour to the end of today's session. We were scheduled to end it for 4:00 o'clock eastern Daylight Savings Time, we will now go till 4:30, However, to add as many people as we could to this additional half hour and give everybody an opportunity to speak. Those who are speaking between 4:00 and 4:30 will be limited to 3 minutes, and I will make that announcement when we make that switch over, but those who had signed up previously will still have the five minutes that they were given. At that time when you've reached your maximum time, if you're still speaking, I'll give you a warning that you have an additional 15 seconds. If you exceed that time, you may be muted. As a speaker, you have the option to have your camera on or off. That's at your discretion, however, we do need to have your microphone unmuted so that we can hear you. Make sure you do that before you begin to speak. In consideration of others, we ask that you do silence your cell phones, and perhaps most importantly, we ask speakers to remain on mute before being called and after presenting we ask speakers leave the Microsoft Teams meeting and join the public Microsoft Teams meeting. If you are a speaker and you do not mute yourself when not presenting or speak when it is not your turn, we will administratively mute you from the Microsoft Teams meeting and may remove you from the speaker line. You can always join the Microsoft Teams Live meeting as an attendee where you can listen to the hearing. This hearing is being transcribed and the transcription will be posted on our website within the next few weeks. The Department also plans to post a recording of these hearings with audio and video. This is a public hearing and it is possible that a member of the public may record your remarks and post edited clips of them before or after the Department posts the full, unedited version of the hearing.

Closed captioning is also available in real time during the hearing. To use live captions in a meeting go to your meeting controls and select "more options," then turn on the live captions. If you are submitting written comments, we encourage you to do so through the [regulations.gov](https://www.regulations.gov) website. You may also submit comments through postal mail, commercial delivery or by hand delivery. Due to the COVID-19 pandemic, if you wish to hand deliver comments, please email Vanessa.Gomez@ed.gov. She will coordinate with front desk staff in the lobby of the Department of Education's building at 400 Maryland Ave. Southwest Washington DC so that you can leave your comments there. We will not accept comments by fax. To ensure that we do not receive duplicate copies, please submit your comments only once. In addition, indicate the docket ID that is ED-2021-OPE-0077 at the top of your comments. You will also use that number to quickly access the place to submit your comments using the [regulations.gov](https://www.regulations.gov) website. We will now begin our afternoon hearing by calling on our first speaker. And our first speaker today is Shannon Martin Dilly, whenever you are ready.

Shannon Dilley: Thank you, good afternoon. My name is Shannon Dilley. I want to thank you for this opportunity to speak on the Public Service Loan Forgiveness program. I'm a 41-year-old environmental attorney in California. I grew up very poor and like most folks who do not have means, the only opportunity for me to go to college and law school was to take out loans. I've been in practice for about 10 years and I've worked as a government attorney for about half that time. I make about 1/3 of what I would make in private practice. I live paycheck to paycheck. My student loan debt is \$270,000 in public loans and \$84,000 in private loans. \$354,000 is a hefty amount and surpasses what I owe on my home. Every month I pay 2 mortgages, one for my home and one for my student loans. My discharge date is supposedly 2026. Until then, my life is on hold. My student loan debt has had significant impacts on my life. One, I cannot get married because I cannot combine income, otherwise my student loan payment will go up even more and could put my discharge in peril. Two, I cannot have children because I cannot afford children with my hefty student loan payment. Three, my student loan debt has impacted my purchasing of a house. The loans disqualified me for the first-time homebuyer opportunities, or I do not contribute to the economy because I really cannot afford to. Five, I cannot take promotion opportunities because I can't make more money. Six, I cannot teach on the side, which I really want to do because I cannot make more money. Seven, I contribute minimum to my retirement because I cannot afford to contribute more. Eight, every month I have anxiety about my student loan payment. What if a glitch occurs in my payment and did not go through? Am I kicked out of the program? Nine, I must log everything and keep very detailed records for ten years. This is a very long time. And ten, most important, I can't help my mother, who has a rare type of leukemia pay for her treatment, so she's not getting treatment because she can't afford it either. She will die and there's nothing I can do about it because like her, I too don't have the means in part because of my student loans.

And here the program has a 99% application disapproval. Not only is the program overly complicated, it hides the ball and people do not know the issues until it's too late. I made real life decisions with very real impacts based on the availability of this program. People ask me how I drag myself out of poverty and I tell them I have not, I'm still in poverty. My student loans are my perpetual purgatory reminding me every day that I have and will continue to have the chains of poverty grips tightly around my ankles. I hope to one day be free. I ask you 1) do not dissolve this program. People like myself have made real decisions based on the availability of the program and detrimentally relied on the program 2) streamline the program and make it easier means that your program does not work as intended 3) The Department of Education is now issuing denial letters when folks submit their annual certification, treating it as an application for discharge. No one is just requesting discharge before their time, so stop doing sketchy stuff that makes no sense. This confuses people. 4) reduce the interest rate on all

loans a 4-7% interest rate is too high. My loans have doubled. My house loan is 2.6%. Considering many folks who take out the loans are not of means, this harm impoverished people, I ask you to think about equity. 5) include private loans, so even if my loans are discharged, I'm still going to have \$84,000 in private loans. 6) most important, I would recommend that you discharge a percent of the loans each year that folks are in the program, so people get the benefit of their effort and more certainty.

To be clear, this is not to look a gift horse in the mouth. I am very thankful for the availability of student loans; without them I would not be a lawyer. I am thankful for the Public Service Student Loan Forgiveness program, but there are very real consequences from significant student loan debt in and inequities that result especially for those who go into public service. I want to thank you for this opportunity to speak and look forward to improvements to the program.

Greg Martin: Thank you. Thank you, Ms. Dilley, we appreciate your comments. Our next speaker is Daniel Elkins. Whenever you are ready.

Daniel Elkins: Thank you everyone for having us here today and for the opportunity to speak on behalf of veterans nationwide in relation to these very important issues. We firmly believe that everyone wants to ensure that all students are successful in their pursuit of higher education. And we know that education provides a pivotal opportunity to change the lives of all student veterans. We've seen countless veterans actualize their dreams for their pursuit of this endeavor and bearing that in mind we offer the following recommendations to the Department. First, the Veterans Education Project has always believed that good policy should be driven by rigorous research and transparent data. Our study on the 90/10 rule that was published in February, "Collateral Damage" uncovered very important issues with the 90/10 rule exposing the false narrative that the 90/10 rule is correlated to academic quality. Our research highlighted that over 80 institutions would fail a modified 90/10 rule as it was passed in the American Rescue Plan with an estimated 88,000 veterans and service members currently attending these institutions, unfortunately, and this is why we titled our research "Collateral Damage," the institutions with the most veterans and military students enrolled had comparable or even better student outcomes than their public institution peers. Our rigorous research showed that this well-intentioned policy could negatively impact student veterans and drive students to institutions with lower student outcomes.

Currently, there are policy discussions underway that aimed to correlate instructional spending outcome metrics. Our concerns with these input tests are that such policies invariably limit student veterans' choice and not always for the betterment of the student veteran. We firmly believe that veterans have been trained to the highest standard. They have been equipped to make the toughest decisions on the battlefield and America trusts these men and women with significant amounts of authority. Therefore, we highly question the utility of additional regulations that aim to further limit student veterans in the name of protection. Veterans' choice should be trusted and honored. Additionally, we have concerns and reservations on this proposed negotiated rulemaking session that would impose additional input in output metrics on institutions. We are questioning the validity and utility of applying more and more regulations to institutions, and we would ask the Department what is preventing current students from using outcome metrics available on College Navigator and College Scorecard to make informed decisions on their institution of choice? What is lacking under the current outcome data that prohibits the Department from holding institutions accountable?

If current student outcome metrics are not stringent enough, the Department and the Administration should work with Congress to adjust these outcome metrics for all students at all institutions. These concerns are based on the research that VEP has conducted, and we firmly stand behind research-driven policy as we have looked into additional input tests such as 90/10 or output tests like gainful employment which only serve as a proxy to the actual data we already have access to. We found these metrics to be, at best, redundant to ensure quality and, at worst, detrimental to institutions and the veteran students they serve. So again, we question what is lacking within our already established regulatory framework that tracks earnings, graduation rates, repayment rates, and default rates: all easily identifiable markers of student success and institutional quality. Such data gives students the ability to make informed decisions on what institution to attend, and if the Department believes more data is necessary we encourage the Department to work with the administration and Congress to pass the College Transparency Act, which would give even more granular data to students to make informed decisions.

Last, and not least, having been a representative for student veterans on two previous negotiated rulemaking sessions. First, the gainful employment and second, the accreditation and innovation, we strongly encourage Department to at least reconsider this virtual method of the upcoming negotiated rule making and at most question whether this is the right time for such a negotiation. In my experience, much of the common ground found in these negotiated rulemaking sessions is found with the ability to caucus with fellow negotiators and stakeholders and substantial amounts of time spent building rapport and coming to consensus happens outside the table. With such high stakes, we firmly believe these negotiated sessions deserve in person representative for fair and equitable discussion and, as others have already mentioned, as a country, we're still reeling from the pandemic caused by COVID-19 therefore we asked the Department to consider postponing these negotiations until waiting to see how these negotiations will go until it's safe to return to in person discussions and the state of our higher education has returned to an equilibrium. Thank you.

Greg Martin: Thank you, Mr. Elkins, we appreciate your comments today. Our next speaker is Joseph Holt. Mr. Holt, whenever you are ready.

Joseph Holt: Hello, thanks very much for the opportunity to provide comments in advance of the planned negotiated rulemaking process and my name is Joseph Holt, the Chief Operating Officer for Ember Education. We're a system of proprietary higher education institutions that includes San Joaquin Valley College and Carrington College. We're a second generation, family-owned and operated enterprise established in 1977. Our colleges currently served more than 11,000 students on 34 campuses in eight western states. San Joaquin Valley College and Carrington College are both accredited in the Western Association of Schools and Colleges by the senior and junior commissions, respectively. We offer career focused educational programs and more than 20 specialized medical and technical fields at the certificate and bachelor's degree credential level.

San Joaquin Valley College is the single largest provider of respiratory therapy AAS degree graduates in the state of California. In 2019, one and four graduates in the state was from SJVC and 94% of those graduates passed all required licensure exams to earn their registered respiratory therapist credential. From 2017 to 2019, the 2 colleges combined provided the Western region of our country with more than 1,200 licensure prepared registered nursing graduates. Proprietary career colleges like ours are relatively small, but critically important component of our nation's higher education landscape. The strengths and core competence of our sector are regular and meaningful engagement with local employers, being agile and creative in response to workforce demands, and the customer service

mindset throughout the student lifecycle, maintaining a clear focus on the professional goals of the students we serve. We're deeply committed to the success of every student and we strongly support meaningful and effective accountability metrics for institutional participation in federal student aid programs.

Higher education regulation intended for student protections and return on investment for taxpayers should not be narrowly targeted to one sector or school type and certainly not based on tax status. Applying specific outcome measures to colleges and universities is reasonable and appropriate only when carefully considered and applied evenly across institutions and programs that serve similar students with a similar purpose. Gainful employment measures, for example, should apply to all institutions based on the CIP and credential level. Most of the academic research on the economic value of higher education considers very long-time frames. Even lifetime earnings for graduates' income measures should not be based on the first few years after completion when they graduate is generally working in an entry level position and building experience for a long-term career path. Gainful employment standards must also reasonably consider the demographic and socioeconomic attributes of the student population served. Most of our graduates are first generation college students. Many come from disadvantaged backgrounds and are working diligently to create generational change in their families. Any new standards should compare and consider like-groups of students across all types of institutions. Similarly, economic measures of program value must consider the diversity of regional characteristics, and our nation's graduates from rural or otherwise disadvantaged communities will earn less than similarly situated peers in urban areas. Does that mean that programs offered to those rural students are less valuable? Carefully consider relative rather than absolute measures, including possibly the economic lift provided to graduates from their circumstances prior to education.

Regarding borrower defense to repayment, the Title IV student loan programs are fundamental to providing affordable access to higher education programs, especially the students with limited access to financial resources and support. Student loan debt has appropriately received a lot of attention and testimony through these public hearings. Revisiting the borrower defense to repayment regulations should be approached with a clear purpose and a narrow focus and not become reactionary with the mistaken frame that student debt is somehow intrinsically flawed. Changes to these rules must respect fundamental due process for institutions and reasonably protect taxpayer investment to support and subsidize students who use these loan programs to advance their education. The application process should provide ready access for students to present claims.

Those claims must be considered in a timely manner by the Department based on objective evidence and standards. The process should be clear and transparent. Department staff should not be empowered to apply subjective or arbitrary standards in secret based on factors outside the scope of the student claim. Thank you again for considering these remarks and thanks in advance for your meaningful engagement with stakeholders across the range of higher education institutions through the rulemaking process.

Greg Martin: Thank you, Mr. Holt, we appreciate your comments this afternoon. Our next speaker is Shane Phillips, Mr. Phillips. Whenever you are ready. Mr. Phillips appear to be on mute. We cannot hear you speak. Perhaps you have some technical difficulties there. We can come back to you., Let's move onto Erin Steinberger. Ms. Steinberger, if you are ready.

Erin Steinberger: Hi. There are over 750,000 community college students in the Los Angeles area, and 70% of them never complete or transfer out of our system. We are failing. When community college students were asked the question, “how does the current education model work for you?” They responded with the following: I hate lectures. I never make it to class on time. Online education has worked out so much better for me. Straight lecture is difficult to absorb, but if the teacher includes other learning styles, my ability to learn increases. My biggest concern is never using anything that I learned while in school from my internship and job that I had over the summer, I absorb very little of what we learned in class is incorporated into the actual work I was doing.

Good afternoon everyone. My name is Erin Steinberger, and I'm a newly tenured California community college faculty member, a CPA and MBA with expertise in driving growth through innovation and customer experience. I'm here today to address retention and completion in post-secondary education. What I'm proposing as a solution is a centralized innovation team to support learning design, and creation of instructional content for college courses. I'm not naive enough to believe that this issue and all the nuances can be addressed in a five-minute virtual session, so my ask for all of you is a follow up to find out more. When we conducted market research to find out why students leave, one of the things students said, if you want to drive retention, you need to design a better learning experience. When asked if you could redesign education, what would that look like? Students responded with the following: I would use more technology in the classroom and make classes more interactive. Include short instructional videos-you can choose which one you want to help you learn specific topics out. Include a lot more visual aids such as videos, pictures, and interactive tools to spur more engaged learning. Less information, more application.

What students want and what they described are elements of blended learning, active learning, and adaptive learning. These learning models incorporate a blend of instructional materials and faculty instruction, audio visual aids, interactive simulations, augmented reality, the list goes on, but it boils down to content and technology designed and delivered in a way to optimize student outcomes. These learning models have been proven to drive retention and completion. The evidence is out there. Smart Sparrow, ASU's project Beyond Course, which was funded by the Bill and Melinda Gates Foundation, or Rocket Ship Education Charter Schools. All outperforming traditional education. So why aren't we changing? Changing the design means producing more content and incorporating technology into the classroom. To do that requires a team. A centralized innovation team dedicated to change, dedicated to creating content. Our competitors know this and that's why University of Phoenix, Southern New Hampshire University, General Assembly, Udacity, DeVry, Western Governors all have centralized innovation teams. If this team is a key component to the success of education. Where's our team? A centralized team is also the only way to produce curriculum that incorporates technology or software-driven competences required in emerging areas such as data science, artificial intelligence, cloud computing- the list goes on. Faculty cannot create this curriculum alone. This type of curriculum requires a team of faculty working with engineers, animators, video producers- the list goes on. How can we compete if we have no way to produce the curriculum and course content for nearly every job now and going forward? We, your change agent faculty, are stuck. Stuck in a system that lacks the structure and support for innovation and change. If you want to know how to protect borrowers, ask why students choose to go to a for-profit instead of public education. It wasn't just great marketing. For many, it was a choice. They chose flexibility blended in adaptive learning and workforce aligned content or is DeVry's slogan says tech empowered learning students are choosing something that public education is incapable of delivering today but you could change that. The colleges will not change unless they're forced to, and you have something they all respond to funding and regulation. You can change the design unless some drastic changes are made public education will continue to fail

and for-profits will be the only option as the pathway to jobs of the future. You may be thinking this is a state or local issue, I assure you it's not. The colleges all compete for enrollment and one way they do that is because controlling access to curriculum you can change that equitize access to curriculum by creating a centralized team whose only incentive is to democratize access to the best education for all students, regardless of district or state. If you think things will get better, let me remind you that 70% already told you it's not working when they left and never came back. If the system is designed to do what it's doing, don't you think it's time to change the design? If you won't take action, then who will? Thank you for your time.

Greg Martin: Thank you, Ms. Steinberger, we appreciate your comments this afternoon. Our next speaker is US Representative Mikie Sherrill. Congresswoman Sherrill, whenever you are ready.

Mikie Sherrill: Great, thank you so much. Good afternoon, I'm Congresswoman Mikie Sherrill, member of the House Education and Labor Committee, and I'm here today to focus on the Department's implementation of Pell Grant eligibility for students in prison education programs. Last session. Congress reinstated Pell Grant eligibility for incarcerated individuals and set parameters for Pell eligible prison education programs, including and...

Greg Martin: Congresswoman Sherrill, we appear to have lost your feed.

Mikie Sherrill: My bad. Can you hear me?

Greg Martin: Yes, we can now. Your feed was a little bit mixed, but we think we have you now. Try again.

Mikie Sherrill: OK. I'm not sure where you lost me, but I'll start with the fact that I am thrilled that Congress stepped up and made this a reality. I'm looking forward to the important work that needs to be done to make sure these programs serve students well, and I'm thankful that the law passed by Congress includes early implementation provisions that allow the Department to implement Pell restoration quickly and efficiently but while the law was passed last year, the ban has yet to be fully lifted. I'm here today to urge you to prioritize Pell Grant restoration and to lift the ban as quickly as possible. Until Pell grants are restored, more than 400,000 eligible students in prison will remain locked out of higher education opportunities. In my career, in addition to being an assistant US Attorney, I worked as an outreach and reentry coordinator in the US Attorney's Office for the District of New Jersey, where I worked to help us establish the state's first federal prisoner reentry program for individuals leaving our federal prisons. I've seen the best these programs have to offer, and unfortunately, the detrimental result when they're not offered and I am here today to urge you as a mother, a former member of the US Attorney's Office, and as a member of Congress who voted to lift the ban, to act swiftly and deliberately to implement Pell grants for students who are incarcerated this year, I further urge you to ensure that as you work to implement this policy of established safeguards to protect the quality and integrity of these programs. Currently a vast majority of incarcerated adults don't have access to postsecondary opportunities. Most people who are incarcerated don't complete an education program while in prison, but low rates of participation do not reflect load demand for higher education.

A 2014 survey found that 70% of incarcerated adults wanted to enroll in an educational program. Among those who wanted to pursue further education, 69% expressed a desire to earn a postsecondary certificate or degree. We must do better to ensure these individuals have access to the

educational opportunities they seek. Further, Pell eligibility for incarcerated students can improve reentry and post-release outcomes resulting in significant return on investment and contributing to safer communities. Higher education is proven to reduce recidivism and improve the employment of justice-involved individuals. Researchers estimate that climate rates among all formerly incarcerated individuals would rise by 2.1% if just half of the eligible population participated in a prison education program. Incarcerated students who participate in correctional education programs were found to be 28% less likely to recidivate than non-participants. Repealing the Pell ban would save states an estimated total of \$365.8 million per year as a reduction of recidivism rates and reincarceration spending.

Finally, I'd like to talk about safeguards. Thoughtful policy approaches are needed to address the barriers and nuances inherent in the correctional environment. First incarcerated students are not able to choose from a range of post-secondary options in an open marketplace. If a subpar, predator predatory provider is the only option available incarcerated students will be put at a significant risk of exploitation. Further, incarcerated students should be given the same opportunities to presume rigorous academic programs, learn from qualified faculty and earn college credits in degrees as students who attend classes on the outside.

Lastly, completing the FAFSA can be particularly challenging for incarcerated students for a range of factors including lack of access to tax records, inability to register for the Selective Service, and difficulty rehabilitating defaulted federal loans. The Department has to address these issues related to program integrity, quality, and access in order to ensure that both students and taxpayers are protected when Pell Grant eligibility for students who are incarcerated is fully restored and prison education programs are expanded. I welcome the opportunity to continue this conversation with the Department.

Greg Martin: You might want to repeat your last two or three sentences.

Mikie Sherrill: I was really at the end just thanking you for allowing me to appear for this testimony and I'm happy to continue the conversation. Thanks again.

Greg Martin: Thank you Congresswoman Sherrill, we appreciate your comments this afternoon. Thank you. Our next speaker is Mary Kelly. Ms. Kelly, whenever you are ready.

Mary Kelly: Hello, my name is Mary Kelly and I'm the CEO of StrataTech Education Group. Our brands are Tulsa Welding School and the Refrigeration School, Inc. We focus strictly on skilled trades; we've put out 40,000 graduates out in the community in needed fields. We have about an 86% placement rate. I was originally going to come on and give you a bunch of stats, but I think you seen a lot of that, so I thought I'd take a different tack. We're talking a lot about equity and access and I want to thank you for focusing on that. Anyway, that's a big issue today and we applaud those efforts. We agree with the number of the things that you have proposed. We think that ability to benefit should be increased. Looking at student loan forgiveness we are in favor of all those things but my tack is actually to bring in someone who benefited from our system as we talk about equity access, so I would like to introduce my colleague. My colleague is Brandon Milligan. He's my chief operating officer here at StrataTech and I just wanted to take a couple minutes for Brandon to tell you his experience with our sector.

Thank you, Mary. Yes, so I am a product of the for-profit school industry. I was a high school dropout and after dropping out of high school, I really had no direction in my life and one day I figured I need to

do something with myself so, I actually took a correspondence course to get my high school diploma and went and visited school that was an IT school. At the time I didn't know it was a for-profit school, but what drew me to it was the fact that there were small class sizes. I knew that I would have one-on-one attention from my instructor, and being from a very disenfranchised home, the fact that I could have hands-on learning with an actual computer every day that I went to school, was life changing for me.

I went to that school and graduated once again all the time not knowing I was in a for-profit institution. I received a very quality education and after graduating and going on to get gainful employment, I decided to give back and started teaching part time in the evening, so that I could help other people like myself who didn't grow up in a traditional home, who was shy and they weren't ready for the big, four-year experience or even the community college experience. And that truly became my life, my life's work. That's when I woke up and said that education is what I should be doing with my life. I left the industry and went into teaching full time and have countless students who have gone through the for-profit experience and have now moved on and done great things in their lives, so this is truly my life's work. It made an indelible mark on me and, keep in mind, I went on to pursue my bachelor's degree, which I received and my MBA as well. So, I'm a product of this industry. I'm very proud of this industry. Proud of what we do and the legacy that we have left behind and countless students whose lives have been changed by what we do. So, I thank you for your time. Thank you for this conversation to be able to exchange, but I'm a die-hard for-profit fan to my very bone.

Thank you, Brandon. I have a few minutes, so I'll jump in. I'm also a former high school teacher. I got into education because I believe education is the key. If you're born on the one side of the tracks in this country, that's the key to get out of it. So, I found my way to this sector. I love it. It's a very nimble sector and we often serve people that traditional academia has kind of left in the lurch. So, those were the people that we wanted to service and offer something too. So, we just wanted to share a little bit of our story and I did want to echo as well, we support a lot of what you're doing, but what we would say is we think the standard should be applied equally to every sector regardless of tax status. That will be our ask, so and I think the country would be better off for gainful employment is a good thing and I think if you hold everyone to that standard, that's a great thing. So, we really appreciate your time. Thank you for giving us the opportunity and thank you for your service for what you're doing.

Greg Martin: Thank you, Ms. Kelly, and your colleague Brandon as well. We really appreciate hearing from you today. Our next speaker is Eileen Connor. Ms. Connor, whenever you are ready.

Eileen Connor: Hello, good afternoon can you hear and see me?

Greg Martin: We can.

Eileen Connor: My name is Eileen Connor and I'm the director of the Project on Predatory Student Lending. My comments today are informed by the experiences of the over 1 million borrowers represented by the project and these borrowers, those who have been targeted in scam by predatory schools, are predominantly women, veterans, people of color and the first in their families to go to college. They're also the very people, this administration, and the Department of Education pledges to protect and support. Unfortunately, it's not all stories like the last speaker. It's not an exaggeration to say that lives have been permanently harmed in the pursuit of post-secondary education. Institutions have oversold and under delivered. People are worse off than before. They have debts that they have no hope of ever repaying, which adds to their already precarious financial condition. And on top of

that, they feel ashamed even though they are not the ones who have failed. This proposed rulemaking is a tremendous opportunity. You have the power to prevent this from happening to anyone else. You, the Department of Education, are the most significant point of contact with the federal government. That many, if not most Americans will ever have. You have a charge to provide access to higher education you also must be careful to do no harm. People like my clients take a leap of faith and they put their trust in the system and the message and then are told over and over that education will bring only good things and they believe that borrowing must be safe if the government gives you a loan. Please don't make people hanging out to dry.

I want to emphasize the need for a redesigned borrower defense regulation. The current regulation is extreme and unfair. It was reviewed on a bipartisan, bicameral basis and it's the subject of multiple legal challenges. We need a new regulation, as soon as possible, I ask and the Department to consider whether there exists good cause to forgo rulemaking on this and other issues, whether negotiated rulemaking is impracticable, unnecessary, or contrary to the public interest, especially in light of the COVID-19 pandemic and national emergency. Further, the Department should consider what tools that has at its disposal to fix what's broken today, even without a new regulation. Many of our clients have been held hostage by the current borrower defense process waiting for years across three administrations now for their applications to be processed and their fraudulent loans cancelled, their legal rights are not being honored. Looking forward to rulemaking, borrower defense is not only about loan repayment, it is an accountability tool. With a functioning an efficient borrower defense mechanism, the Department can take swift action against schools that cannot be trusted to do right by students. The bolder the borrower defense rule, the fairer it will be to students, and the more useful it will be in holding schools, accreditors and the Department itself, accountable, and we need to move quickly on borrower defense and other critical accountability regulation such as gainful employment. I urge the Department to come to the table with draft regulations. The Higher Education Act says that before submitting a regulation to notice and comment, the Secretary shall prepare draft regulations and shall submit such regulations to negotiated rulemaking process you have been through making on these very topics 2, 3, 4 times. You know these issues; you have the benefit of experience and I think coming to the table would propose language would speed things along.

Two additional points I want to make on the proposed agenda. First, I applaud the inclusion of the Administrative Capability Regulation in that agenda. This regulation is an important and perhaps underutilized tool for eliminating predatory actors from the Title IV programs. An expanded administrative capability means institutional design that favors the best interests of students. It means that loan proceeds are spent on educating students. Second thing, pre-dispute binding arbitration has no place in the relationship between institution and student. Full stop. Finally, I urge the Department to commit to a rulemaking process that fosters public access and participation. If there's one good thing to come from this pandemic, it has been accessing for everyday people to the operations of government. I've seen this in our own litigation. There's simply no substitute for the input that you can receive from those who are directly experiencing Department policy and regulation and action. So, I ask you don't just tolerate input from current borrowers-embrace it, make even more space for it than you ever have before. Thank you very much for your undertaking in this opportunity to adjust the Department.

Greg Martin: Thank you Ms. Connor, we appreciate your comments. We are now going to get back to Shane Phillips. Mr. Phillips, whenever you are ready. Mr. Phillips, please be certain to unmute your microphone and turn on your video feed. We can see you, but we can't hear you. Unfortunately, we still have no audio feed for Mr. Phillips. I'm not sure what the problem is. It doesn't show you as being

muted here, but I can't troubleshoot that now. We'll proceed in and then they try to come back to Mr. Phillips. OK, it looks like we have Laurel Taylor. Ms. Taylor, whenever you are ready.

Laurel Taylor: Good afternoon and thank you for the opportunity to participate today. My name is Laurel Taylor, I am the founder and CEO of FutureFuel.io, a mission driven financial technology company that exists to solve the student debt crisis, one borrower at a time, at scale. I am here to serve today, one as an advocate for all borrowers, in particular those at risk, two, as an innovator, proposing solutions around the use of data to enroll borrowers into income-driven repayment plans and Public Service Loan Forgiveness, minimizing borrower default, and three as a technology operator eager to engage in future rulemaking sessions.

My testimony is personal. I have had \$150,000 of student loans that have given me socioeconomic mobility, the opportunity to attend the Massachusetts Institute of Technology, and the opportunity to lead global business unit at Google, but the incredibly stressful experience of attempting to manage and move beyond student debt inspired me to find FutureFuel and build what my mom and I wish we would have had: access to a comprehensive digital platform enabling borrowers to receive tax free contributions from their employers, to find, choose, and enroll in income-driven repayment programs and PSLF programs, to accelerate student debt paydown through extra payments and just learn the basics. Employers and financial institutions offer FutureFuel.io as a benefit. We have never charged borrowers a single cent for IDR enrollment, and we have also never stored user credentials- FSA, Federal or otherwise. We offer bank-level security achieving stock two PCI in FISMA certifications and we're trusted by commercial giants in the financial services and technology space, such as UBS, Fiserv, and Salesforce.

The focus of my public comment today centers around data. Data rights, the power of data to radically improve borrower outcomes, and new data blockers poised to hurt borrowers and stifle innovation. S. 1153-a necessary bill designed to stop bad actors from defrauding borrowers swiftly became law late last year, but in the course of attempting to protect borrowers from fly by night scam artists, again a crucial safeguarding, borrower data got all tangled up in the issue. And as a result, third parties are no longer able to access data, even with permission from the borrower to do so. This oversight within the bill further isolates already vulnerable borrowers from accessing products and services that could prevent the financially insecure from falling into default. The alternative, according to a Twitter post this morning from FSA, was to contact servicers via phone or fax machine. Fax. Further, S. 1153 threatens to impede the ability to operationalize breakthrough legislation within the workplace like the Consolidated Appropriations Act, and the Secure Act, 2.0 both of which, materially advance or would advance the financial wellness of workers paying down debt. So today I have three solutions to submit for your consideration. Number one, please provide guidance supporting a technical fix to S. 1153, providing express exception for highly qualified actors who meet the rigorous principles for responsible financial data aggregation, set forth in 2017 by Richard Cordray former CFPB director and now COO of FSA. Two, provide guidance also enabling qualified actors to access student loan servicer data as a technical fix may prove a lengthy process to resolve. And finally, enable borrowers to approve data sharing between government agencies such as the IRS and DOE to auto enroll borrowers in IDR and PSLF plans which yes, should include the new IDR plan proposed by President Biden and yes, should embrace this proposed policy of annual forgiveness measures for those on PSLF plans. I would urge the DOE to lean into liberating that responsible use of data so that we may employ an ecosystem-wide approach to addressing the biggest upheaval of consumer debt in the history of the United States.

Greg Martin: Thank you Ms. Taylor, we appreciate your comments. We're going to try Mr. Phillips again. Mr. Phillips, if you're available please attempt one more time.

Shane Phillips: Can you hear me now?

Greg Martin: We can hear and see you, excellent.

Shane Phillips: OK, good computer. My name is Shane Phillips. I was.... sorry, a student at the University of Phoenix in 1997...very sorry for the emotion. OK, my school used pressuring tactics and lies to unidentified students like me in to get in the door. I was told over 60% of the students graduated and I was shown logos and companies who couldn't wait to hire graduates of the University of Phoenix. To solidify their point, the recruiter showed photos of people in business attire who appeared to be gainfully employed and financially successful as well. The school guaranteed job placements and the recruiter encouraged me to sign up for a Bachelor of Science and management degree even though I did not have an associate degree. I was called several times by the recruiter to sign up and this pressure to hurry because the classes were almost filling up. I was later encouraged by the academic advisor to add the Bachelor of Science and Business administration to my program. That was only one way to get more students to borrow more money and the gainful employment rule did not apply in 1997, which made it easier to dupe the students and the federal government and to ensure that we didn't receive a quality of education. My school also was also reprimanded in 2001 for not having enough students in class hours, years later their credentials were under watched for about two years prior. Prospective employers will not recognize my degree. I have financial hardship, including bankruptcy of over \$90,000 in student loans that I cannot afford to pay. I wish I had not signed up this institution, I didn't know about the fraudulent and lies that were going on during that time. Apparently, it took Ms. DeVos's team less than 12 minutes to deny my borrower's defense application, and their own Department found my school negligent in August 2003 and they had proof of enrollment tactics used and interviewed by many recruiters who admitted to pressuring students to enroll. That is your proof, Mrs. DeVos, as well as years and years' worth of FTC violations, lawsuits, and fines. The school has been fraudulent and deceiving students since the beginning and held accountable for it. That there should be the grounds for my application to be approved. There are over 120,000 borrower defense students with similar situations to mine who are also waiting for a fair decision. Even though I have been waiting for several years now and as the judge previously stated, DeVos has made a big this process a nightmare. Under the President Obama cases like mine or approved to be dismissed because of the fraudulent or fraud and under DeVos 95% of those were denied under 12 minutes for no reason, but the person denying those claims were encouraged to do so and paid for it. The system is broken. Those of us waiting for this process are in the middle. Please help. Thank you for your time.

Greg Martin: Thank you, Mr. Phillips, we appreciate your comments this afternoon. Our next speaker is Tanya Ang. Ms. Ang, whenever you are ready.

Tanya Ang: Good afternoon, my name is Tanya Ang and I'm the senior advocacy director at Higher Learning Advocates, a nonprofit advocacy organization working toward bipartisan federal policies to better serve today's students. Thank you for the opportunity to comment on the Department's intent to establish negotiated rulemaking. We appreciate the Department's communicated commitment to serve students and borrowers by making sure the Department's regulations are not creating unnecessary barriers to students. This process could not come at a more opportune time as America is beginning to emerge from a pandemic that shut our country down for almost a year and a half. As the

workforce begins to rebuild, higher education will play a key role in helping to provide the necessary skills and training. Many are going to need to re-enter the workforce. Prior to the pandemic, today students already look much different than traditional undergraduate students looked even 25 years ago. Many are returning students who work and have children. In fact, 64% of today's students work either full or part time, 1/4 of students are parents and 49% are financially independent. There are also 31 million adults with some college but no degree.

All these statistics are facts you most likely already know. I still mentioned them today because they are the very things that need to remain at the forefront of conversations surrounding topics such as strengthening gainful employment, Public Service Loan Forgiveness, ability to benefit, and any other discussion discussed by those participating in the rulemaking process. For example, strengthening gainful employment is critical to ensuring today's students returning to school are enrolled in programs that will provide a strong return on investment. In addition to using the 2016 regulations as a baseline for a new regulation, we recommend the Department explore widening the set of outcome metrics to include requiring programs to meet specific employment outcomes for program completers, a required pass rate for related licensing exams, and an examination of the earnings gained from pre enrollment to six months post completion.

Higher education is an opportunity for low income individuals to increase their socioeconomic mobility. It can change their lives in ways they never thought possible. Unfortunately, the current cost of education is also a significant barrier to accessing higher education for these same students. We are thankful for the Department's plan to address issues related to affordability during the negotiated rule making process. We also encourage the Department to consider resetting student academic progress requirements SAP and provide this new SAP regulatory authority to institutions. Many students who initially attempt postsecondary education and violate SAP requirements face significant affordability barriers to accessing education without federal student aid. A two year wait out period would allow the student time to better ready themselves for post-secondary education at a time when postsecondary education is a vital avenue to gaining employment that provides for a living wage. Allowing institutions to provide this waiver to students meeting these criteria is vital.

We agree with the many who have testified before me, that one area that needs substantial strengthening is Public Service Loan Forgiveness. We encourage the Department to remove any unreasonable regulatory barriers to achieving forgiveness for public service employment. PSLF is a motivating factor for today's students who want to serve in the public sector in jobs that require postsecondary credentials but are hesitant to do so due to cost. Higher Learning Advocates is a proponent of smart regulations that fit together to improve student outcomes. We believe negotiated rulemaking should consider how our entire array of federal regulations do or don't drive better outcomes for today's students. For these conversations to be effective in achieve the goals laid out by the Department, it is imperative that statistics and information such as those I have laid out in this testimony are made part of the conversation. We therefore urge the Department to keep today students at the center of any regulatory conversations moving forward. And I thank you again for the opportunity to convey Higher Learning Advocates' thoughts and recommendations.

Greg Martin: Thank you Ms. Ang, we appreciate your comments this afternoon. Hello Marc, how are you?

Marc Jerome: Good afternoon, my name is Marc Jerome and I'm the President of Monroe College in the Bronx. We are in the poorest congressional district in the country and I've taught for 27 years. We

educate close to 90% low income black and Latino students every year and we consistently rank among the top institutions in New York state and the country in for graduating the most full-time black students. If you walk into any government office, hospital, or large employer in the Bronx you will no doubt find a Monroe College graduate working there. Dr. Michelle Cooper spoke about the systemic equity gap in higher ed. I think we must start by acknowledging the data invisibility that contributes to this problem, especially for black and Hispanic students. It is much too difficult, if not impossible, for black and Hispanic students to find the information necessary to make an informed decision about whether an institution will serve them. For example, on-time graduation rates for black and Hispanic students at 2-year institutions are not available. This should change. Similarly, disaggregated earnings are not available. This should change. Key student loan indicators such as average borrowing, default, and repayment are not available. This should change. And despite all the discussion about protecting veterans, there's virtually no information about which institutions serve veterans well and which don't. There's just not enough information on graduation rates, earnings, or borrowing for veterans. I am formally asking the Department to address this data invisibility issue so we can better address the very real systemic equity gap. Dr. Cooper also articulated the Department's goals of protecting students and borrowers from harmful programs. As a matter of social equity, I would urge the Department to first convene a negotiated rulemaking on the completion crisis. Too few students graduate. There are over 800 colleges with on-time graduation rates below 10%. The data for black, Hispanic, and other underrepresented students is even more alarming. This is a problem across all sectors.

Second, I would urge the Department to look at the lessons learned from the two sector specific metrics, debt to earnings, and the repayment rate warning. My organization has compiled data identifying institutions with the weakest outcomes in both debt to earnings ratios and loan repayment efforts, and the data made clear there are programs with very weak outcomes across all higher ed. that really deserve attention. With debt to earnings, the metric that the Department used for gainful employment, 8% was the benchmark that defines quality. It's now a few years later and its clear high debt and low earnings can be found across all higher ed. In fact, among the 200 institutions with the highest debt to earnings, 70% are public and nonprofit, 30% are for-profit. Close to 700 colleges have debt to earnings rates above the 8% threshold including almost all the HBCU's. Clearly the 8% metric was not an accurate measure of quality. The loan repayment metric should also serve as a lesson. In 2016 the Department implemented a sector specific 50% repayment rate warning, which was then considered a benchmark for quality. Shockingly, only 90% of all degree granting institutions would not pass this metric today, and in fact, among the 200 degree granting institutions with the weakest for payment rates, 77% are public and nonprofit 23% are for-profit. Clearly the 50% repayment rate was not an accurate measure of institutional quality.

ATB is an issue of equity too. Too many students drop out of high school; they are disproportionately black and Hispanic. This is especially true in the Bronx where I work. The Department should be supporting the career pathways program and it should focus on institutions which have advanced equity in this area. Monroe has had this program for over 40 years. Thousands of students have earned their GED and college degrees. We respectfully ask the Department to support institutions that have served these institutions well. Thank you so much for your work, I appreciate it.

Greg Martin: Thank you, Mr. Jerome, we appreciate your comments this afternoon. Our next speaker is Marisela Jimenez. Ms. Jimenez. Whenever you are ready.

Marisela Jimenez: Thank you, my name is Marisela Jimenez and I will start with a quote, "And with courage and with your compassion and your desire, we will build a great society. It is a society where

no child will go unfed and no youngster will go unschooled.” President Lyndon B. Johnson said this May 7, 1964. And it was in 1965, when he signed the Higher Education Act. This is the beginning. This is the history of why we are here 57 years later.

For the record, June 24, 2021, more than 44.7 million Americans are in financial bondage with a combined debt of \$1.71 trillion U.S. dollars. How do we get there? You see, the Bible says in Proverbs 22.7 that rich rules over the poor and the borrower is slave to the lender. Our lender is the Department of Education. I think we can all agree that President Lyndon Johnson would declare the student loan debt crisis an immoral and irresponsible outcome and take legislative action to hold private and public college administrators accountable including the accreditation organizations, servicers, and the Department of Education for abusing, neglecting, and exploiting the most vulnerable population of students who, many of them like myself, we came from active poverty and we are first generation college-educated in our families. But the paradox of investing in a college degree to get out of poverty is not working for more than 44.7 million Americans. This includes Americans of every generation, gender, race and ethnicity, veterans, doctors, teachers, attorneys, and public servants. So, it is time to rewrite the whole curriculum and the academic funding models because they have not been working for a few decades. Colleges and universities are harming our economy by failing to prepare students with the skills employers want. Additionally, these colleges and universities enrolled students in programs in which 41% of recent grads work in jobs not requiring degrees according to Inside Higher Education of 2020. Furthermore, the public debt of the United States is currently more than 28.9 trillion U.S. dollars. But how can more than 44.7 million Americans help our nation pay its debt when many of these Americans have been unemployed or under employed prior to COVID-19? Without gainful employment, we cannot pay our own debt and we cannot help the United States pay its trillions in debt. You see, our American dream was killed by the false narrative that higher education is the great equalizer. It has not been that great equalizer for many decades. Instead of getting out of poverty, we are stuck in poverty and psychologically and emotionally damaged while nationwide colleges accumulate their profits. Every day is a reminder that our American dream could not be achieved with a college degree and this is an insult to us who were told that through hard work, determination, and initiative we can do anything we feel rage by institutional systems and political power structures that are guided by their own personal interests instead of what is best for students and graduates. As you consider the most impactful solutions, I ask you to consider ethical accountability for every institution responsible for the outcome of students. I ask you to complete a comprehensive labor market analysis to identify the work of the future so its students are trained and prepared for gainful employment and not just walk away with a piece of paper and a stamp that says that they completed a college degree. Lastly, I ask you to restore our dignity, our hope, and our American dream that has been stolen and killed by the profit driven institutions. And I call President Biden, Congress, and senators, and every public servant to not get carried away with who is right or who is wrong, but look at making things right for all current and future students, and especially for more than 44.7 million Americans who cannot pay this debt. Not because we don't want, but because we are not able to do so because of the systemic structural barriers that have kept us financially stuck. Thank you for your time.

Greg Martin: Thank you, Ms. Jimenez, we appreciate your comments this afternoon. Our next speaker is Karen McCarthy. Ms. McCarthy, whenever you're ready. Ms. McCarthy if you're speaking, we can't hear you. You could be on mute.

Karen McCarthy: OK, here I am.

Greg Martin: We can hear you now.

Karen McCarthy: Thank you for this opportunity to contribute considerations for the upcoming negotiations on behalf of the National Association of Student Financial Aid Administrators, and our nearly 3,000-member postsecondary institutions, on the topic of gainful employment. NASFAA believes that Congress should define what it means for a program to lead to gainful employment, however, given that Congress has forfeited multiple opportunities to do so, we acknowledge generally that administrations have a right to regulate. In renegotiating GE, we implore the Department to develop regulations that lend to a smooth, efficient implementation to avoid the botched implementation from the 2014 rules. The last implementation process was unrealistic, unreasonable, and left schools in an untenable position. Using history as our guide, establishing policies that require brand new data, and reporting structures will lead to implementation hardship as was the case with the 2014 rules.

Income contingent repayment plans: through the regulatory process over the past several years, ED has used its ability to define income contingent repayment to create new plans with only minor differences layered upon one another. This has added to borrower confusion about repayment and makes it difficult for those counseling them. In this negotiation we urge the Department to stop tinkering with ICR and instead revisit ICR terms and conditions with an eye toward streamlining the number of ICR plans. While the entire Public Service Loan Forgiveness program could benefit from a legislative overhaul, there are improvements that can be made through the regulatory process. For example, the statute requires that borrowers make 120 qualifying payments while completing public service to receive forgiveness. However, current rules force borrowers to make more than 120 payments by requiring that they continue to be employed in public service both when they apply and at the time forgiveness is granted. Requiring just 120 payments consistent with the law will ensure that more borrowers who have dedicated a decade of their lives to public service receive the forgiveness that they have earned. Broadly, we urge Congress and the administration to revisit PSLF program designed with an eye toward ensuring the program is equitable and fair in achieving its desired goals.

On prison education programs: completing the FAFSA and navigating the aid application process can be particularly challenging for incarcerated students who often lacked access to personal files and records that they need. This negotiated rulemaking should examine the totality of the student aid lifecycle with an ultimate goal of providing as much flexibility as possible to ensure that the process of applying for and determining eligibility for Title IV aid is as smooth as possible for incarcerated students.

As to the Department's request for input on student loan default by race, ethnicity, gender, and other key student characteristics, we suggest that the adverse credit criteria for Parent Plus loans be reexamined. A lack of proper Parent Plus loan underwriting standards has led to unintended consequences for some of our nation's most vulnerable populations, saddling low income and especially minority families with unsustainable levels of debt. Past payment history alone is insufficient to judge a borrower's ability to repay. It is time we realized that saddling borrowers with debt that they cannot hope to repay is a regressive policy and it serves to impoverish the very families we hope to help. Adding a simple debt to income ratio to the Plus loan credit criteria will ensure that parents are not burdened into retirement age with debts they cannot pay.

Institutions should also be permitted to create additional loan counseling requirements for their entire student population or for individual students or groups of students provided whatever criteria they use

to identify populations are not discriminatory. We agree with the Department's decision to convene multiple negotiating committees given the large number and scope of the topics to be negotiated, and we recommend separate consensus votes for each committee. This will ensure that the Department can select negotiators who are experts in certain topic areas, assuring that any consensus language agreed to by negotiators considers the history and nuance of the topic. We urge the Department not to develop draft language prior to the convening of the first session, as it did in 2018. Allowing negotiators to brainstorm and discuss the issues in agenda in depth during the first session are a vital part of the process. Whereas drafting regulatory language in advance, deprives negotiators, and ED staff of a thorough and thoughtful discussion undermining the goals of negotiated rulemaking. Thank you for your time and consideration of our comments, and we look forward to participating in the process.

Greg Martin: Thank you, Ms. McCarthy, we appreciate your comments today. Our next speaker is Lori Kepner, Ms. Kepner, whenever you are ready.

Lori Kepner: Thank you. My name is Lori Kepner and I'm an in-house attorney speaking on behalf of Cru, a religious nonprofit with thousands of employees serving across the nation. Cru employees work in many aspects of charity work, serving college students, inner city youth, families, athletes, and participating in international relief work. My comment today is focused on making sure there's equal access to the Public Service Loan Forgiveness program for those working for nonprofits that are doing good public service, including religious nonprofits. This can be insured by keeping the recent changes to the regulations of 34 CFR 685.219 that are going into effect next week on July 1st, after the rulemaking process last year, that finalized regulation included necessary changes that removed vaguely defined language that effectively resulted in the categorical exclusion of loan forgiveness for employees of large numbers of religious nonprofits. The PSLF program is more simple, clear, and straightforward with those changes making it more consistent with the plain meaning of the statute. The changes also prevent the government from tangling itself in the internal matters of religious organizations. Equal access means students from all socioeconomic backgrounds can pursue their passion to serve their communities through their chosen, nonprofit organizations.

Under the previous regulations, employees of religious nonprofits have had to fear disqualification from loan forgiveness even if their employer met that defined definition of qualified employer if their job involved participation and vaguely defined religiously related activities with terms like religious instruction and proselytizing. They cannot be confident that their full-time hours would count. Many people have been driven away from public service opportunities due to this fear and a ten-year gamble is not an option for most. The changes to the regulation are consistent with Supreme Court precedent. Religious organizations have religious character, which means that their faith and religious beliefs affect and infuse how they do public service. For this reason, the exclusion was effectively categorical, based on the religious character of the nonprofits, which is a violation of free speech, free exercise, and the establishment clause under the First Amendment. It meant that many borrowers working for nonprofits were excluded from the loan repayment even though they met every qualification in the statute.

There is an inherent problem in trying to create an absolute separation between religious work and non-religious work. To try to create a bright line there results in favoring secularism, and intertwining the government in religious affairs much more than would be true if the government benefits are just offered equally to all individuals without trying to exclude those who are involved in work or speech with religious components. It also results in viewpoint discrimination under the Supreme Court case *Rosenberger*. Religious organizations like ours often see social solutions as tied into faith practices in a

variety of ways, meaning that our expression and practices include those religious elements. For example, if two loan forgiveness applicants are both working for nonprofits and providing mentorship and life coaching to underserved community members, one may be denied simply because, as a function of its religious character, an organization incorporates religious teaching into the mentorship its employees perform.

The Supreme Court case of *Trinity Lutheran* indicated that religious observers should be protected against unequal treatment based on their religious status. The *Trinity Lutheran* court stated that its principle was not about an entitlement but about a right to participate in a government benefit program without having to disavow its religious character. The Court further explained these principles in a recent... the recent case of *Espinoza vs. Montana Department of Revenue* where the court noted that a stated goal to prevent a government benefit from being used for religious purposes can still, in effect, be discrimination based on religious status. It's deeply problematic under the free exercise clause and merits strict scrutiny when otherwise eligible recipients are disqualified solely because of their religious character.

So, the final version of 34 CFR 685.19 is going into effect next week, and that's a necessary solution, also appropriate under the Establishment Clause. It's consistent with the other goals of the Public Service Loan Forgiveness Program to ensure that this equal access continues as well. It encourages faithful repayment during the time preceding loan forgiveness, it combats inequality in educational and career opportunities by broadening public service opportunities available to students from lower socioeconomic backgrounds and minority communities, including many first-generation college students who are often most interested in pursuing opportunities to transform communities through public service and yet remain under represented at many levels of leadership in the nonprofit sector. Do we really want to undercut their opportunities by saying you can do that, but you can only integrate your beliefs into what you teach and do if they're secular beliefs not religious beliefs? We respectfully ask that as the Department revisits necessarily many aspects of the regulations in this area please ensure that this logical, neutral, and fair standard for non-profit sector work remains. Thank you.

Greg Martin: Thank you Ms. Kepner, we appreciate your comments this afternoon. Our next speaker is Katie Spiker.

Katie Spiker: Thank you, my name is Katie Spiker and I'm the managing director of government affairs at National Skills Coalition. Thank you for the opportunity to provide comments today for the Department of Education's announcement for this hearing. I would like to provide three recommendations on expanding access to ability to benefit under the Higher Education Act. Recommendations that focus on specific ways that Department can address through its Title IV regulations, gaps in postsecondary outcomes by race and other key student characteristics.

Jobs that require skills training are the backbone of our economy. National Skills Coalition is a nonprofit organization that fights for a national commitment to inclusive high-quality skills training so that more people have access to a better life and more local businesses see sustained growth. We build networks representing businesses, workers, colleges, nonprofit adult education providers, and other advocates who are about high-quality education and workforce development. Today as our country begins its recovery from the most devastating economic crisis since the Great Depression, working people without high school education or education past high school, workers of color and local businesses have been disproportionately impacted by the pandemic's economic impact. National Skills Coalition's more than 2,000 members want to support this administration's efforts with Congress to

build an inclusive economic recovery that addresses the disproportionate impact of the crisis on workers of color, immigrants, and workers with a high school diploma or less. Our vision of an economic recovery is one in which all workers and businesses, especially those who were most impacted by this recession, are empowered to equitably participate in and benefit from the economy's expansion and restructuring.

Words that end our recommendations today focus on the ability to benefit provision under the Higher Education Act. This provision is vitally important for the millions of US workers who do not yet have a high school diploma or equivalent but are eager to acquire in-demand skills that can enable them to support their families. These workers were disproportionately likely to suffer from layoffs and unemployment due to the COVID pandemic and are also more likely to be people of color. Ability to benefit allows these adult learners to progress along career pathways by obtaining equitable access to the same financial aid that their high school graduate peers already enjoy. States and institutions are leading the way in ability to benefit and have figured out how to use this mechanism to fund a proven model such as integrated education and training that provide an accelerated pathway for adults to earn in-demand credentials and move quickly into better jobs. Regulatory updates of this provision will address one barrier students of color face to accessing postsecondary education and compliment state efforts to expand access to postsecondary attainment for students of color. Right now, thirty states have set postsecondary attainment goals that are specifically focused on closing racial equity gaps, improving outcomes for students of color and guidance and leadership from the Department can ensure more workers of color access post-secondary education by helping institutions understand the role and necessary process of ability to benefit.

Now, our three key recommendations. First, we urge the Department to connect adult education pathways in public workforce programs to those in career and technical adult education and the entire higher education. Section 668.156 of the approved state process regulation should be updated to clearly connect the adult career pathways as defined in the Workforce Innovation and Opportunity Act, Perkins V and HEA ability benefit. Congress is already acted by linking these definitions through shared language. Having the Department affirm the connection between these major pieces of education legislation will be immensely valuable in sparking awareness and understanding of ability to benefit among career and technical education and adult education workforce development partners.

Next, we urge the Department to make the ability to benefit program more predictable and transparent. We hear from our partners that some financial aid advisors and higher education administrators are hesitant to pursue ability to benefit due to confusion about federal requirements. The Department should update regulations to provide clarity on what is permitted under statutory authority enabling educational institutions to quickly understand how high quality career pathways can qualify for a better ability to benefit and encouraging institutions to fund is necessary to support adult learners. Finally, we urge the Department to collaborate with the Department of Agriculture, and Health and Human Services to work across agencies to issue joint guidance to states on expanding postsecondary education for TANF and SNAP employment and training participants. There is significant overlap between the population of people who receive public assistance and the population of adult learners who would qualify for the ability to benefit. The Department can play a powerful role in sparking state innovation by more clearly spelling out how ability to benefit can work in concert with TANF and SNAP funding to support individuals in public assistance as they pursue their educational career goals.

Taken together, the above recommendations will noticeably expand the pool of people who can gain access to the education and training necessary to obtain good jobs. To ensure that these policy

changes. work as intended to narrow racial another equity gaps, the Department should monitor implementation of these changes in established benchmarks to assess progress. Thank you for your time today and for consideration of our comments and we look forward to working with you and engaging throughout the process.

Greg Martin: Thank you, Ms. Spiker, we appreciate your comments this afternoon. Our next speaker will be Samantha Seng, whenever you are ready.

Samantha Seng: Thank you for the opportunity to speak today. My name is Samantha Seng, the legislative manager and policy advisor at NextGen Policy, a nonprofit organization based in California. We fight for progressive policy change to address environmental, social, racial, and economic inequalities in California through justice-centered legislative advocacy, grassroots partnerships, and democratic civic engagement. Millions of Americans are bearing the weight of a student debt crisis and disproportionately women and borrowers of color bear the burden of this debt. So, here are the facts. Women owe 2/3 of all outstanding student debt. That's nearly one trillion in total. African American borrowers owe nearly 45% more student debt than their white peers, and older Americans over the age of 50 are the fastest growing group with student debt.

Last year, more than 1,000,000 borrowers defaulted on a student loan, adding to the millions more who are currently unable to afford their payments. That means many of us are struggling to save for retirement, unable to purchase a home, harassed by debt collectors, or have our entire livelihoods denied by wage garnishments and social security offsets. The Biden administration now has a chance to repair the damage caused by decades of government mismanagement and industry abuses. The president ran on the promise that his administration would reform the student loan system to ensure that student debt would not be a lifelong burden and that student loan payments would be affordable for those in repayment. The president also promised to cancel a significant amount of student debt. Including broad-based cancellation for all borrowers, erasing debt owed by borrowers defrauded by for-profit schools, borrowers who are totally and permanently disabled, and borrowers who have worked in public service for a decade or more. We thank the work the administration had done so far and urge further action to ensure no student borrowers are left behind and so we recommend three areas of much needed reforms.

First, the administration needs to deliver on promises for student loan borrowers before being thrown back into the badly broken student loan system. The administration should use existing authority to provide as much relief as possible by canceling student debt for millions of Americans. When borrowers' student debt is cancelled, their ability to pay down other debt increases, their geographic mobility and ability to stay in rural communities improves, as do their opportunities to pursue better jobs. But especially, student debt cancellation has the potential to increase the net wealth of black households and could help reduce the racial wealth gap.

Secondly, there is broad consensus among borrower advocates, industry regulators, and lawmakers that the current system is fundamentally broken. And now with payment set to resume on October 1st, borrowers are facing a reality in which they will be thrown back into a system in which programs that are meant to help are failing. The Department's neg reg agenda must be informed by and fill in the gaps remaining after robust, comprehensive effort is undertaken to deliver immediate debt relief to borrowers. On the regulatory front, the education department must deliver on the President's promise to make sure student loan payments are affordable for all student loan borrowers, particularly lower income borrowers by creating an income driven repayment plan that does not suffer from its

predecessors' deep flaws and grapples with the fact that more than 4,000,000 people continued to repay student debt that is more than two decades old. Income-driven repayment must present borrowers with a single option that addresses each short shortcoming of the current crop of options. A clear alternative with no tricks, traps, or tradeoffs will allow borrowers to step away from legacy options and dramatically reduce complexity in the student loan system. Beyond IDR, it is critically important that the Department address the serious flaws in the Total and Permanent Disability discharge program, creating a functioning pipeline to grant debt cancellation for borrowers defrauded by schools in the future, and fix the administrative flaws in the Public Service Loan Forgiveness program. The Department must also create strong rules of the road to police the for-profit college sector protecting students and taxpayers from programs that do not deliver results. Finally, industry oversight and servicer accountability are the most basic reforms expected to improve results for borrowers and the Department should explore all possible avenues here. The CFPB previously found that more than 8,000,000 borrowers are in default on more than \$130 billion in student loans. A problem that may be driven by breakdowns in student loan servicing. The lawsuits against student loan servicer, Navient, the largest in the nation, the CFPB found that federal loan servicer systematically and illegally failed borrowers at payment and created obstacles to repayment by providing bad information, cheating struggling students out of their rights to lower payments, and blocking them from loan forgiveness programs. Thank you.

Greg Martin: Thank you, Ms. Seng, we appreciate your comments this afternoon. Our next speaker will be Danielle Eagan. Ms. Eagan, whenever you are ready.

Danielle Eagan: Good afternoon, my name is Danielle Eagan and I am a physician in the Central Valley in California. Thank you for allowing me to speak today. I want to address two points. First, the interest rate of the government education loans and second, the Public Service Loan Forgiveness program (PSLF) and the fact that contractors do not qualify for the program and why you should consider changing this.

Firstly, I wanted to address the insane interest rate of government education loans. Regardless of gender or race, the journey necessary becoming a doctor to serve others is expensive, a huge time commitment, and a sacrifice. I owed over \$300,000 after graduating my four-year medical school in 2015, despite living as cheaply as possible, and then went on to complete another five years of required training. Where I worked as many as 100 plus hours a week, in life and death situations and made basically minimum wage as residents and fellows do, which is a whole other conversation. By the time I finished training in 2020 I owed over \$400,000 due to the interest on my loans, some as high as 7% or 8%. This is ridiculous. Some may say you were a doctor, so you are rich. My income has increased, however, taxes do not account for education debt so I pay a huge part of my salary back to the government in taxes which makes it almost impossible to pay back your loans because of the amount of interest that accumulates yearly and the amount you pay out to taxes. My education was longer, so my debt is high, but even for others such as teachers, counselors, etc. the interest rate to debt to income ratio is hard for everyone as I have seen on the Facebook support group online where people are trying their best to get by and many have been paying for years and not made a dent in their debts due to the interest rate. If you truly get through the required ten-year PSLF requirement, the interest rate is somewhat irrelevant, but in all honesty, why increase people's depression and why sink people in this added debt when payments are being made? People are being encouraged to not even attempt to pay back their loans. The last several months with no interest and no payments has allowed many to stay afloat and even build an emergency fund which otherwise we would not have had. As a nation we are encouraging people to not get educated with this cost of becoming educated, which could result in fewer trained doctors and this will affect everyone, including this current audience.

Secondly, I see patients for a not-for-profit hospital, but I'm hired by an outside company due to laws that prohibit me from being hired by the hospital. Currently being an independent contractor serving underserved populations does not qualify to count towards PSLF. Most or many probably do not realize that for positions in certain states, including California, Texas, Ohio, Iowa, and Colorado it is against the law for a hospital to hire physicians in the majority of situations, exceptions would be at the VA or public university. I learned this when I moved to the Central Valley about a year ago and in California this is due to a law, business, and professionals code section 2400. Probably over 70% of the patients I see have no insurance or have Medi-Cal which is Medicaid for patients in this state. Both my residency and fellowship qualified for the program but the population I am seeing now is of the poorest, least educated out in the country with poor air quality, overall poor access to quality health care, and has limited resources. And it does not qualify as serving the underserved public since I am a contractor. I honestly cannot imagine a job that could qualify more than the one that I'm doing, and it is mind boggling that it does not qualify, but working at a university hospital with the latest technology and endless supply of medical specialties qualifies. Senators Feinstein of California and Cornyn of Texas notice this also and had proposed a bill, Stopping Doctor Shortages Act, earlier this year that has not really gone anywhere. This bill would allow a loophole for those living somewhere where law prohibits a normal, qualifying hospital to qualify. I am speaking with a personal example, but I know many others are in a similar situation. I ask again that you consider changing something with the interest rate and allow contractors to qualify for PSLF in certain situations, thank you.

Greg Martin: Thank you, Dr. Eagan, we appreciate your comments this afternoon. Our next speaker is Jason Altmire. Mr. Altmire, whenever you are ready.

Jason Altmire: I'm Jason Altmire, President and CEO of Career Education Colleges and Universities, a national trade association representing proprietary higher education institutions. I want to begin by thanking the Department for its openness to us in these early stages of the process. We appreciate the many opportunities we've had to make our case and speak for our schools and students. I want to be clear that we join you in support of accountability for schools and protections for students. We look forward to working with you to accomplish these goals in a fair and equitable way. We strongly oppose creative interpretations of the words "gainful employment" to facilitate elaborate regulatory schemes based upon debt to earnings ratios that were never contemplated by Congress over five decades and eight reauthorizations of the Higher Education Act, the most recent of which I served on the conference committee that finalized the language. We encourage the Department to consider alternative accountability measures that will apply to all sectors of higher education and protect all students equally. The Department has the authority to do this. The former gainful employment rule that failed to protect most students who attend public and nonprofit institutions representing nearly 70% of defaulted student loan borrowers. If the Department chooses to pursue regulations like those of the Obama administration, we believe any income-based accountability measures should be based upon graduate earnings, should account for regional differences in labor markets and should be tailored to institutions based on student populations they serve. This includes special rules for programs where graduates are substantially compensated with tips and gratuities often leading to underreporting of income. New regulations should also consider factors that are beyond an institutions control. For example, changes to the amortization terms and interest rates in the previous formula would have resulted in significant variation in debt to earnings ratio from year to year, despite no change in program cost or quality. On borrower defense, we support a fair process that enables students that have been defrauded by an institution and financially harmed to have their loans discharged. Within this process, it's critical that both institutions and students be afforded their basic due process rights. There's a moral hazard risk associated with any process that enables students to

have their loans discharged simply by filing a claim. Any new process must closely examine the facts of each case to carefully distinguish between legitimate and frivolous claims. Accordingly, we support an individualized adjudication process that examines, in a timely manner the metrics of every application submitted.

On another issue, the Department has a responsibility to monitor certain actions and events that signal potential financial concern. However, the Department should not create, contribute to, or exacerbate an institution's financial challenges. Letter of credit demand should not be issued based upon potential liabilities; they should only be used when there is actual, material, and quantifiable risk to the government and students. Doing otherwise enables private parties to alter an institution's financial health with frivolous lawsuits or borrower defense claims. We're also concerned by recent actions by the Department to require individuals who own 25% or more of an institution to sign certification forms to be eligible to draw down HEERF III funds. We are therefore concerned the Department may seek such guarantees from owners at proprietary institutions. In other circumstances, such unsubstantiated data collections would be the very definition of arbitrary and capricious. Congress has limited the Department's authority to impose such protective guarantees only when it is necessary to protect the financial interests of the United States, and when the institution has failed to meet the financial standards that are specifically spelled out in the law. To exercise this extraordinary power the Department must show specific findings as to why it believes an institution poses a financial risk. Those affected must likewise be permitted the opportunity to respond before a final determination is made. Thank you again for the opportunity to testify and we will submit written comments for the record.

Greg Martin: Thank you, Mr. Altmire. We appreciate your comments this afternoon. Our next speaker is Abigail Beaudette. Ms. Beaudette, whenever you are ready.

Abigail Beaudette: Hello, my name is Abigail Beaudette and I currently have approximately \$30,000 in student loans held by FedLoan servicing, and I'm here to talk to you all today about my experience with the Public Service Loan Forgiveness program or PSLF. It is important to me that my career is one that is based on service to others. In undergraduate studies, I studied public health and then went on to get my master's in public health and since then has been working in nonprofit organizations. I felt confident in these decisions specifically because even though I was accruing debt and working for significantly lower wages than if I worked in the private sector and unable to save as much money as I should or would like to for emergencies, I was told that the Public Service Loan Forgiveness program would forgive my student loans after 120 payments, but given my experience so far, and the news that 99% of people who have applied for forgiveness have been denied I am no longer confident that this was the right choice.

The PSLF program is riddled with arbitrary and harmful red tape and regulations, which I've experienced firsthand while trying to use my Segal Award money, which I was given for completing the AmeriCorp Fellowship to repay my student loans. Even though I was told multiple times by multiple people at FedLoan servicing that I could use the award to make payments that would qualify for Public Service Loan Forgiveness, to date, none of those payments are listed as qualifying. After speaking to many different representatives at FedLoan I was able to determine that the issue was that I made a single, bulk payment and in order for them to count as qualifying, they needed to go through a special review process, so they could be split up into multiple monthly payments. I have been in that review process for over 2 years now and it has been incredibly frustrating. Each time a review is submitted, I'm told that there is no timeline for when the review will be completed. There is no case number available and that FedLoan will reach out to me with the results, but I've been on a review merry-go-

round because I never hear back from FedLoan, and when I call back to find out the status there isn't a record of the review and I have to ask for another review to be submitted. Finally, when I called back a few months ago, I was told the payments were approved as qualifying, but that might take some time for the payments to be listed as qualifying on the website. It has now been several months, and the website still does not reflect the correct number of qualifying payments. So, after calling FedLoan again I was told that everyone I had previously spoken to over the course of the convening two years was incorrect. The issue was not the bulk nature of the payments, but rather that they used the Segal Award money to make payments outside of the time I was an AmeriCorps fellow. Apparently, for those payments to qualify I should've put my loans into a special type of forbearance and then use the award money to make those payments retroactively. But for this month I had never been told this information. As a result, I currently have no recourse. For the past two years I have received inconsistent and contradictory guidance from FedLoan, and while there is no effect or consequences on FedLoan or anyone, I spoke to for giving me incorrect items, the effect on me is that I will have to essentially make more than 120 payments for my student loans to be forgiven. As things stand now, those of us who have been counting on the PSLF program have taken what seems to be a very risky bet. I strongly urge this group to hold the government accountable to its promise that people who work in public service will have their student debt forgiven, and to do so as quickly as possible. My recommendations for changes that should be made to the PSLF program, as well as to income-driven payment plans in general are to simplify what it takes to get to qualify for Public Service Loan Forgiveness. Lower the interest rate for people on income-driven repayment plans, as well as lower the percentage of discretionary income from monthly payments, allowing the Segal Award money to be used to make as many Public Service Loan Forgiveness qualifying payments as the award can cover rather than just 12 months and build more visibility into the review process with FedLoan and other servicers. Thank you for your time and consideration this afternoon. I look forward to seeing the results of these hearings in the next couple of months.

Greg Martin: Thank you, Ms. Beaudette. We appreciate your comments this afternoon. Our next speaker is Evelyn Cervantes. Ms. Cervantes, whenever you are ready.

Evelyn Cervantes: My name is Evelyn Cervantes. I'm a mother, a wife, a first generation, queer Latinx woman, and a borrower defense applicant. In 2010, I was 18 and I was attempting to flee a violent relationship in Mexico. A quick internet search popped up Brooks Institute in Santa Barbara, CA. When I arrived in California after fleeing, I had no income, no car, no social support and nowhere to go. I was homeless and I was broke. The admissions representative told me that none of this mattered. That I'd make \$45,000 a year after I graduated, and that professors would help me find jobs as I went through the program. None of that was true.

In 2013, I graduated with \$63,000 in debt and joined the Peace Corps because they allowed me to defer my loans during my service. Upon my return from service, I joined the workforce outside of my studies. I've held two to three jobs since and rented my brothers' basement with my family for the last five years. The intersections of my identity as a Latina woman never failed to remind me how much harder I must work. We already make \$0.55 to the dollar, but as a first-generation daughter of Mexican immigrants, I've been dismayed with the borrowers' defense lag. I got married and had our first daughter Freda. We instantly decided she'd be our last with my student loans looming and you just couldn't afford it. In 2016, I applied for borrower defense. Justice seemed attainable at the time, and then the months pass, the years kept going. In 2018, I reached out to a mortgage company to try and buy a home for my family but was denied due to my debt to income ratio. In 2019, I jumped at an unbelievable opportunity to build a habitat for humanity home in the community that I worked in.

Everything looks great, they said except for your debt to income ratio. My application was denied. In 2020 and again in 2021 I was denied financial assistance while attempting to enroll in college classes due to tapping out on federal student aid Pell Grants and other loan options. In 2021 I received one of the DOE's blanket denials for borrower defense and just a few weeks ago, I was denied the ability to help refinance my mother's home who currently has an interest rate of 5% and can't afford her mortgage. Again, the denial was based on my debt to income ratio. I've been denied employment due to Brooks' loss of accreditation, and in the fall, I'm starting college again as a freshman at 30 years old. None of my Brooks' credits transferred over. I urge you to fight the narrative that forgiving student loans is just about me, an individual. Most of us have no one left to hold accountable. For many of us, this is our last opportunity at justice. We, the Brooks borrowers were not included in the recent announcement for student loan cancellation for ITT Tech even though our school was owned by the same corporation. We have zero options for civil remedies. No way to hit restart, but Career Education Corporation has rebranded and started over with a different name. They continue to enroll students and run schools that harm. A few years ago, a group of borrowers like me got together to gather data and 505 broke students filled out a survey in which we were able to show that of those 505, we owed \$75 million. The weight of our debt from attending Brooks Institute is unfathomable, to say the least. And yet we know this number is limited because not everyone had the option to apply. The emotional rollercoaster of being in this process has been exhausting. We, the victims, continue to face the consequences of CEC's actions and our government's inactions, and yet we get no break. We have no ending. I often wonder where would we be now? How much more could we have contributed to our families, our community, for generations to come? Who is fighting for us? Where do we find our justice? Reflecting on Amanda Gorman's inaugural poem, I think back on the following lines. "The hill we climb if only we dare. It's because being American is more than a pride we inherit. It is the past we step into and how we repair it. The new dawn blooms as we free it, for there is always light, if only we were brave enough to see it. If only we're brave enough to be it." So here we the borrowers are brave enough to see it. Will the Biden administration be brave enough to be it?

Greg Martin: Thank you, Ms. Cervantes. We appreciate your comments this afternoon. Our next speaker is Robert Muth. Mr. Muth, whenever you are ready.

Robert Muth: Hi, good afternoon. Thank you for the opportunity to provide this public comment on potential issues for future negotiated rulemaking. My name is Bob Muth, and I am professor of law at the University of San Diego. I am also the managing attorney of USD's Veterans Legal Clinic. The Veterans Legal Clinic provides pro bono legal representation for veterans, active duty service member, reservists, guardsmen, and their families. Since 2012 significant percentage of our case work has been comprised of assisting veterans who were scammed of their Post 9/11 GI Bill benefits almost exclusively by for-profit schools. While not every for-profit school is bad, virtually all our veterans who have sought our assistance attended for-profit schools. Our clients are veterans who have served their country honorably and are trying to use their GI Bill benefits to assist them in making a successful transition back to civilian life. It is unconscionable that so many for-profit schools have sought to make a quick buck off the backs of these veterans at the expense of the American taxpayer. Often our client stories are heartbreaking. Veterans struggling with service-connected disabilities trying to obtain higher education, so they can find a solid career path to support their families after their service to our country only to find out later that the school they invested their hard earned GI Bill benefits has deceived them.

Our clients have been lied to about nearly everything a school could lie to a perspective student about: false representations with respect to accreditation status, job placement assistance, expected starting salaries, ability to transfer credits earned at that school, the quality of the school and the total

expected cost of the program for the veteran and often our clients have also taken out student loans on top of expending all of their GI Bill funds at these schools. I respectfully urge you to keep these student veterans in mind as you select which constituencies are represented during the negotiated rule making process. The focus should be on ensuring that the rules work for the intended beneficiaries: the students, the borrowers, and the student veterans rather than for-profit school representatives. The Department is providing excellent list of topics for regulation in the hearing notice, but I urge you to prioritize the following issues. First, the borrower defense repayment regulation is vital to protect student borrowers from having to repay crushing debt that should not have been incurred in the first place and deter schools from engaging in fraudulent behavior in the future. The Veterans Legal Clinic has assisted numerous veterans seeking to submit a defense for payment claim. The changes adopted by the Department in 2019 to the borrower defense rule made it nearly impossible for students to successfully have their loans discharged. Accordingly, the 2019 rule served the interest of bad actor schools and not student borrowers, and the rules should be changed. One concern that arose even under prior versions of the rule was the difficulty students had in understanding what was required of them to submit a borrower defense repayment claim. In creating a new rule, I urge you to consider the end user consumer and make sure that the process is accessible and easy to understand. It is critical to streamline the process as much as possible so that claims are adjudicated expeditiously, and the rules should allow for advocates to file defense claims on behalf of similarly situated borrowers.

Second, gainful employment rules are a critical tool to ensure the programs designed and marketed as career education programs actually support students finding good jobs in their chosen career field and not incur massive student debt that they will lack the means to be able to repay. Student veterans are often particularly interested in career education programs, and the rules should be reinstated. A strong gainful employment rule helps to ensure career education programs are held accountable and so that students are provided the skills, the training and education they need to thrive in their career path while not unduly burdened by student debt.

Third, the Department should reinstate the ban on pre-dispute arbitration clauses in class action waivers. Arbitration is a form of alternative, speed resolution that seeks to resolve legal disputes outside of courts. Forced arbitration stacks the deck in favor of schools that engaged in predatory behaviors. Legal clauses requiring students to arbitrate disputes rather than to file complaints in court are usually slipped into lengthy enrollment agreements and the students have no idea what arbitration is, what rights to arbitration process forces them to give up, or how having their case resolved by arbitration might not be in their interest. Arbitration hides the bad acts of certain schools from regulators, prosecutors, consumer protection advocates and the media. Similarly, class action waivers included in enrollment contracts serve the interests of the worst schools and harm students. A student who's been harmed by a for-profit school, even if that harm might result in tens of thousands of dollars in damages, will find it extremely difficult to engage an attorney to handle their individual matter. Accordingly, I respectfully urge you to reinstate the ban on previous speed arbitration clauses in class action waivers.

Finally, Congress acted this year to close the 90/10 loophole that heavily incentivize for-profit schools to target student veterans with predatory sales tactics to maximize the number of nonveteran that the school can enroll. I understand the Department cannot begin rulemaking on this issue until October 1st, 2021, but I respectfully urge to do so as soon as possible after that date. Thank you once again for the opportunity to provide this public comment today and thank you to the dedicated staff of the Department for your work on these important issues facing students.

Greg Martin: Thank you, Mr. Muth. We appreciate your comments this afternoon. Before moving on I want to acknowledge that Clare McCann, from the office of the Undersecretary, has joined us again for the remainder of the afternoon. And our next speaker will be Christen Bennett. Ms. Bennett, whenever you are ready.

Christen Bennett: Hi, it's Ms. Bennett.

Greg Martin: I'm sorry, I've struck out twice today.

Christen Bennett: No worries, thank you for having me. I'm here with you today to share my experience with the for-profit school called Brooks Institute of Photography which is also a CEC school that has since relabeled the name of their company because they have been in legal situations and then questions on their accreditation at schools since 2005. I was told that this was a prestigious private school. The Harvard of Film Schools and never told that it had been sold to CEC or a corporation. I was told that they help each student get a high paying job. They distributed our student loan checks every eight weeks, which had fees for them for each distribution which just added up. I would say that I graduated at the top of my class in high school and while I was in high school, I also took college classes, which I graduated at the top of, so I wouldn't say that I went into this naively, and when I went into financial student loans and the financial aid to ask for help and ask questions, I would say that I asked all the right questions and was lied to and given misinformation. I am one of the more fortunate ones from my school where my parents were able to help me pay for some of my school. However, I did still have to take out student loans because of the high rate and price of classes at the school. What I got at the end was a job list, not help looking for jobs. They gave me a job list that I would have been able to find online and that's what they sent to me after graduation and the student loans that I couldn't pay. I worked two jobs for 13 years to be able to pay my loans for a roof over my head and for necessities. I basically spent my entire life for 13 years working and did not have a life outside of that. Like Evelyn who spoke before, I was consistently denied to buy a house, even though the mortgage rate that I would have had at the time is the same that I'm paying in rent because my debt to what I was my income ratio was so bad. In 2005, the year I graduated, the California Bureau of Private Postsecondary and Vocational Education found that my school and CEC, career education corp., was willfully misleading and falsifying and omitting critical info yet they were allow to continue until 2016 when they shut down because they were about to lose accreditation. I was raised to pay for my debt and so that's what I did. I spent those years paying for my debt and not trying to get into a civil lawsuit or file for anything else until 2016 cemented that my school did take advantage of me. I filed for student loan forgiveness which was denied in the large sweep of denials in 2020, even after I sent them all the court documents from 2005 and from the civil lawsuit where CEC lost. I support student loan forgiveness and ask that you fix the flaws in the current system and the admin, I asked for you to regulate these schools and change the policies so that no student experiences what I have. Thank you for your time.

Greg Martin: Thank you, Ms. Bennett. We appreciate your comments this afternoon. Our next speaker will be Michael Halmon.

Michael Halmon: Good afternoon and thank you for the opportunity to speak today. I am Michael Halmon, the President of American Institute of Beauty with two campus locations in the Sunshine State of Florida. My mother immigrated to this country and in 1961 graduated from cosmetology school in Brooklyn, New York, eight months pregnant with me. She pursued a career at that time and provided

for me as a single parent, very much as is still according today with many single parent graduates from mine and similar schools. I implore the Department of Education to recognize the impact graduates of beauty schools have on society and afford us the opportunity to continue to provide the high level of education to our students for decades to come.

I opened the school with my business partner 20 years ago, our objective was to provide in a field that offers excellent employment opportunities in salons, spas, and the medical sector. Many of our graduate skin care students are offered employment by plastic surgeons and dermatologists. Our schools are nationally accredited and licensed by the state of Florida. We offer six programs in the field of cosmetology, barbering, nail care, and esthetics. We educate a diverse population with over 80% of our students being female and 59% minority. A large majority of the women students are single parents who will use the education we provide to secure a career which will afford them a good income to provide for their children. I am the immediate past chair of the American Association of Cosmetology Schools, referred to as AACS which is an industry association representing 500 plus cosmetology schools nationally. The vast majority of ACS member schools have one and two school locations like mine with enrollment ranging from 30 to 200 students. The programs our schoolteacher generally not offered by the community colleges. The schools align with AACS are equipped to offer the best in beauty and wellness education, preparing our graduates to take and pass the state licensure exam. It should be noted that the completion rate of our student's in private cosmetology schools that is, far exceed that of community colleges. Our students simply do not desire a traditional college education track and are better suited for private education in a smaller environment. AACS has been an important voice during the neg reg process. AACS has and will continue to be in favor of common-sense regulation and institutional accountability provided those rules do not unfairly impact students of our member schools. We are concerned of any potential regulation by the Department of Education that may unintentionally restrict access to our students. It is imperative that schools like mine and those aligned with AACS where we focus on providing the education which leads to our graduates being licensed and getting into work immediately have a separate seat at the table in negotiated rulemaking. We should be treated as an equal partner and stakeholder in the negotiations. It is equally important that any gainful employment rule negotiated takes into account the unique aspects of the tip-based industries that our graduates work in and impact that will have on earnings data used to calculate any GE or other accountability metrics. Further, it is imperative that all proposed regulations be applied equally to all institutions of higher learning and not limit student choice. I implore the Department of Education to recognize not only the impact graduates of beauty schools have on society but also the impact our schools have on their careers and families. Please afford us the opportunity to continue to provide the high level of education to our students for decades to come. Thank you for this opportunity to speak this afternoon. Have a good day.

Greg Martin: Thank you, Mr. Halmon, we appreciate your comments this afternoon. We're now going to move on to the waitlist portion of our list today, and as I indicated earlier, these individuals will have three minutes to present their comments. I would ask each of them to make certain that they have unmuted their microphones and turned on their video feed. Our first presenter for this portion of the afternoon will be Joe DePaulo. Mr. DePaulo, whenever you are ready. OK, we're going to move down to Stephen Beres.

Stephen Beres: Hello there, my name is Stephen Beres. I'm the senior vice president of production operations at HBO and a 2004 Full Sail University film graduate. And as, of two months ago, I am a proud American citizen. I've had the privilege of working on an amazing array of culturally significant projects from Sesame Street to most recently Meridies Town and perhaps most notably ten years of

Game of Thrones, but I'm not here today to talk about the stuff that I've made, instead I would like to talk about the people who helped me to get to where I am today. Television production, like other facets of the entertainment industry, has evolved over the nearly two decades that I have been part of it, because of that, education needs to evolve along with it. The program that Full Sail offers is unique and addresses the ever-changing need of science and technology to complement traditional fine arts programs. I know this because I teach at Full Sail University and at UCLA, here in Los Angeles. The two programs are very different. They had very different goals. They serve very different types of students. But what is key is that they are both vital. We need the full, nuanced diversity of all types of schools to feed the next generation of the film and television workforce. The investment that Full Sail continually makes in technology and facilities allows the curriculum to keep pace with the current state of the industry. This is in large part due to the fact that Full Sail actively seeks the input of working professionals like myself, to ensure that what's being taught is up to date and that graduates will merge with the technical fluency they need to begin their careers. Anyone that tells you and entertainment industry is an easy place to work, is quite frankly, wrong. It takes investments and grit and tenacity, and success doesn't always come quickly but when it does, it is so rewarding financially, yes, but also the opportunity to apply your craft- something that can influence and inspire and something that can make it impact on our culture. I am a divergent thinker. I don't learn in a traditional way and without a place like Full Sail I would not be where I am today and that's why I'm so passionate about supporting the work that they do and the way they do it. I want everyone like me, people whose brains work a little differently, to have the same opportunity that I did. If I could do it all over again first, I would buy bitcoin at \$2.00, and without question I would attend Full Sail again. We need great schools that believe in a person's ability to do the thing that they set their mind to, I know you all believe that, or I imagine you wouldn't be here. I'm asking you today to believe in Full Sail, a school that supported the dream of a strange kid from Canada who wanted to make movies or maybe a TV show about Dragons. Thank you for your time.

Greg Martin: Thank you, Mr. Beres. We appreciate your comments this afternoon. Our next speaker is Molly Guest. Ms. Guest, whenever you are ready.

Molly Guest: Can you see me? Can you hear me?

Greg Martin: Yes.

Molly Guest: I'm Molly Guest. By preventing borrowers like me from starting families, owning businesses, and buying houses the current system is increasing inequality for it is crushing the social mobility of and it's lowering the quality of life for borrowers. I'm here representing the 2/3 of borrowers that are women, borrowers from socio-economically disadvantaged backgrounds. Those of us with intellectual and invisible disabilities and those of us that have been taken advantage of by servicers used by the Department of Ed to insulate themselves from the hardships faced by borrowers for far too long. My servicer's website says our representatives are trained to understand all your options. Remember, we're here to serve you. Our trained experts work on your behalf. These predatory debt collectors lack the knowledge and desire incentives to do what's in the best interest for borrowers, like providers of payday loans. Why don't borrowers educate themselves? Many borrowers enter repayment without a college degree and without financial literacy- the financial literacy required to compile the information they would need to know what's in their best interest and how to advocate for it. The consequences are forbearances, deferments, default, and capitalization events. The information is scattered throughout websites like student.gov and the servicers websites and it's contradicted by what they servicers say when you call, and the Department of Ed. has

supported their right to do this. By holding servicers accountable, you can ensure they provide borrowers with their best option, not every option, the one that's best for them. In six years of repayment I have been placed in four forbearance and a deferment, all of which I have fought against of those. Five events, four were done automatically by the servicer without my consent. Borrowers will not be repaying these ballooning principal balances. Give them the opportunity to pay you something, and the hope that someday they will be allowed to provide for the basic needs of themselves, their families invest in retirement, own property, anything that helps literally, anyone but these creditors. What we want is for you to create regulations and standards that hold servicers accountable for deceiving borrowers. Simplify public student loan forgiveness: ten years of service and 120 payments equals forgiveness regardless of loan or payment. Stop capitalization, it's unnecessary. Reset interest rates at the prime rate. Automatically enroll borrowers in IDR plans. I would be 2 years close to repayment and it would have saved me tens of thousands of dollars at no cost. Simplify and automate re-certification for IDR automated, create incentives for servicers to get students into repayment and get their loans paid off. Despite the reason's borrowers pursue higher ed in the first place, inequality for them is growing. Their social mobility is diminished, and marginalized groups are being affected at disproportionate rates, especially for women, especially in male dominated fields like STEM where discrimination, wage and wealth gaps are exacerbating this. So, thank you for the opportunity to advocate for this group. I appreciate it.

Greg Martin: Thank you, Ms. Guest. We appreciate your comments this afternoon. We're going to go back to Joe DePaulo. Mr. DePaulo if you're ready. Mr. DePaulo. OK, we will now move on to James Cotton. Mr. Cotton. Whenever you are ready. Mr. Cotton, you might be on mute.

James Cotton: Hi everyone, my name is James Cotton and I'm an alumnus of the Los Angeles film School. I hope that through my story you will find that the Los Angeles Film School does not belong in this conversation and reconsider your position on this school in particular. I have directed five feature films and produce twelve. I'm a member of the Producers Guild. I have over one hundred visual effects credits including *Captain Fantastic* and *Pitch Perfect*. I've acted with Ashley Judd; I've directed Andy Garcia and Ray Liotta. I've won awards around the world. My film *Molina* was a top five rental in America. I'm not a household name, but I consider my 20-year career a success story. I could not have done this without the Los Angeles Film School.

I'm from very humble beginnings in rural America. I've always loved movies. By luck in 1994 I had my first opportunity to work on a feature film called *Tuskegee Airmen*. I finally knew what I wanted to do with my life, but how is the kid from South Oklahoma with no money, no resources, no context ever going to get a chance in Hollywood? I investigated the university programs and was very disappointed in those programs, films and job positions are picked by committee, no guarantee of following your dream and still a hefty price tag. All I wanted was a chance to prove what I believed in myself. In 2001, I found the Los Angeles Film School. The school allows you to choose the career that you want. Students get an excellent education in business from concept to distribution. They learn every job onset, and behind the scenes they have the best equipment to work with and an immense network of working professionals. It was perfect for me. So perfect that I got a chance of a lifetime when Roger Corman spoke at my graduation. Roger is a movie legend. He started the careers of James Cameron, Ron Howard, Sylvester Stallone, to name a few. He made a deal with the school to co-produce a feature film called *Demon Slayer*. I was selected to direct. It was made by students and alumni of the Los Angeles Film School and I can't tell you how many careers started with that movie, but the school is also a community of proud alumni working throughout the industry and we all give back. I have hired students and alumni on almost every project I've produced. I produce one along first two films I

brought in alumni sound mixer onto his first union job. This year he won an Oscar, and I'm proud of that. The school's job placement program with its over 30 employees maintains its required 70% success rate, which is outstanding. This school is my legacy. As much as its legacy, I'm proud of its growth. The faculty, the owners, and all alumni that have followed me. This is personal to me. I do not want my legacy closed. I did not want my investment or the investment of 20 years' worth of alumni, community, family, and friends to be discarded. Most importantly, I do not want to see kids from backgrounds like mine and losing out on the opportunity of their dreams by going to the Los Angeles Film School and being part of our filmmaking family. I really appreciate your time. Thank you very much.

Greg Martin: Thank you, Mr. Cotton. We appreciate your comments this afternoon. Our next presenter and I apologize that we don't have a full name, Arti, from the Association for Young Americans. Please join us, Arti.

Arti: Hi, can you hear me?

Greg Martin: I can, yes.

Arti: OK awesome. I'm going to be talking fast because I only have 3 minutes. Thank you so much for this opportunity. As a BIPOC student loan borrower who is mired in debt after eight plus years in the public service industry I'm here to advocate for the PSLF program, but to also bring some vital context that is severely lacking in the PSLF program for it to be successful, relevant context to be incorporated to benefit stakeholders, and to serve as a bridge to opportunity for BIPOC who sacrificed to work in humanitarian services. Despite the great disadvantages they consistently faced by virtue of being BIPOC in our society and in the public service industry. My snapshot context is that I come from a family of working-class immigrants who do not have generational wealth or connections in these professional spaces from which others may benefit. Education was supposed to level the playing field in granting access to these opportunities, but apparently does not for BIPOC. For instance, getting into professional workspaces, even in non-profit has many glass ceilings. Knowing about the opportunities themselves can be an impediment. There is a lack of exposure and access for BIPOC. This also means there's just a lack of diversity in general, and it needs to be addressed. Society would benefit from this. PSLF can work to help equalize the lack of diversity and the sacrifices BIPOC make to get to an be in these professions where their presence is greatly needed, but where it is a greater sacrifice because often times the pay is not commensurate to a true livelihood- for example, \$35,000 a year. And where this group lacks the bandwidth to have a future on this, truly I tell you our nation benefits from having BIPOC in many spaces, but especially in the public service sector doing humanitarian work. We bring hard work ethic, diversity of thought and perspective, emotional intelligence, innovation, creativity, and heart that benefits all stakeholders and that is desperately needed in these spaces. But it is a sacrifice for us being in these spaces is a mind and emotional marathon for BIPOC. This is because the environments are not conducive to allow us to be fully us or to thrive. These spaces are operating without true diversity in mind until they embody the DEI education that they check off on their HR to-do boxes, it is going to be an uphill battle for BIPOC to stay in these spaces. I had to walk away and break the cycle of the immigrant mentality where we give all of ourselves just to feel value in the space that's afforded to people like me. Because of this reality is not feasible for BIPOC to do good work and stay in this sector for ten years to benefit from the PSLF. Even worse, some of us didn't realize we had to opt into the program. There was a lack of education on this component so until the program is fixed, I will have missed out on the program in its entirety. Regardless, ten years is too long for BIPOCs because interest compounds every single day. For example, I've been paying off loans with interest

that compound mounts the original loan. That means I paid a loan twice essentially. I do not have generational wealth to come back from this. Also, this becomes a deterrent for securing mortgages. Despite what we were told, student loan debt turns out to be bad debt. If you are BIPOC the cycle of barriers continues, and our value as BIPOC seems to be discounted. I ask that you revamp this program and consider the perspective where every day we as BIPOC have to be 10 times more, ready to face 10 times more scenarios that others do not have to do to just do good work. While I feel shame about my loans, I must speak up about the unintentional barriers that the PSLF program has created. And we all hopefully now realize that minorities are the ones who are more disproportionately impacted by any disadvantage. I ask you to correct this program so that it is one less barrier to minorities. Allow us to benefit from the program based on merit and not technicality or unattainable conditions. Help us help our nation by making good on the idea of a promise and now allowing us to be free of the shackles of debt that society benefits from; that those who likely exploited us benefit from. I'm here to help consulting advice based on experience as a stakeholder and as an unfortunate casualty and lack of context for the betterment of humanity. Thank you so much.

Greg Martin: Thank you for your comments this afternoon. We appreciate it. next speaker will be Mario Novoa. Mr. Novoa whenever you're ready.

Mario Novoa: Hello, thank you for having me today. My name is Mario Novoa. I'm a graduate of the Los Angeles Film Schools in Los Angeles, California and I also earned my bachelor's degree in marketing at Full Sail University in Florida. Every subject I studied in film school led to my professional career in the film industry. The moment I walked into the Los Angeles Film School on January 5th, 2000 I knew that I had made the right choice for my creative and professional endeavors. Little did I realize that my filmmaking journey would begin the day after film school ended by the skills and experience and contacts that I had made at the Los Angeles Film School.

It was my dream to become a filmmaker and it was important for me to pursue my higher education road map at film schools like USC, UCLA, or CAL Arts, but the entry in the tuition were beyond my reach. As a first generation American, a child of Salvadoran immigrants, I struggled through the educational barriers as well as financial limitations. My goal was to transfer from Santa Monica College into a traditional university but supporting myself through school I could not devote the time needed to focus on my studies which delayed application deadlines and was complicated by academic courses I was not prepared to take. The road to film school seemed impossible. In 1998 when I applied to film schools, I was told that did not have a strong academic background or creative portfolio to further my application. An opportunity presented itself where I could apply to a new film school so, I was accepted to the Los Angeles Film School shortly after applying. The Los Angeles Film School was a unique school at the time because it provided coursework with hands-on filmmaking opportunities. It was an immersive program that I thrived in. We studied industry relevant practices like seeking or developing intellectual property and structuring literary material to formulate it to scripts. We studied investments and financial practices to start a film business that led to the formation of film and filmmaking. We studied the production process for casting, camera operation, sound recording, building sets, and shooting on locations. We implemented postproduction techniques to finish our film products and reading our properties for distribution. Everything that I apply in my career now as the documentarian I learned that the Los Angeles Film School. I've launched a film company called Filmless Studios and through that company I developed documentary work that showcases the LGBT and Latinx experience in the US. As an educator, as well as an administrator at two nonprofit colleges: California Institute of the Arts, and Columbia College, Hollywood I didn't witness an emphasis on finding opportunities for employment for their graduates. What I do see is the effort put forth by the Los

Angeles Film School and Full Sail University's career development office to assist graduates in finding gainful employment, and continuously reaching out to alumni on a regular basis. As the co-founder and current president of the Los Angeles Film School Alumni Association I'm involved in hosting mixers, conferences, and screening alumni-produced work. The Los Angeles Film School is invested in the success of its students and graduates and as an association we hope that we will continue to work with recent graduates and our professional cohort of alumni to promote their work and continue finding opportunities for our community of creative professionals. Thank you for your time.

Greg Martin: Thank you, Mr. Novoa. We appreciate your comments this afternoon. I'm going to go back to Joe DePaulo if he's available.

Joe DePaulo: Thank you, I apologize for some false starts. I was not working my technology correctly. So, first, I want to thank you for inviting me to speak, and second I'm the CEO and co-founder of College Ave Student Loans and while we're a private student lender, we see a lot of insights into the broader challenges of funding for higher education and I just want to highlight two opportunities that we see in the system that we think could be incredibly helpful.

The first one is very near and dear to our hearts and it is transparency in the loan delivery system itself. So, think about half of the undergrads are dependent students, so the parent fills out the FAFSA, the kid gets the loan. Nothing wrong with that from the standpoint of need-based financing in the way our ecosystem works, but if you think about someone else filling out a form and you getting the loan obligation. So, what we do in our company is we make sure the student understands the monthly payment when they get the loan and what that monthly payment will be when they graduate so, and then we reinforce it with monthly statements every single month. So, in the federal program, which I think is a great program, well-intentioned, but the student only signs off every time they draw, they have no idea what their monthly payment is going to be, and they have no idea what their mounting obligation is and so even though we give them education like we give them that like an education session at the beginning of the end before they leave and exit session. They have no idea what's accumulating and I would compare it to the credit card industry where in 2009 we wrote the Card Act and every single statement must tell you how many months it will take you to pay off your loan your credit card if you make a minimum payment. So, imagine a student had that and good news is lots of legislation out, there was a bill that we worked with congresswoman Bella, in the last session it's now been ahead with bipartisan support is now picked up by Herrera Butler, and Spanberger, and it has broad bipartisan support and there are similar bills out there by Manchin, Scott, and Ernst and Grassley. The second piece of good news on this is I think you could do it with regulatory action. I don't think you need legislation. This is just telling a kid what he owes so that they understand. Hey, when I get out it's going to be a \$300 payment that's \$3600 a year, I got to subtract that from my annual pay. So that's the first one.

Second one and we see this second one is just...I think it just needs a lot of attention. It's graduation rates, right? Traditional schools 60% graduation rates over six years. If we at this country could get that thing up to 80, imagine how much more productive our society would be and think of it this way, what we see in our pools of loans and customers is most people fall out as a freshman so it could be economics. It could be academic preparation, could be social factors, could be health, physical, mental, but if they're falling out freshman year, it's probably too late for the colleges to remediate it so the intention is to be put in K through 12. Well listen if we can get some attention on both of those and be great. You lift all the boats in the water. Nice talking to you. You've got your work cut out for you. Thanks for letting me participate.

Greg Martin: Thank you for your comments this afternoon. Our last presenter is Kimberly Klapak. Kimberly Klapak, whenever you are ready.

Kimberly Klapak: Hi, my name is Kimberly Klapak. I am a graduate of Saint Paul School of Nursing. I am currently working as a registered medical assistant at Go Health Urgent Care, a division of Northwell. this would not have been impossible if it were not for the education, I received at Saint Paul School of Nursing. I understand you have a lot of information to digest and decisions to make, but I ask you to treat all schools the same. Saint Paul School of Nursing was the very best choice for me and here's why. I was a 45-year-old United States Army veteran working an underpaying job as a retail front end manager. I began my journey at Saint Paul's to become a medical assistant and to become a certified and registered in at field I wanted to work in the hospital. I wanted 1199 union benefits. I wanted to be the first college graduate of my family. A lot for a single mom of five, including two special needs young children. The small group size would be beneficial to me having graduated from high school nearly 30 years prior.

During my education I was diagnosed with invasive ductal carcinoma, breast cancer. Saint Paul School of Nursing and its distinguished faculty of that visors stood beside me to assist me in reaching my goals. Even during my five operations, fifteen months of chemo and eight weeks of radiation I wasn't going to let something deadly as cancer stop me from achieving my dreams. I did not want a job. I wanted a career. This school was small enough for me to conquer my challenges. I was sick, very, very sick during my treatments. All this medication was running through my veins. The president of the school, Mr. Smith, and the faculty, along with the many friends I met along the way, they were all there for me. I graduated in July 2019 with a 3.95 GPA and I now am comfortably working as a registered medical assistant with certifications in phlebotomy and EKG as well as certifications in basic life support. I'm proud to say that my last chemotherapy treatment was in January on the 16th of 2020. The very next day I walked across the stage in cap and gown to receive my college degree in front of my proud family. I am exactly the type of person you are trying to help. I thank you for your time and ask you to please not make it in a meaningful career education more difficult. This opportunity changed my life. Thank you.

Greg Martin: Thank you, Ms. Klapak. That concludes our hearings for this week. I want to thank everybody who shared their time with us and their comments. We heard from a lot of people in what I thought was a very successful virtual hearing this week. We also want to thank all of those at the Department of Education who worked behind the scenes on this project, thank you very much and goodbye.