

U.S. DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION

PUBLIC REGIONAL HEARING ON
NEGOTIATED RULEMAKING

Thursday, June 18, 2009
9:00 a.m. - 4:00 p.m.

University of Arkansas
Donaghey Student Center
Ledbetter Assembly Hall
Rooms B & C
2801 S. University Avenue
Little Rock, Arkansas

P R O C E E D I N G S

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

MR. MADZELAN: Good morning, everyone. We will try--we will start with a test. Is this good? Okay.

Good morning, everyone, and welcome. My name is Dan Madzelan. I am currently delegated the responsibility and authority to perform the functions and duties of the Assistant Secretary for Postsecondary Education. If you want to say I'm the acting Assistant Secretary, that's okay with me.

I'm joined here this morning by Greg Darnieder from the Office of the Secretary. And, on my right, Fred Marinucci, our Office of General Counsel.

What we will do this morning and this afternoon, basically you're the talkers and we're the listeners. When we engage in a rulemaking for our Title IV student aid programs, we are required by statute to engage in a process of negotiated rulemaking. That is, we sit down at the table with affected parties--interested persons, representatives of all sectors and segments of higher education--to negotiate a Notice of Proposed

1 Rulemaking.

2 This is actually--today, here in Little
3 Rock, earlier this week in Denver, and early next
4 week in Philadelphia, is the first part of this
5 process where we reach out to, again, the higher
6 education community and solicit their ideas around
7 what ought to be on the negotiating agenda, what
8 topics the Department ought to take up in the
9 rulemaking exercise. Now, we published--you're all
10 here because you know about it and you know about
11 it because we published a notice in the Federal
12 Register a couple of weeks ago, where we indicated
13 the areas we were interested in regulating. Now, a
14 little bit of brief history.

15 Coming out of last summer's Higher
16 Education Opportunity Act--the reauthorization of
17 the Higher Education Act, we knew that there were
18 certain things that we needed to do right away.
19 And that's why we immediately engaged this past
20 winter and early spring in a round of rulemaking to
21 implement provisions in the reauthorization
22 legislation.

23 We knew also that there were some
24 provisions that could wait for a period of time.

1 And so, we knew that there would be a second
2 subsequent round, which is what we are here today
3 for. And mostly those subsequent issues were
4 around foreign institutions, their participation in
5 our Federal Student Loan programs by and large.

6 We also, of course, between last summer
7 and now, have had a change of administration and a
8 new policy team in place here at the Department.
9 And so our--our new policy team had also have come
10 with some ideas around other issues that perhaps
11 are ripe for regulating. And we mentioned those in
12 the Federal Register notice. These are largely--I
13 think we can characterize them as program integrity
14 measures. There's also several of them that sort
15 of bled out a little bit from our most recent round
16 of rulemaking, around--in particular, the awarding
17 of two Pell grants in one year.

18 So, we're, you know, interested in looking
19 a bit at satisfactory academic progress. Also, an
20 interest in, as we mentioned, looking at, you know,
21 what constitutes a credit hour in the context of
22 the acceleration of students' academic progress for
23 purposes of the two Pell grants in one year.

24 And then some other issues that have, I

1 think, we've been keeping an eye on for a couple of
2 years. Incentive compensation, for example. I
3 think some of you remember we regulated on that
4 back in 2001 and provided these safe harbors. We
5 had several years' worth of experience in that
6 scheme, at this point. And so we think it's
7 probably not a bad time to revisit that with some
8 experience under our belt. So--and, again, there
9 are the other issues that we mentioned.

10 Now, we're not limiting ourselves to those
11 issues that we've identified. There are others
12 that we certainly will take under consideration as
13 --as you suggest them to us. But, of course, the
14 thing to keep in mind is our, you know, our own
15 internal resources.

16 As we mentioned, we have a rulemaking
17 process that is winding down. Actually, it's--I
18 won't say it's winding down. That's a bad way to
19 characterize it. It continues to wind. The--with
20 our--we should be publishing proposed rules coming
21 out of the last round of Negotiated Rulemaking
22 within the next few weeks, with an eye to
23 publishing our final rules by November 1st this
24 year.

1 So, obviously, that is a commitment of
2 staff resources that is important. And we also
3 have to commit, obviously, staff resources to this
4 current effort.

5 So, again, I don't want to preclude anyone
6 suggesting anything that they think that the
7 Department ought to take up at this time. But,
8 again, I also want you to be aware of, you know,
9 resource constraints. And we ultimately--back at
10 the Department, our policy and management team will
11 make decisions about what we--you know, how big a
12 bite we take in the regulatory apple at this time.

13 The other thing, just to keep in mind, is
14 that in our rulemaking we implement legislation.
15 We implement authority that the Congress has
16 provided to us. We don't use regulation to change
17 the statute. That's for Congress to do. So,
18 again, there may be items that you think are good
19 ideas and we ought to pursue. And we may from time
20 to time politely inform you that we cannot do that
21 in this process because that's a statutory issue.

22 So, again, I in no way want to suggest
23 that, you know, you limit yourself in any way. I
24 mean, we--as I say, we are here to listen to what

1 you have to say.

2 Now, we may, as you speak or as you give
3 your testimony or after your testimony, as a
4 question or two if we think--if we feel we're not
5 understanding something completely and need a
6 little more--a little more explanation from you.
7 But, again, we are--so we'll ask those questions.

8 And what we're not here to do is to answer
9 your question around what does the Department think
10 about X. Again, we are here to listen to what you
11 have to say.

12 So with that, I'd ask Greg and Fred if
13 they have anything to add.

14 **MR. DARNIEDER:** Well, I just add my
15 welcome and thanks for sharing your thoughts with
16 us today. I do work with the Secretary, worked
17 with him in Chicago on college access issues, and
18 have known him about 20 years and some of the
19 development work that we did prior to coming to
20 Chicago Public Schools.

21 So, again, I appreciate your being here
22 and look forward to what you have to share with us.

23 **MR. MARINUCCI:** I just look forward to
24 hearing what you have to say.

1 Thank you.

2 **MR. MADZELAN:** Now, in terms of process,
3 you know, those who want to speak, you have signed
4 up and we have signed you up for 10-minute
5 intervals. Our experience in the past is, by and
6 large, you don't speak for 10 minutes at a time.
7 It's usually a bit less. So we'll probably, then,
8 you know, maybe go through this morning's speaker
9 list perhaps a little bit more quickly than--than
10 we have listed.

11 The other thing that that provides for us
12 is opportunities to slot other folks in, maybe
13 people who arrive a little bit later and want to
14 speak or maybe their own time is limited. So,
15 again, if you are signed up for a specific time,
16 you can be certain you will speak at that time or
17 maybe a little bit earlier than that time.

18 So, it looks like we are pretty full for
19 the morning. We do have a break scheduled for
20 10:30 this morning.

21 So, I will start this by--I call the first
22 person. And if we, you know, mangle your last name
23 a little bit, that happens to me a bit, please
24 correct us and--because we want to make sure we

1 have that right.

2 So, our first speaker is Vaughn Collar
3 from the University of Phoenix here in Little Rock.

4 And we have the podium over the--on the
5 side.

6 **MR. COLLAR:** This will teach me to be here
7 early.

8 All right, like I said, I'm Vaughn Collar.
9 I'm a student at the University of Phoenix. I just
10 went to the commencement ceremony this last weekend
11 and was asked to speak by Autumn Hemphill and
12 Alicia Stephens for this.

13 All right. The University of Phoenix has
14 been an extremely positive influence, both for now
15 and for the rest of my life. Going back to school
16 was a decision I had been putting off for some
17 years. But continuing--choosing to continue with
18 my education, I know I will be a better person for
19 that decision.

20 University of Phoenix has given me a
21 quality education, one that has and will aid me in
22 the business world that I am choosing to enter.
23 Having already been in management on a smaller,
24 local level, the education received from the

1 University of Phoenix has shown me where I have
2 needed improvement and has also given me a greater
3 understanding of all the theories behind
4 management.

5 Another factor I must consider is that the
6 level of emphasis is put on teamwork at the
7 University of Phoenix. One of the main factors
8 that causes any successful business to achieve that
9 success is teamwork. The team concept that is part
10 and parcel of the education at University of
11 Phoenix prepares its students for working within
12 the framework of a team. This teamwork concept
13 has, on an individual basis, given me the
14 confidence to embrace leadership roles, yet still
15 be able to value each member's contributions.

16 The last factor I must mention is the
17 emphasis put on presentations. The last night of
18 each class, the aforementioned teams are instructed
19 to give a presentation to the rest of the class.
20 These presentations have shown me the value of
21 being able to speak in public and given me the
22 confidence to speak in public.

23 By and large, the teachers at University
24 of Phoenix have been nothing short of

1 inspirational. Rarely have I ever left the class
2 without the knowledge that I had been bettered by
3 attending that class.

4 The fact that all the teachers at
5 University of Phoenix are additionally
6 professionals in their field lends an air of
7 credibility to their words. You know as a student
8 that the curriculum chosen for each class has been
9 examined by the teachers themselves. You learn not
10 just the theory, but also real-world examples that
11 go a long way towards aiding and understanding of
12 the subject at hand.

13 The counselors and advisors have always
14 been readily accessible for any and all questions
15 that I and the other students may have for them.
16 In my case, the path that I was to take was clearly
17 laid out for my first 19 classes. I still needed
18 to complete a few classes towards the end of this,
19 and both my academic and financial counselors were
20 very able to quickly show me how to expedite
21 finishing these courses.

22 As I stated earlier, going back to school
23 had been put off for some years. Mostly this is
24 due to a lack of ability to fit work and school

1 together. University of Phoenix offered me a way
2 to maintain my career and attend school on a full-
3 time basis. I had explored other options prior to
4 this, and none of them were able to accommodate my
5 wants and needs.

6 Two other reasons led me to the University
7 of Phoenix. One is that the campus is located
8 about five minutes from my house, so that makes it
9 pretty easy to attend class. Another is the
10 flexibility that attending University of Phoenix
11 gives its students. Classes are available not only
12 on campus, but online. Should my career had taken
13 me to another location, I knew that my college
14 career could continue uninterrupted.

15 When I started there at University of
16 Phoenix, financial challenges were not exactly on
17 my mind. The company I was employed with at that
18 time offered tuition reimbursement as a benefit of
19 employment. When I was laid off in February, one
20 of my first thoughts was how am I going to be able
21 to finish school? My financial counselor was
22 extremely helpful in showing me how to apply for
23 financial aid, guiding me step-by-step through this
24 process. Because of her, I will finish my

1 bachelor's degree in September, and also continue
2 the process of acquiring my master's degree.

3 I am extremely thankful for the
4 opportunity that the University of Phoenix has
5 given me to finish my education. I learned the
6 value of education and training as a member of the
7 United States Navy, serving on submarines. A major
8 requirement for serving on subs is to learn the
9 functions of all major systems on board. Without
10 this training, a person is a liability, not an
11 asset, should an emergency arise.

12 The same is true with education, and new
13 knowledge and education can make a person a better
14 asset for themselves, their family, and their
15 community. I now feel that I'm a better person,
16 both professionally and personally.

17 I am proud to consider myself a University
18 of Phoenix graduate and now alumni.

19 Thank you.

20 **MR. MADZELAN:** Thank you.

21 Sandra Busby.

22 **MS. BUSBY:** Can you hear me now? Ah,
23 there it is. No pressure. And I have a delightful
24 feeling of cheating by being able to read my

1 testimony because when you're doing your studies,
2 as we all know, that's a no-no.

3 But my name is Sandra Busby. I am a
4 graduate. I have my bachelor's degree from the
5 University of Phoenix. And the impact that the--
6 this experience has had on my life is immeasurable.
7 The University of Phoenix brought a wonderful and
8 positive transformation to my life.

9 I had remained in the same job for
10 approximately 10 years before transferring from
11 Arkansas State Police to Contract Estimates in the
12 main building of the Arkansas State Highway and
13 Transportation Department. And within a short span
14 of time, I realized the world of technology had
15 passed me by. I had always felt confident and
16 competent with my job performance during my entire
17 work career. Therefore, the unpleasant experience
18 of feeling inadequate was totally unacceptable.
19 So, I decided to do something about my lack of
20 skills.

21 Since I was an adult student--a little bit
22 older than some of them--I found the prospect of
23 going back to school intimidating. But an
24 astonishing surprise--and I love this part of it--

1 lay ahead of me. Not only were the necessary
2 skills gained, but I also discovered a true
3 enjoyment of the learning process. What a perk.

4 In addition, I strongly believe my
5 professionalism was enhanced by working closely
6 with team members from varying professional
7 backgrounds and the staff of UOP.

8 The final product of these experiences is
9 a more confident, professional woman who is happier
10 with herself as an employee, but also as her own
11 person.

12 There was a tremendous influence from the
13 faculty counselors and advisors. From the
14 beginning of my association with UOP, I have
15 experienced a helpful and caring attitude in every
16 department, including visits with Dr. Sullivan,
17 Director of Academic Affairs. No one is
18 unapproachable there.

19 The financial aid and advisors always
20 exhibited--excuse me--a willingness to help when
21 asked a question. Pardon me.

22 The Student Service Coordinators,
23 especially John Renard--he was very special to me--
24 were a joy to know. When I had difficulty with a

1 class, the instructors and staff were accommodating
2 with the needed help and tutoring if necessary.

3 I am convinced that Mr. James Cross'
4 weekly study sessions enabled me to pass the
5 dreaded math courses; not my stronger point. I
6 will always remember how the instructors diligently
7 worked with me on three different occasions, as I
8 worked my assignments while on vigil at the
9 hospital with family members.

10 Alicia Stephens, the Financial Services
11 Manager, has been gracious in her recent contact
12 with me when she called inviting me to this
13 hearing. Chuck Burns and Dana Padilla set a
14 special computer class for interested parties from
15 my worksite.

16 There are many more I could mention. But
17 I believe what I have experienced at University of
18 Phoenix are the reasons the University continues to
19 grow and prosper. And there are many reasons I
20 chose the University of Phoenix, but I narrowed it
21 down to just a few.

22 With the first college that I actually
23 started--well, that I enrolled in, I would have
24 only received an associate's degree. At some point

1 in time, a recruiter contacted me about
2 transferring to the University of Phoenix where I
3 could earn a bachelor's degree in lieu of an
4 associate degree.

5 So after several phone calls from the
6 recruiter, I finally decided to pay UOP a visit.
7 Getting a bachelor's degree instead of an
8 associate's degree seemed to be more logical and
9 productive.

10 I definitely liked the idea of doing the
11 assignments in my timeframe as opposed to a
12 classroom setting five days a week, which I found
13 exhausting after working all day.

14 After arriving at University of Phoenix, I
15 enjoyed the atmosphere of the older students
16 because where I had previously attended, the
17 students were quite a bit younger and I felt like
18 the University of Phoenix was a better fit for me.

19 When University of Phoenix allowed all of
20 my credits to transfer, that was the clincher in my
21 decision to attend classes there.

22 And when it came to financial challenges,
23 one instance stood out in my mind. At one point in
24 my education, I faced a hurdle that looked way too

1 high to get over. And I considered--well, my, my.
2 Okay. And I considered my education at an end.

3 Due to the encouragement and intervention
4 of Autumn Hemphill and Brittany Elder, my studies
5 resumed. They were my strength and resolve when I
6 had none of my own. So, I know I would not have
7 earned my degree if they had not intervened and I
8 will be forever grateful, so.

9 The University of Phoenix has been a
10 positive experience in every aspect. Most
11 importantly, the University of Phoenix awakened my
12 desire for knowledge and groomed me to apply this
13 knowledge in every area of my life. And I could
14 talk for another 10 or 15 minutes, but I will stop
15 at this point and give someone else a chance.

16 Thank you.

17 **MR. MADZELAN:** Thank you very much.

18 Salvadore Diaz?

19 **MR. DIAZ:** Good morning. Good morning.

20 Can everybody hear me okay?

21 My name is Salvadore Diaz. I am a
22 graduate of the University of Phoenix, graduate of
23 2008. I earned my MBA.

24 Like Sandra, I am a little bit older. I

1 am 61 years old, have been started out with the
2 University of Phoenix in the bachelor's program,
3 went on to the master's program, which I earned in
4 2008. I am proud to say that I am a phoenix.

5 They say that the phoenix bird is a myth
6 in the sense that when it reaches the end of one
7 life, that it bursts into flames and just dies in
8 its ashes, only to be reborn again to start its new
9 existence. The University of Phoenix has provided
10 me that new existence. Its impact was immediate;
11 it provided me the inspiration. It allowed me to
12 take my life experiences and mesh them with my
13 academic discipline.

14 The University of Phoenix sparked the
15 desire for learning--the impact--in which my impact
16 with others and how I interacted with them through
17 the learning processes, and how to--and how to
18 succeed. The impact of my experiences with the
19 University of Phoenix was quickly apparent to those
20 around me. The feedback that I received was that I
21 projected a more aura of confidence.

22 Professionally, it allowed me to expand my
23 duties to include not only the tasks of gathering
24 data, but to analyze that data, which also included

1 a more--allowed me to make more impact in decision-
2 making processes.

3 The greatest impact that the University of
4 Phoenix experience has been is in my style of
5 interacting with others. As the result of my
6 education, I have a greater understanding of
7 complex issues, which are--allow me to interact and
8 easily participate in those detailed analytical
9 decisions that need to be made and being listened
10 to more soundly with a better, sound impact.

11 The University of Phoenix has influenced
12 me in how I interact as a mentor with others around
13 me. I find myself utilizing the University of
14 Phoenix's method of teamwork to be a great
15 inspiration to me. And it works greatly with
16 others.

17 I find that the University of Phoenix
18 curriculum was well-structured with knowledgeable
19 faculty members--or the instructors, guiding the
20 educational experience at every turn. I was mostly
21 very impressed with the instructors in that they
22 would share their personal information with you.
23 If I needed them, all I had to do was pick up the
24 telephone. If I wasn't near a telephone, I could

1 use my laptop and send them an e-mail and I would
2 instantly get back a response from them for any
3 question that I needed, or help.

4 The counselors and the advisors strived to
5 assist the students in many different ways,
6 including providing online student and in-house
7 computer labs, WiFi access, and Internet access so
8 that you can do your research and write your papers
9 and make sure that you get your assignments in to
10 your instructors and to the school. The University
11 of Phoenix counselors and advisors are excellent.
12 My experiences with the counselors have been very
13 satisfying in helping me deal with the other
14 student personality issues, faculty issues, or
15 counseling issues due to my business travel. I
16 cannot say enough about the counselors, who give
17 110 percent in resolving issues for the students
18 and the--for those issues that distract from the
19 goal of getting the most knowledge from possible--
20 from their courses.

21 The University of Phoenix advisors have
22 always been available for the asking to provide the
23 best advice on resources, solutions, academic
24 solutions. During my time with University of

1 Phoenix, I found myself deployed to areas that have
2 fallen to national disasters, causing me--the
3 issues of trying to figure out how to continue
4 participating in my classes while hundreds of miles
5 away from my classroom with very limited Internet
6 access. My advisors were available to redirect my
7 course assignments to my instructors without
8 missing a class assignment.

9 In choosing the--in trying to choose a
10 university or a college to proceed with my
11 education, I needed flexibility, classroom time,
12 education materials, advisors and counselors, and a
13 flexible method of working with my work schedule.
14 I made the choice for this type of media, which is
15 online, that--but needed a university that offering
16 these choices for my education disciplines, that
17 could meet my needs, and had an excellent
18 reputation as well as accreditation. The
19 University of Phoenix met those expectations, and
20 has added a very satisfying life experience to me.

21 The University of Phoenix employs advisors
22 and counselors which make facing the challenges of
23 looking for finances uncomplicated. They work very
24 hard with you and work with you step by step. If I

1 wanted to say holding your hand, they do hold your
2 hand, if necessary.

3 They ensure that each student receives the
4 education that they are striving for. I cannot say
5 enough to the dedication of these advisors and
6 counselors towards obtaining the financial
7 resources needed for each student in--so that I
8 could complete my degree.

9 I thank the University of Phoenix for my
10 education. Thank you.

11 **MR. MADZELAN:** Thank you.

12 Christine Johnson, Capella University.

13 **MS. JOHNSON:** Good morning. My name is
14 Christine Johnson. I'm the Director of Government
15 Affairs at Capella University. And thank you so
16 much for having us here today to give testimony on
17 the implementation of the Title IV, the Higher
18 Education Opportunity Act.

19 And first, I'd like to start out with just
20 a brief background of Capella.

21 Capella University was established in
22 1993, and is based in Minneapolis, Minnesota. We
23 are an entirely online university, with the
24 exception of our counseling and psychology

1 programs. We're regionally accredited by the
2 Higher Learning Commission of the North Central
3 Association.

4 Capella University applies technology to
5 enable access for working adults who need to
6 advance their education, but who might not
7 otherwise be able to do so because of job or family
8 commitments. Today, Capella University serves over
9 28,000 degree-seeking students who reside in all 50
10 states.

11 We're primarily focused on serving the
12 working adult who seeks a graduate-level degree,
13 but we also offer bachelor's degree programs.
14 Currently, we offer 28 degree programs with 6
15 different specializations, including business,
16 education, human services, psychology, technology,
17 and public service.

18 Since 2001, Capella has watched the
19 legislative development of the HEOA closely,
20 focusing on issues relating to distance education.
21 We are also interested in the many other aspects of
22 Title IV implementation, including a number of
23 those identified as topics for the Department's
24 next round of negotiated rulemaking.

1 Of the issues identified by the
2 Department, I'm going to focus my statements
3 primarily on the definition of gainful employment
4 in a recognized profession and incentive
5 compensation.

6 On gainful employment. The changes made
7 by the HEOA to the definition of a proprietary
8 institution allow some such institutions in very
9 narrow circumstances to offer liberal arts
10 programs. During the recently concluded negotiated
11 rulemaking process, Team 5 considered language to
12 implement the new statutory language relating to
13 liberal arts, but did not consider whether
14 regulations were needed regarding the existing
15 statutory reference to gainful employment in a
16 recognized profession--occupation, excuse me. That
17 is also in the definition of proprietary
18 institution.

19 Capella is interested in learning more
20 about why the Department seeks to examine this
21 term. Capella supports higher education policy
22 that examines broadly whether institutions of
23 higher education are providing programs that lead
24 to student success, i.e., that result in job--

1 excuse me--completion and job placement.

2 However, there are a number of important
3 factors related to the phrase "gainful employment
4 in a recognized occupation" that require serious
5 consideration.

6 First, the liberal arts provision in the
7 definition of proprietary institution will apply to
8 so few schools as to render it almost
9 inconsequential.

10 Second, the legislative history of the
11 HEOA clearly indicates that Congress did not intend
12 for the additional liberal arts language to affect
13 how the Department currently interprets the
14 provisions regarding gainful employment in a
15 recognized occupation.

16 And third, if the Department decides to
17 amend its regulations regarding this phrase, it
18 must acknowledge that the same phrase or remarkably
19 similar ones appear in other sections of the
20 statute. Therefore, any regulations defining the
21 meaning of this term will be applicable to a
22 broader array of institutions than just proprietary
23 institutions.

24 On incentive compensation. The statutory

1 provision on incentive compensation was included in
2 HEOA to prohibit compensation based solely on the
3 number of students recruited, enrolled, or awarded
4 financial aid. The conference report to the Higher
5 Education Amendments of 1992 specifically stated
6 that the statutory prohibition was not intended to
7 prevent institutions from basing employee salaries
8 on merit.

9 Without safe harbors between 1993 and
10 2002, the Department and institutions alike were
11 unclear about what activities were permissible
12 under statute. The Department's propagation of the
13 safe harbors in 2002, therefore, was consistent
14 with congressional intent and a welcome development
15 in assisting institutions to maintain compliance
16 with the statutory limitation.

17 Even with safe harbors, however,
18 institutions have had to make good faith
19 interpretations of the provisions, some of which
20 have proven over time to be more ambiguous than
21 originally intended. Because the safe harbors are
22 not an exclusive list of permissive activities,
23 institutions are similarly left to determine on
24 their own what other compensation practices may be

1 allowed. In each case, institutions become aware
2 of any regulatory misinterpretation or
3 noncompliance only when the Department informs them
4 of such.

5 Students, institutional employees, and the
6 Department need a resolution to this ambiguity.
7 Institutions have legitimate reasons under common
8 employment practices to compensate their best
9 employees on merit, regardless of the number of
10 students they enroll.

11 Quite simply, good employees that are not
12 recognized are hard to retain. Institutions need
13 clarity about what appropriate compensation
14 increases to financial aid and admission employees
15 or their supervisors are appropriate. We thus
16 believe that additional clarifications by the
17 Department in this area will benefit both the Title
18 IV programs and institutions.

19 And just briefly on the subject of
20 verification and state authorization. We also look
21 forward to learning more about the Department's
22 concerns with the verification of information on
23 the student aid application and state authorization
24 as a component of institutional eligibility. While

1 exploring the topic of state authorization, we hope
2 you will keep in mind the flexibility needed for
3 innovative, accredited distance education
4 institutions who serve students in multiple states.

5 And, again, I appreciate the opportunity
6 to speak today on behalf of Capella and hope that
7 the Department will consider the views of non-
8 traditional students and institutions during its
9 next round of negotiated rulemaking.

10 Thank you.

11 **MR. MADZELAN:** Thank you.

12 Ronald Blumenthal, Kaplan Higher
13 Education.

14 **MR. BLUMENTHAL:** Good morning. My name is
15 Ronald Blumenthal. I'm a Senior Vice President of
16 Kaplan Higher Education. Kaplan Higher Education
17 is the largest division of Kaplan, Inc., a
18 subsidiary of the Washington Post Company.

19 The Higher Education Division serves some
20 100,000 students at more than 70 on-ground campuses
21 and online through Kaplan University, which
22 includes the nation's only completely online law
23 school. Our students range from individuals
24 enrolled in diploma-allied health programs to

1 classroom teachers pursuing master's degrees and
2 business professionals seeking MBAs and law
3 degrees. Most of our students are women, many are
4 single working parents. What they all have in
5 common is a need for education and training that
6 will help them advance economically and courses
7 that have the scheduling flexibility and personal
8 attention that they require.

9 I am here today to speak on behalf of
10 Kaplan with a perspective that goes back to
11 Kaplan's roots in a test preparation company. We
12 have an interest in the upcoming negotiated
13 rulemaking that will deal with foreign schools,
14 including the changes mandated by the Higher
15 Education Opportunity Act, Public Law 110-315.

16 Kaplan began as a test preparation
17 company, and for more than 30 years has been
18 preparing graduates of foreign medical schools to
19 take the high stakes test that determine their
20 residency prospects. Among the thousands of
21 students whom Kaplan prepares each year are U.S.
22 citizens who have gone abroad to pursue their
23 medical education.

24 When I first joined Kaplan in 1974, it was

1 with a test prep center in Dallas, Texas, where I
2 had my first interactions with U.S. citizens who
3 attended medical school in Mexico. In 1980, we
4 were asked by a medical school in Tampico, Mexico,
5 to send materials there to prepare U.S. graduates
6 for the U.S. test, which was then given by the
7 Education Commission for Foreign Medical Graduates,
8 or ECFMG. Stanley Kaplan refused to send his
9 materials to other countries, but did agree to open
10 a center in McAllen, Texas, near the border with
11 Mexico, to prepare nearly 100 students for the U.S.
12 test.

13 By 1997, I was with Kaplan in New York
14 City, and we had acquired the National Medical
15 School Review, which had a contract with Ross
16 University in Dominica to fly in Kaplan faculty to
17 prepare their U.S. graduates for the U.S. MLE. I
18 went to assess the school and the program to
19 determine the continuing needs at that time.

20 Today, U.S. citizens enrolled in Kaplan
21 programs to prepare for the U.S. MLE have medical
22 degrees from schools in the Caribbean, Ireland,
23 Hungary, Poland, the Czech Republic, and the Middle
24 East. And each year, more than 1,000 Indian-

1 American students return to India to enroll in
2 medical school.

3 Kaplan test preparation has various U.S.
4 MLE preparation options ranging from live
5 instruction in seven North American cities to
6 guided study in test preparation centers, to
7 completely online preparation done largely by each
8 student on his or her own. U.S. students or
9 graduates of foreign medical schools opt to use all
10 methods of delivery, while most foreign students
11 choose live preparation or guided study.

12 Foreign medical schools play a key role in
13 helping to ease the shortage of primary care
14 physicians across our country. Kaplan will
15 continue to play an important role in getting
16 graduates ready for the U.S. MLE. Some 44 percent
17 of medical school graduates in the U.S. use our
18 test preparation products, and a significant
19 percent of graduates around the world do so as
20 well.

21 Kaplan's decades of experience with
22 graduates of foreign medical schools, including
23 U.S. citizens, would be valuable in the upcoming
24 negotiated rulemaking. And we look forward to

1 being of service as you move forward with those
2 plans.

3 Thank you again for having us.

4 **MR. MADZELAN:** Thank you.

5 Jose Campazano, DeVry University.

6 **MR. CAMPAZANO:** Good morning everyone. My
7 name is Jose Campazano, and I am a--I am from
8 Houston, Texas, and I am attending DeVry University
9 at the main Houston campus.

10 I am the middle child of a family of five.
11 My oldest brother never graduated high school. My
12 other brother went to college, but never actually
13 finished it. I have a twin brother, and he only
14 has a certificate as a pharmacist because he has a
15 family and he has no time for college.

16 Being the first one in my family to go to
17 college and want to graduate means a lot to me. My
18 family has supported my decision to go to college
19 100 percent.

20 The high school where I graduated from was
21 Eisenhower High. When I started high school, there
22 were almost 1,000 students enrolled, but come
23 graduation only 400 of those graduated.

24 Honestly, in high school, I used to

1 associate myself with the wrong crowd. The people
2 who I called my friends liked to get into mischief.
3 Even though I was tempted to do the same as my
4 friends, I knew I wanted to make something out of
5 my life and that's why I decided to go to college.

6 My decision for choosing DeVry sparked
7 from my interest of studying from the tour that I
8 was given of DeVry. I have always enjoyed
9 engineering. And after I saw what DeVry had to
10 offer and how they would help me learn in that
11 field, I knew their computer engineering program
12 was for me.

13 To be honest, when I first started looking
14 at colleges, I was looking for a college with a big
15 social scene. But I knew if I was to choose a
16 serious college that best suited me, I would have
17 to push my social life aside.

18 As I looked at colleges, a call from an
19 admissions advisor from DeVry is what focused my
20 attentions toward them. First of all, I'm a
21 student that likes when teachers pay attention to
22 them and show concern about their grades. This is
23 one of the many things that DeVry offered me. I
24 also like being in small class environments because

1 that makes me feel like there's a large amount of
2 participation from the students, something a large
3 university also could not boast about.

4 I was expecting to go to a college for
5 four years. In reality, some students don't even
6 graduate in six. But I found that DeVry could give
7 me something that I wasn't even expecting or even
8 looking for. DeVry had offered me to graduate in
9 three, three and a half years tops, even as early--
10 even earlier if I was up to the challenge of taking
11 more credit hours.

12 DeVry is a decision that I do not regret
13 at all. I have been attending DeVry for a year now
14 and I have enjoyed every minute of it. When I
15 first started there, I was fresh out of high school
16 and unemployed.

17 I've always been very good at math, so I
18 put that to good use at DeVry. The basic math
19 courses at DeVry are self-paced, and I'm not
20 boasting, but I was able to finish my math course
21 early. My math instructor recommended me to work
22 as a math tutor when I completed my math course.
23 So, not only am I a student at DeVry, but I am also
24 a mentor to those students who do not--who do not

1 have an understanding of math.

2 Now, I'm not saying I do not have my flaws
3 because I do. I'm not the best writer in the
4 world. Writing is a subject that I'm not good at,
5 and my classes have helped me become a better
6 writer. People are not going to like all their
7 classes, so me actually passing my writing class is
8 an accomplishment.

9 Free tutoring is something that everybody
10 can benefit in any campus. That is how I bettered
11 my own writing ability. I suppose I should also
12 talk about the classes that are in my major, aside
13 from the generic core classes.

14 My professors do not only have the
15 knowledge for my career, but they are also trained
16 to have experience in working in that field. Not
17 only have my instructors shown concern about their
18 students learning the curriculum, but also
19 introduced speakers to talk about the work
20 environment of our careers. One favorite
21 characteristic of my professors is that they--if
22 there are others that can help me in my course, my
23 professor will set up a time they can spend
24 individually with me or with any other student that

1 requires help.

2 Not only does DeVry have great teachers,
3 they also have a great Career Service Center. I
4 have not utilized Career Services, but I have seen
5 firsthand what they are capable of doing. I've
6 seen Career Service help students find jobs.

7 Every semester they provide a Career Fair
8 Week. Career Fair Week is a week where students
9 and alumni can sharpen their resumes, interviewing
10 skills, and meet potential employers.

11 It seems as if it was just yesterday when
12 I was in high school--high school student, and now
13 I'm a sophomore in college. I have enjoyed my
14 classes, my instructors, and my classmates. Above
15 all, I can't wait to get my degree so I can say I
16 graduated and got a job thanks to DeVry University.

17 Thank you for your time.

18 **MR. MADZELAN:** Thank you.

19 Margaret Owens, University of Phoenix.

20 **MS. OWENS:** Good morning everyone. To the
21 panel, gentlemen on the roster, and to all the
22 distinguished guests, I am Margaret Boyd Owens and
23 I am an enthusiastic, dedicated member and student
24 of the University of Phoenix family. To be honest,

1 as I stand here, while my colleagues who have
2 already echoed words, I do not want to bore you
3 with the same sentiments, but I must give some
4 expressions of my gratitude of being a student
5 currently in the MBA program at the University of
6 Phoenix here in Little Rock, Arkansas.

7 Currently I am enrolled as an MBA student
8 pursuing my master's in business administration. I
9 currently am an instructor at the Phillips
10 Community College in DeWitt, where I am an English
11 and speech instructor.

12 I chose the University of Phoenix for
13 various reasons. Number one, because of the
14 attentive staff, the attitude, as well as the
15 atmosphere. In addition to that, due to the fact
16 that the staff made themselves available for me. I
17 not only speak for myself, but I also come here as
18 an echo for other colleagues, some of my dear
19 friends who are in the back as well, and
20 individuals from Pine Bluff, Little Rock, Benton,
21 and various parts of the state.

22 In making the selection to enroll at
23 University of Phoenix, I will be honest with you.
24 There was one night I was grading papers and all of

1 the sudden this big old thing popped up and said,
2 "University of Phoenix," and I literally deleted
3 it. I don't have time for that. Start grading
4 again, it popped up again. Honestly, I deleted
5 that. I don't have time for that. And I said next
6 week, if it pops up again that must be an omen or a
7 sign from you, God. And guess what? It popped up
8 again.

9 So with that, I clicked on it that night,
10 Dr. Sullivan. And after that night I cannot forget
11 it, it was a day in January, sir, that I pursued,
12 made contact with the follow-up with Ms. Maryann,
13 my financial advisor, and I also had spoken with an
14 avid staff member named Ms. Alicia. She literally
15 walked me through and invited me with open arms to
16 come to the campus. So I took a 55-mile drive from
17 Stuttgart, or really on the outskirts of Stuttgart
18 called Casscoe, Arkansas. And I drove up and
19 opened up with this warm welcome of the staff of
20 Phoenix saying, "Come on in, sit down, have a cup
21 of coffee, let's talk. What do you really want to
22 do?" And that's what's important to me, when
23 someone asks, "What do you really want to do?"

24 I walked in with a mission. I walked in

1 with a message that I did not want to be a
2 statistic of society. I walked in with a vision
3 that if the Lord's will in December I want to
4 finish. And within three months, gentlemen, I
5 shall achieve that goal. But not only for me, but
6 it's for my family, for my husband who will be
7 retiring next year as the Assistant Chief of the
8 Stuttgart Fire Department. Not only that, but for
9 our five children, to let them know that we did not
10 have to be a legacy of project mentality.

11 Not only that, because I also pursued this
12 because of my colleagues in Chicago, Illinois, and
13 my friends, unfortunately, some of them who are now
14 strung out on crack. I made a difference. I did
15 it for them to say that we all did not have to be
16 in the ghetto. I'm not ashamed from where I have
17 come from, but I want to be a testimony.

18 In closing, not to detain you because
19 others have kudos about University of Phoenix that
20 you have already heard and treasured, but I wanted
21 to say with these three Ts: team building skills
22 that I have attained as well as utilized; teaching
23 strategies that I have incorporated in my classroom
24 as well; and thirdly, the testimony that I can

1 leave behind for you, for the panel, that you can
2 pass on to Denver as well as to Philadelphia.

3 So I can give back, as I take my flight
4 back to Chicago, Illinois, as a testimony to tell
5 my colleagues, my friends who didn't make it, who
6 fell through the cracks, that if you will give it
7 an opportunity, pull your head up, so you can
8 proudly say, as our commercials have now been
9 boasting across the screen, I am a Phoenix. I am a
10 testimony.

11 **MR. MADZELAN:** Thank you.

12 Cheryl Smith? University of Phoenix.

13 **MS. CHERYL SMITH:** Good morning. To the
14 panel, dignitaries, to all of you all. It's a
15 great pleasure that Alicia asked me to speak and
16 also I'm sure that Autumn and Ms. Wahved [ph.] and
17 Dr. Sullivan had a part, and thank you all for
18 giving me that opportunity. When they asked me, I
19 said--usually I say, "No, let me think about it."
20 I said, "Well, Cheryl, you may never get this
21 opportunity again, so take it." So I took it. So,
22 thank you.

23 The University of Phoenix has impacted my
24 life greatly by having more confidence and

1 empowered me to take different avenues to explore
2 to a higher level. The classes and presentations,
3 the group meetings prepared me to handle difficult
4 people. I almost thought I could handle any
5 situation once I finished the University of
6 Phoenix. Oh, by the way, I did graduate May of
7 2008 with my MBA.

8 The faculty has been so wonderful, it's
9 hard to express in words. They have offered to
10 help when needed with assignment questions,
11 responded back quickly to e-mails and telephone
12 calls. They have gone beyond the call of duty many
13 times.

14 My last three classes were challenges
15 because I lost the love of my life, my best friend,
16 my encourager, which was my mother. I felt so
17 lifeless. I tried to do my assignment and it
18 seemed almost impossible. I felt that there was no
19 reason to go on with class. This has been by far
20 my most difficult time of my life. I could hear my
21 mother's small voice saying I'll be so glad when
22 you finish school.

23 My special thanks goes out to Dr. Craig
24 Martin, Dr. Karen Hutchins, and Dr. Marc Haynes for

1 giving me that encouragement to continue working
2 with me and I'm so thankful to them and all my
3 instructors: Ms. Tammy Deaton, Dr. Paul Love
4 [ph.], Dr. Tressa Shavers, Mr. William Wyngaard,
5 Mrs. Han, Mr. Akbar, and Mr. Benoit, and Mr. Paul.
6 My counselors and advisor has been wonderful. Ms.
7 Yvette Palmer, Ms. Rebecca William, I call her Ms.
8 Bec, has been on top of everything by making sure
9 grades and classes were going great.

10 I did not think it was possible because I
11 had been out of college for 23 years and high
12 school for 27. They are amazing.

13 The University of Phoenix is my choice
14 when I saw the advertisement about three years
15 before I attended. I told myself this is where I
16 want to go for my graduate degree. The university
17 was convenient, one could keep present job, and
18 classes were entered on one's work schedule. The
19 University of Phoenix has made my dream become a
20 reality. I am forever grateful to God and everyone
21 that made it possible.

22 The financial challenges were great. I
23 did not have the funds to go back to school.
24 Thanks to the financial institution and my employer

1 for making the degree attainable. The University
2 of Phoenix has empowered me to continue my
3 education to obtain other dreams to become a nurse
4 and to pursue my doctoral degree. Thanks again to
5 God and everyone who's taken a part in making my
6 dream become a reality. Thank you.

7 **MR. MADZELAN:** Thank you.

8 I remember I mentioned earlier that we
9 would allocate 10 minutes to everyone, but you
10 wouldn't use up to your full 10 minutes. Well,
11 that's certainly the case because we have come to
12 the point, on my schedule, where we would be taking
13 a break at 10:30, but that's still about a half an
14 hour from now. So, I think we'll just continue
15 through and still plan to break at 10:30.

16 And so our next speaker, Rob Glessner,
17 University of Phoenix.

18 **MR. GLESSNER:** Thank you, gentlemen. I
19 was asked to speak about the MBA program at the
20 University of Phoenix. My name is Rob Glessner.

21 First, the education gives me a sense of
22 security in a very competitive job market. I
23 gained knowledge and skills that will help me for
24 the rest of my life. I developed the mind of an

1 entrepreneur when an early class taught me how to
2 start a small business. I applied my skills.
3 Halfway through the program, I helped my son
4 develop a Web-based distribution business. He's
5 still running his modest business in North Carolina
6 while he completes his business degree.

7 The University of Phoenix teaches
8 leadership by dividing the class into mutually
9 supportive teams. I know that when I select and
10 run a team, the outcome will be excellent.

11 I'm better at preparing speeches, writing,
12 and time management. I am able to research and
13 organize a solution to solve difficult problems.
14 The University of Phoenix gave me the tools to
15 prepare a business plan for a friend along with a
16 roadmap to help that business prosper. Again,
17 applying what I learned.

18 The faculty and counselor and advisors
19 were very helpful to me. I needed help adjusting
20 back into school after so many years. Like many
21 adult learners, I have a demanding job during the
22 day, my business is very competitive, and a single
23 sale can take months or even years to close. The
24 University of Phoenix faculty and staff helped

1 guide me with time management tips and tools that I
2 now use outside of school. My academic counselor
3 helped me structure my schedule to minimize
4 coursework during my peak sales periods, and Alicia
5 scheduled me to take consecutive classes when I got
6 to--into the program and before my next sales
7 period started.

8 I looked at a lot of different schools
9 before choosing the University of Phoenix in Little
10 Rock. That the University of Phoenix allows a flex
11 schedule that gives a professional, a traveling
12 professional, the ability to manage the workload
13 while still having some classes on campus, which
14 was very important to me.

15 I know a few co-workers who attended the
16 University of Phoenix at other campuses and I
17 talked with those co-workers. They told of the
18 benefits of the University of Phoenix learning
19 teams and academic lessons. I asked one man if the
20 degree would help him at our company. He said the
21 degree might help a little bit, but the education
22 he received from the University of Phoenix MBA
23 program would help a great deal.

24 The decisive factor was hearing that the

1 faculty of the University of Phoenix in Little Rock
2 was employed in the fields in which they taught.

3 Like most people, I had to make choices
4 with my finances. However, my company paid about
5 80 percent of the MBA course fees. As a
6 commissioned sales person, I had to make choices to
7 spend time studying versus preparing and working on
8 projects at work. I cannot calculate the
9 commission dollars that I traded to gain my MBA,
10 but I know my investment of time at the University
11 of Phoenix will pay off at work with better results
12 in the same amount of time. Thank you.

13 **MR. MADZELAN:** Thank you.

14 Kocysa White? Please help me out with
15 the pronunciation.

16 **MS. WHITE:** Good morning. My name is
17 Kocysa White, with the University of Phoenix.

18 The University of Phoenix has impacted my
19 life by preparing me for a prominent career in the
20 criminal justice field. Their signature mark
21 learning teams, although not one of my favorites,
22 actually taught me a lot about humility, how to
23 deal with different personalities, learning and
24 communication styles, how to delegate tasks, how to

1 accept other ways of completing a task, increasing
2 listening skills, and applying previously learned
3 critical--how to accept other ways of completing a
4 task, increasing listening skills, and applying
5 previously learned critical thinking skills.

6 The use of the APA format has also
7 prepared me for the master's program that I'm
8 currently enrolled with at another university. In
9 addition, the University of Phoenix helped to
10 create networking opportunities for future
11 educational and career opportunities.

12 The faculty was very encouraging and firm
13 in their expectations of what was expected from us
14 as students. In several classes feedback was
15 consistent and constructive. Several faculty
16 members were extremely patient and acted as
17 mediators in learning team disagreements. They
18 also helped us by introducing us to individuals in
19 the criminal justice field who took the time to
20 visit and share their career experiences. And I
21 have to add that it was from one of these visits
22 that I am currently employed with the Arkansas
23 Department of Corrections.

24 In addition, they challenged us mentally,

1 professionally, and academically through group
2 discussions and PowerPoint presentations. My
3 academic advisor, Ms. Yvette Palmer, was very
4 encouraging throughout my time at UOP. She was
5 professionally caring, always addressed me by name,
6 and often sent e-mails or called to check on how I
7 was doing with my time at UOP.

8 After receiving my associate's degree from
9 Remington, I initially decided to go to another
10 university to obtain my bachelor's. However, a UOP
11 representative called to inform me they had a new
12 criminal justice program on ground. This was my
13 intended major, so I took the offer and I was
14 interested in the fact of the evening classes that
15 they had available.

16 Thankfully, no financial challenges were
17 faced while gaining my career. Online resources
18 were especially appreciated because I did not have
19 to worry about purchasing textbooks. The financial
20 advisors were efficient in reminding us when to
21 update our FAFSA applications.

22 My time at University of Phoenix is very
23 appreciative and I am grateful for the staff that
24 is there, and thank you all.

1 **MR. MADZELAN:** Thank you.

2 Jackie Brubaker, Mid-South Community
3 College.

4 **MS. BRUBAKER:** Good morning. I'm Jackie
5 Brubaker with Mid-South Community College in West
6 Memphis, Arkansas. I came here probably rather
7 ill-prepared. This is my first opportunity that
8 I've taken to participate in the negotiated
9 rulemaking process. I decided at this point in my
10 life, I'm old enough to be one of those older
11 people who go to represent my school in my state,
12 so I thought I'd come, not realizing I was going to
13 speak.

14 But, you know, I never miss an opportunity
15 to get up and talk to you about the education and
16 the value of it and what I think may be being done
17 well or not so well. And I figured if I'm going to
18 sit back and complain about it, I better speak
19 because, otherwise, I don't have grounds to
20 complain. So that is why I am here.

21 You watch me, I'll probably be cautious so
22 my voice--my mouth won't take away and go somewhere
23 that it shouldn't. It seems to do that. Okay?

24 I've reviewed the Higher Education

1 Opportunity Act, but probably not as well as I
2 should be because when I do two roles at my school,
3 Financial Aid Director and I'm also the Director of
4 HR. You know, coming from a two-year public
5 school, you kind of wear a number of hats, so I
6 only looked at those items that were of particular
7 attention to me and to my students.

8 We do not have a student loan program at
9 my school. We had a default rate that was so high,
10 we almost lost everything we had, so we
11 discontinued that program probably 15 years before
12 I came. And so all I'm dealing with basically are
13 grant programs and the work study programs, campus-
14 based aid as well as Pell Grants. So I looked
15 closely at those.

16 When it comes to the Pell Grant, one of
17 our chief complaints is that the process seems to
18 be too complicated or we do not understand how we
19 need to apply. We've done everything besides knock
20 on doors individually to try to make sure people
21 are aware that there is a process out there to help
22 them come to school. We would love to have the
23 opportunity for more of that information to be made
24 public so that they realized it was an easier

1 process.

2 But then when we try to tell them, oh,
3 it's so easy, just fill out this form, and they
4 think, all this information. Well, look at my
5 students. I'm from the Delta of Arkansas. I live
6 on the banks of the Mississippi River. My students
7 are first generation students who have not had an
8 example set to them about going to school, getting
9 up and going to work. So for me to expect them to
10 come and act like a regular--not a regular, I don't
11 want to say that word, but as some of our students
12 we expect to at a four-year university, they do not
13 have the same background to get them to that point.
14 So that's what we're trying to help them become
15 more educated. They're in a very low economic
16 area, unemployment's high. We have a 50-50 percent
17 racial--but it has nothing to do with that. It's
18 just that the people have not developed in
19 proportion to the other part of the state. That's
20 the best way I can say that.

21 Well, when they see the FAFSA, they get
22 confused and they say, well, can't you just tell me
23 based on my income? No, I can't because the FAFSA
24 is not a simple process based on how old you are,

1 how much income you have, how many in the family
2 are working, how many in the household. Household?
3 Well, I don't know, which day? Because my
4 household changes. I don't have a household with
5 Momma and Daddy and two brothers and a sister.
6 That's not my household. Most of the time I'm
7 living with Auntie or Grandma because Momma and
8 Dad, one of them is in prison and the other one may
9 be an addict or she's gone off with somebody else
10 and she won't give me any time or attention and I
11 can't get anything out of her. Or she's remarried,
12 she won't let me live in the house with her, so I'm
13 living with Grandma. And how am I supposed to get
14 Mom's income information because she refuses to
15 give it to me?

16 The family situation that's represented on
17 the financial aid application does not fit my
18 students necessarily for a large part.

19 Then you come into income. How much
20 income did you make? Well, I don't know. Most of
21 it is under the table because I'm only making a few
22 cash wages, enough until I can buy me some
23 groceries this week, or, number one, get enough I
24 can work. I'm using a number of the state aid

1 programs to have some groceries, to have some
2 housing, or I'm living with a girlfriend or I'm
3 living with--in my car. We have a number of those
4 kind of situations with our students. So we try to
5 help them and want them to get an education because
6 they're excited about the opportunity. And the
7 only income they have while they come to school is
8 whatever remains from their Pell Grant check or
9 maybe if they get some of the benefits of a state
10 aid program, but most of those are only tailored to
11 recent graduates of high school, though our state
12 has been active in changing that. We're going to
13 make more of the programs available for those
14 students who are non-traditional. Most of them
15 have only benefited those recent graduates.

16 So, they come to school, they have a Pell
17 Grant, maybe an SEOG grant, and I hope to give them
18 a work study opportunity because they love that
19 opportunity. It's the best job they can get in
20 town. But I'm limited because my work study
21 dollars are so small and, hopefully, the work study
22 program will grow. SEOG, I mean, that's a fine
23 program, but if I can put them to work so that I
24 can then give them an opportunity to work on the

1 campus. We'll work around their schedule, okay,
2 but give them an opportunity to learn work ethics
3 and taking responsibility and going the extra step
4 forward, that's what we want to see as a benefit to
5 the work study program. It may be something that
6 are very worthwhile for our students because,
7 again, sometimes they just can't get a job unless
8 it's working at the Burger King, which changes
9 their schedule and, therefore, they have to quit
10 school because, oh, they changed my new job. If
11 I'm going to have a job which pays my bills, I
12 can't come to school anymore. They don't work with
13 them.

14 A lot of factors cause detriment to my
15 students and then their goals. They have a very
16 real tendency to come to school strong and eager
17 right out of high school and if they have any hint
18 of failure that first semester at school, then
19 they'll drop down to part-time and work because
20 Momma says you've got to make your car payment if
21 you're going to stay here. So they go and get a
22 job, then their classes start falling behind and
23 then they quit school. They'll work two jobs and
24 then they'll come back and say I've got to get back

1 in school, so then they come back to me maybe a
2 year later. I don't do student loans for that
3 purpose because I do not have the traditional
4 student who goes full time, four semesters, eight
5 semesters in a row to complete a degree. That is
6 just not the kind of student on our campus.

7 We're looking for an opportunity to
8 provide education to these students, but we'll have
9 to come to them on their terms. We're trying to--
10 we initiate all the SAP policies that have been
11 designated. We have been harder aligned with that
12 in the last seven years since I've been there in
13 making them realize--in making them buy back into
14 it by taking that--working that semester and
15 getting themselves back in the--you know, and
16 paying for the classes themselves to get themselves
17 back approved for satisfactory--to be eligible for
18 the programs because they've met satisfactory
19 academic progress.

20 We try to put some responsibility back on
21 their shoulders so they learn some of the benefits,
22 that you don't get the education for free, but,
23 yes, it is here to back you up. Whenever you
24 decide you want to be serious, we are there for

1 you. So, we'll put those in place.

2 But our biggest goal is to try to educate
3 these students so that they can get from where they
4 are to a better place. We've heard several of the
5 students from the University of Phoenix talk about
6 how their schedules work, how these schools have
7 got programs that help them pull themselves up, and
8 that's what we want to do for our students. They
9 might be just a little further down than these
10 students were because they don't have maybe the
11 first education, but they're not to be left behind.
12 Okay? They're not to be left behind. We've got to
13 find some way to meet those needs.

14 I appreciate the two Pells in one year.
15 Maybe that way we can encourage them so that they
16 don't think I've got to quit in the summer, and
17 then they get off track and they lose their
18 progress. You know, you have--I would say that 90
19 percent of my students have to take a developmental
20 class and probably 80 percent of those are math
21 classes. So, man, I need you at my campus to come
22 over and work with my students maybe.

23 But we have all sorts of programs. And if
24 they start building up the momentum, the momentum,

1 and then all of a sudden, bam, no money, you can't
2 come to school this summer. I think--applaud the
3 government for having that year-round Pell Grant
4 process. I think it's a wonderful thing.

5 I like--I don't have any problems
6 maintaining satisfactory academic progress and
7 keeping the integrity in all the programs that we
8 do. I resent the fact that it seemed like the
9 entire financial aid population was penalized for
10 the acts of a few people in the financial aid
11 profession who were not ethical in some of their
12 dealings with lenders and whatever it might have
13 been. And I hate the fact that all of us seem to
14 get egg on our face from that because so many--so
15 many--why do I need a code of ethics? I'm sorry, I
16 am ethical and I try to make everything aboveboard
17 and clear and fair for me and my students and the
18 programs that I administer, and I felt that it was
19 not fair to me to have been put--come up with a
20 code of ethics. Well, I have one and it's
21 personal. My school can cling to it, but I don't
22 think that you punish everybody for the sins of a
23 few. Boy, have I spoken more than I should have.

24 The retention and completion goals that

1 you have listed in there, we are trying our best.
2 The best way that we've found in retaining our
3 students is basically giving them one-on-one
4 attention and, again, as many of the students from
5 the University of Phoenix or DeVry or some of the
6 other schools testified, they had a mentor or
7 someone at that school who they could always go to
8 and count on for that support. I don't know what
9 the Department of Education can do about that, but
10 it's definitely something we as a school need to
11 listen to because the ones who seem to succeed--
12 since, in my area there's so few who are self-
13 motivated--get the motivation from someone on our
14 campus. And yet, again, as I say, I'm wearing two
15 big hats at my school. For me to have the time to
16 be that personal person, I have very little time to
17 do that. If there's any way that we can find ways
18 to help--to work on those efforts--but, again,
19 sometimes it's a one-on-one effort to maintain and
20 retain our students and get them through
21 graduation, but it definitely is a great goal.

22 There are so many hurdles my students have
23 to pass through: the economic issues, the family
24 issues, no support of any kind. We all feel

1 strongly about an education, and we offer not only
2 just the associate degrees to get them onto the
3 four-year schools, but we also have technical
4 degrees. So we try to find them sometimes--just
5 get them educated so they can have a well-paying
6 job perhaps. Any education is beneficial to them,
7 and not just them and not just my community, but to
8 the society as a whole. And anything I can do on
9 their behalf and any support I can give to the
10 Department, I appreciate that.

11 I like several of the things you've done--
12 the Department has done, and I appreciate those
13 programs. Thank you for your time.

14 **MR. MADZELAN:** Thank you.

15 Herb Brubaker? First Security Bank.

16 **MR. BRUBAKER:** My name is Herb Brubaker.
17 I'm with First Security Bank. I run their Student
18 Loan Program. I've been in financial aid since
19 1974 as a director of financial aid at a number of
20 colleges, and the banking side for the last number
21 of years. And I wanted to speak to you this
22 morning on an observation that I've had in my
23 current role, which is one of the things that we do
24 is help students and families completing the FAFSA,

1 and wanted to talk about some of the things that--
2 that are relative to verification as far as that
3 process is concerned.

4 As we've heard this morning from a lot of
5 students, financial aid is working. It is opening
6 doors for students, it's changing lives. And I
7 think that's--that's part of the role of what was
8 seen in 1965 as part of the Higher--Higher
9 Education Act being authorized to begin with, that
10 there was a group of people in this society who
11 could benefit from higher education if they could
12 only afford it.

13 In your role as the Department of
14 Education, you are the overseer to make sure that
15 we as the stewards of those federal funds are--are
16 going to the right places, to the right people,
17 and--and meeting those needs. And it's certainly a
18 challenge for you as--as we continue to expand
19 these programs and see the--the rules change for
20 you to be fair-handed about making sure that you,
21 again, are the overseers and we're proper stewards
22 of those funds. And as this new administration is
23 coming in with new ideas, it's certainly a
24 challenge for you to make sure that the--the

1 history of these programs continues to make
2 progress and continues to open doors for students.

3 Regarding verification, one of the things
4 that I've--that I've talked to parents and students
5 about almost on a daily basis as they come to me
6 and say how do I get a student loan, and I say,
7 well, have you completed the Free Application for
8 Federal Student Aid? What is that? And so we go
9 through that process of explaining what that--that
10 document is and how that data element--those data
11 elements relate to determining a family's
12 eligibility for not only student loans, but
13 certainly for all the other programs, state and
14 federal, that use that dataset to determine
15 eligibility.

16 It is a part of that, and you hear this
17 sentiment everywhere you go, it's a complicated
18 process. Certainly it is. And we encourage--you
19 know, we--we help families to understand those data
20 elements and to make sure that they are collecting
21 the right data so that it is not a problem when--
22 when those applications are processed. And so part
23 of the challenge, obviously, is trying to--we hear
24 the word "simplification" today, trying to simplify

1 that process and make it easier for families to
2 apply for financial aid.

3 You know, verification entered the life of
4 the financial aid office many years ago. I
5 remember when it came along, and it was because
6 there were problems. There was this thought
7 process within the administration back then that
8 dollars were not going to the right students, that
9 some students were getting too many dollars and
10 they were not eligible for those dollars, and so we
11 instituted a verification process.

12 In part of that process we saw that, you
13 know, 33 percent of all applications were selected
14 with a plethora of information collected in that--
15 in that process. You know, most of the--if you
16 look at the data elements that are collected in
17 verification, most of those data elements are, in
18 fact, re-reported, self-reported data elements.
19 There are only a few other types of documentations
20 that are actually collected in that process that
21 are not self-reported, for example, the income tax
22 return when it's collected as a part of that
23 verification process.

24 And so as you're looking at simplification

1 of verification, a close examination, I think,
2 needs to be made of what data elements are really
3 being asked for in that process. And if they're
4 simply being re-reported, self-reported data
5 elements, that's probably not going to get you a
6 whole lot of new information or actually clarify
7 for certain that that information is correct. You
8 need to be looking at different third-party neutral
9 collection places to get this data.

10 Simplification and limiting of those data
11 elements is part of what I think makes sense. You
12 know, in some regards--and I look back on my
13 experience in the schools--I knew when an
14 application came through, probably better than the
15 Department did, by some random selection process or
16 some predictable data element set that says maybe
17 this information isn't correct, I could tell by
18 looking at applications of inconsistencies that
19 didn't make sense probably better than some other
20 process. So one of the ideas that I'd like to
21 proffer is that you might consider as a
22 verification process, allowing the schools more
23 professional judgment rather than preselecting all
24 the folks that need to be verified.

1 The school has a better ability to be the
2 steward of making sure that those dollars are going
3 to the right people rather than--than some, again,
4 preconceived notion of somebody inside the Beltway
5 thinking this is the best way to do business.

6 And the last thing, basically for years
7 we've had this concept that, you know, the easiest
8 part of this thing would be if we could just take
9 the application information, particularly the IRS
10 information, and match that to the IRS data files.
11 And while on the Department of Education side there
12 is authorization to do that, as you well know, the
13 IRS on the Treasury side has not approved that and
14 I don't think it'll happen in my lifetime, frankly.
15 But--so, you know, just because we talk about that,
16 that's not necessarily going to happen. So the
17 challenge for you is to find other ways to collect
18 that data from, again, neutral third parties.

19 I appreciate all the new things that the
20 Department is doing with the exception of possibly
21 putting me out of business.

22 [Laughter.]

23 **MR. BRUBAKER:** But, you know, I figure as
24 big as the Department is going to become, maybe

1 there's a job on--on the Dark Side for me over
2 there.

3 [Laughter.]

4 **MR. MADZELAN:** Thanks, Herb. We would
5 welcome you to the Dark Side.

6 [Laughter.]

7 **MR. MADZELAN:** Jim Purcell? Arkansas
8 Department of Education.

9 **MR. PURCELL:** Thanks for being here.

10 Arkansas used to be the place where people
11 would go West. In fact, it used to be the West.

12 I sort of want to start my presentation,
13 which is really general remarks about the American
14 Dream and what Horace Greeley used to say. He used
15 to say, "Go West, young man!" on advising folks how
16 to get to the American Dream. But if he was alive
17 today, I think he would basically just say, "Go to
18 college!" Because, you know, back then to go West
19 just required a little guts, a gun, and a backpack,
20 but to go to college today requires much more:
21 academic preparation, financial support. And I
22 really think that the policies of the Department of
23 Education should be about helping people with the
24 American Dream when they need the help the most.

1 And I think currently the help provided falls a
2 little short.

3 When fully funded in the Fiscal Year 1975,
4 Pell Grants, the Foundation Grant Program, provided
5 more than 85 percent of the cost of attendance,
6 tuition, room and board, books, and other expenses
7 at a typical public four-year institution. By
8 2000, the maximum Pell Grant provided only 40
9 percent of the cost of attendance at a public four-
10 year institution. The American Dream becomes
11 further and further away from giving people an
12 opportunity to attain.

13 The Pell Grant spending, of course, during
14 that time increased a lot, 691 percent, and we're
15 appreciative. But during that same time, federal
16 loans increased 2,000 percent since 1975. The
17 agreement or the offer to help with the American
18 Dream changed. I myself am 50. I completed my
19 payment of federal loans 3 years ago at 47. I'm
20 thankful, but it was a painful process.

21 It is human nature really to ask what does
22 the future hold? And I think we just need to talk
23 about what we know and how it can help us. We know
24 that in order to talk about the future we must be

1 visionaries and that our past performance is not
2 indicative of our future successes. And we know
3 that the present really can't get in the way for
4 the future. And our President recently said that
5 in a speech, he said, "I know there are some who
6 believe that we can only handle one challenge at a
7 time, but they forget that Lincoln helped lay down
8 the Trans-Continental Railroad, passed the
9 Homestead Act, and created the National Academy of
10 Sciences in the midst of a civil war. Likewise,
11 President Roosevelt didn't have the luxury of
12 choosing between ending a depression and fighting a
13 war. President Kennedy didn't have the luxury of
14 choosing between civil rights and sending us to the
15 moon. And we don't have the luxury of choosing
16 between getting our economy moving now and
17 rebuilding it over the long term." And that's what
18 education is, is rebuilding the future over the
19 long term.

20 So, what do we know that will help us in
21 shaping our future? We know that there are fewer
22 than a dozen states that claim a per capita income
23 of over \$40,000 a year and about the same number of
24 states can claim that 30 percent of their adults

1 have a college degree. We also know that a state's
2 per capita income is highly correlated with the
3 share of adults that have a bachelor's degree. So
4 the more bachelor's degrees, the more higher
5 education in general, the higher per capita income.

6 In Arkansas, we have too few degrees, only
7 19 percent, and that puts us next to next to last,
8 and thank God for Mississippi and West Virginia.
9 And we also bear witness to some equally disturbing
10 trends that relate to education obtainment. Almost
11 60 percent--and this is a Census number--of
12 Arkansas grandparents are responsible for their
13 grandchildren. We rank second in the nation. More
14 than one in four Arkansas children live below the
15 poverty level. We rank third in that national
16 statistic. And almost one in five Arkansans,
17 including both adults and children, live below the
18 poverty level for a rank of fourth in the nation.
19 And just half of Arkansas families have both the
20 husband and wife in the labor force to rank from
21 the bottom sixth nationally. So it's no surprise
22 that Arkansas' median household income ranks 49th
23 in the nation. You can sort of see the connection.

24 On a different note, we do know that the

1 higher education system is one of the few places
2 where those who can live in poverty and those who
3 occupy the middle class and the wealthy can
4 intersect regularly.

5 Recently our governor, Mike Beebe,
6 sponsored a summit of education and economic
7 development with private and public sector leaders
8 in this state, and he really talked about higher
9 education and institutions being stewards of place
10 and economic engines. So how do we become stewards
11 of place and economic engines? First, we must
12 know--we must focus on actions that promote
13 concepts of speed to market and close to customer.
14 In the modern economy they say businesses have to
15 do that. That's why Wal-Mart has succeeded well,
16 and we can perhaps keep an eye on that and use the
17 lessons learned in business in the modern economy
18 to address what we do in higher education.

19 So we should do actions that increase the
20 number of degrees produced at the speed at which
21 they're awarded. We should have actions that
22 produce degrees in high-demand programs needed for
23 a knowledge-based economy, and actions that help
24 students complete degrees. We simply cannot

1 conduct business as we have in the past.

2 One population, I think, that we've missed
3 out on and really--let me address the whole issue
4 of student loans. In Arkansas, in 2000, we had
5 \$140 million in student loans for students. This
6 year it's \$400 million. So think about in 9 years,
7 we went from borrowing \$140 million to \$400
8 million. And not all those folks that have those
9 loans are going to graduate. That's a great
10 burden. And it's not just a burden on the
11 individual, but it's a burden on a state's economy.

12 As we seek to educate our youth, we need
13 to be able to provide them with some educational
14 opportunities. Arkansas has got a new scholarship,
15 the academic challenge with the lottery coming in,
16 which will help, but the federal government, if you
17 can help us give kids access to the American Dream,
18 we would appreciate it.

19 But not just kids, but adults. I'm really
20 convinced that our largest untapped population of
21 graduates is not 18 years old, but the adults with
22 some college experience and no degree. We did a
23 study when I worked in Oklahoma, students in the
24 last 10 years that had more than 2-1/2 years of

1 college was 69,000. In Arkansas, we did a study
2 the last 5 years and it was about 28,000. There's
3 a large, untapped population of workers that we
4 could, if--with proper incentives, get them back
5 into the classroom and graduated and help with
6 producing an economy that America can be proud of.

7 Of course when we do outreach to adults,
8 we find out that financial aid is very important.
9 Life happened, the degree didn't, and they're going
10 to need extra support and financial aid. And
11 perhaps the FAFSA criteria sort of inhibit them,
12 some because they're part-time students and better
13 support for part-time students would help.

14 So I hope that we can act and I'll give
15 you some suggestions. We should provide better
16 financial aid for part-time students and working
17 poor adults; target the Pell Grant to student's
18 basic living costs rather than tuition; adjust Pell
19 Grants to keep pace with inflation; and really
20 simplifying the Federal Financial Aid Applications.

21 We love the FAFSA here in Arkansas. In
22 order to get the lottery scholarship coming up
23 we're requiring everybody to fill out the FAFSA.
24 The easier you make it, the less painful it would

1 be for our citizens to benefit from the local state
2 scholarships, but we want them to seek your help at
3 the same time they seek help from us.

4 Also, if you could help strengthen the
5 role of statewide entities, help us by granting,
6 you know, funds for planning and really identifying
7 what the workforce needs are for our individual
8 states, help us reinforce policy-making roles that
9 we have, help us to really understand really how to
10 invest in the new economies, in the emerging
11 economies, and invest in science and technology,
12 and, in some ways, we need another national
13 emphasis on higher education such as was done back
14 in the National Defense Education Act in 1958. Of
15 course, we had a crisis then, the satellite, the
16 Russian Sputnik popped up in the sky and we ran for
17 cover, or we ran for education. Maybe responding
18 to this economic recession is close enough of a
19 crisis for us to promote higher education as a
20 means of increasing technological capabilities and
21 the economic stability of the United States.

22 And in closing, I want to talk about how
23 education has done that for America before. At the
24 end of World War II, all our veterans came back and

1 the United States invested at that time \$1.9
2 billion annually to the education of those
3 veterans. And that generation has been considered
4 "the greatest generation." And I'm convinced it's
5 not necessarily that--and they did a great war and
6 they fought for a great cause, but I think that we
7 also gave them the skills necessary to make the
8 future of America the greatest generation possible
9 by having those skill sets.

10 So your efforts, I think, can help us
11 realize what the American Dream is about and help
12 all of us have a good future. So our future is
13 already ours to determine and the choices that you
14 help make in policies and regulations will make a
15 difference.

16 Thank you for your time.

17 **MR. MADZELAN:** Thank you.

18 Lori Jordan, University of Phoenix.

19 **MS. JORDAN:** Hi. I'm Lori Jordan, and I'm
20 a graduate--recent graduate--of University of
21 Phoenix of Little Rock campus.

22 I had dreamed of going to college for many
23 years. And I was a single mom with two children
24 and, so it just didn't seem possible for me because

1 most universities expect you to attend several
2 nights a week and I just couldn't imagine working
3 all day long and leaving my children again at
4 night. It was the principle. I needed to be their
5 mother and I needed to be there.

6 When I first started University of
7 Phoenix, the reason why I went there was because I
8 had the opportunity to attend something called
9 FlexNet. FlexNet was where each class was five
10 weeks and I went twice a month to class. The rest
11 of the time I did everything online, so it gave me
12 the accountability of being there in person, but it
13 also gave me the opportunity to be at home with my
14 kids and attend college.

15 One of the things when I went back to
16 school I was really concerned about, I had not been
17 the most devoted student in high school. I tended
18 to take it very lightly. I didn't attend a lot,
19 actually, and I wanted to make sure that when I
20 went to college this time, and took the opportunity
21 to go to college, that I did an exceptional job.
22 And I really feel like University of Phoenix gave
23 me that opportunity.

24 The first few classes that I went to were

1 actually spent learning how to function within
2 UOP's atmosphere. I learned how to do online
3 forms. I learned how to present presentations and
4 put them together. I learned how to do cite papers
5 and proper documentations for everything that I
6 did. It was geared to encourage students like me
7 that had not been in college or had not been to
8 school in a long time. And it's kind of
9 intimidating walking in there that first night and
10 thinking, okay, it's been 22 years since I've sat
11 behind a desk, oh, my gosh, what am I going to do
12 with this? But these teachers and the people in
13 the office were so geared to encourage you, to help
14 you succeed if you put forth the effort. I saw so
15 many instructors work with students that,
16 unfortunately, did not have the skill level that I
17 had, but worked with them through so many classes
18 the first six months, trying to get them to a point
19 that they could succeed in college, and some of
20 them were able to go on and make it and some of
21 them were not. But I was so impressed with the
22 dedication that I saw from my instructors. And I
23 knew that when I went to them and I needed help or
24 assistance, they were there for me the same way.

1 Some of my instructors at UOP were just
2 amazing. One of the persons that spoke earlier
3 mentioned Mr. Cross in Algebra. I'm a horrible
4 math person; cannot do it. I made an A in Algebra
5 I and a B in Algebra II, and it was because of
6 Mr. Cross' study sessions. Every week he had us
7 come in, he went over every detail of every
8 assignment, and, because of that, I was not able to
9 just pass math, I was able to do extremely well in
10 it.

11 Other instructors were Paul Levin,
12 Economics. He was very tough. The second week I
13 had in his class I would sit in front of my
14 computer when he sent my assignment back, and I
15 cried. I thought I cannot do this. But he
16 absolutely challenged me to rise to a higher level
17 in what I was able to do in college and I ended up
18 making an A in that class. And I also developed a
19 true love for economics, which I study on my own to
20 this day.

21 I also had teachers like Mary Sue Farmer.
22 And if any of you know her, she's just amazing. It
23 doesn't matter what class she teaches, you're going
24 to go in there and you're going to learn a lot and

1 you're going to enjoy every moment that you're
2 there.

3 I also had an instructor by the name of
4 Dean Blevins that taught a research class that's
5 basically statistics, which is very mathematical,
6 as you all know. And again, I walked out of both
7 of those classes with an A. And I couldn't have
8 done it without those instructors.

9 There are other people at UOP that--you
10 know, the list could go on and on, and you've heard
11 so many of us speak, but Autumn and John in the
12 office and Alicia. I've had so many student
13 advisors and financial aid officers that have just
14 made every moment of this transition and going into
15 college and getting all the way through it so
16 simple for me and attainable.

17 My main reason for attending UOP over
18 other universities was basically the fact that it
19 was more flexible, it was geared to adult students.
20 I had other obligations in life. I had a full-time
21 job, I had children at home. And to me, why I
22 wanted an education, that had to be my first
23 priority was making sure that the home and the
24 children were taken care of, and UOP allowed me to

1 do that because of their flexible schedules.

2 The overall cost of UOP, honestly, was
3 more and it's something that I looked at very
4 closely when I started attending college. I
5 actually sat down in my office with my boss. It
6 was kind of funny. We got this white board and we
7 sat down and we looked at the cost of going to a
8 regular university versus UOP and we mapped it out,
9 how long would it take me through a regular
10 university? Well, if I had to attend part time,
11 it'd be about eight years versus I would be able to
12 complete UOP in four. And we also looked at being
13 able to raise my income level at that period of
14 time once I graduated. And so it actually balanced
15 out in the end even though the actual cost was
16 more. In the end, it balanced out because my
17 earning potential went up. And honestly, that
18 wasn't even true. I didn't even have to wait four
19 years because one of the things I developed at UOP
20 was confidence. I--there were jobs I would--used
21 to look at and I would think I would love to apply
22 for this, but I would not have the confidence to do
23 it even if I had the skill set to do it. Once I
24 had been in UOP for a couple of years, I went out

1 and I applied for those jobs. Even if they said
2 they required a four-year degree, I felt confident
3 in my skill level to go I can do this. I may not
4 have my degree completed, but I know how to do
5 this, and here's what I've done in college that
6 proves I can as well, not just my work history.
7 And I actually took some jobs that I would never
8 thought I would have even applied for before.

9 One of the things I'd also like to mention
10 is that financial advisors at UOP--going back to
11 college is intimidating. There's a lot of
12 paperwork involved. I recently had to register my
13 daughter for the last two years for college and I
14 can tell you, applying for financial aid through
15 local universities and applying for her admissions
16 to local universities has been nothing like it was
17 at UOP. I was surprised at the struggle it was for
18 my 18--19-year-old daughter to try to get into
19 college and the amount that they expected her to
20 handle on her own, whereas at UOP so much of it was
21 handled for me. I simply filled out a form, turned
22 it into my financial advisors, and it was taken
23 care of. And the same thing with registering for
24 school or keeping track of my classes. They lined

1 it out for me. I told them what I needed and they
2 made sure it happened. That is not true in a
3 regular university. I don't know that I would have
4 had the courage to stick it out the first year if
5 it had not been so simplified for me. I might have
6 been intimidated by the process and backed off.

7 And the last note I'd like to add is this
8 week--last weekend, I attended my graduation
9 commencement ceremony. And a young woman that--I
10 guess we're not so young anymore--a woman I had
11 gone to high school with, she took the other road
12 in life. I didn't attend school well and I wasn't
13 a great student, but she went down the roads of
14 drugs and alcohol abuse. And I recently ran into
15 her and she begged to come to my graduation. After
16 attending, she told me when she left for Missouri
17 last night that she wanted to attend the University
18 of Phoenix and turn her life around because if I
19 could do it, so should she.

20 Thank you.

21 **MR. MADZELAN:** Thank you.

22 Charles Camp, Remington College. We added
23 one while you weren't looking. I have it right
24 here. This is the last.

1 **MR. CAMP:** Good morning. My name is
2 Charles Camp. I'm the General Counsel for
3 Remington College and I want to address a few
4 issues that I deal with on a daily basis.

5 First of all, the definition of a high
6 school diploma. I'm very appreciative that this
7 issue is being looked at because every day we have
8 students that apply that we turn down because once
9 we investigate the source of their high school
10 diploma and we determine that they had to do very
11 little to achieve that, and I don't know how many
12 letters I've received from these institutions,
13 threatening to sue me and sue the company and to,
14 you know, demand that we accept our students, the
15 heartbreak of telling a student that we can't
16 accept your diploma because going to school one
17 week and taking an open book test and receiving a
18 high school diploma is not something we believe is
19 acceptable. And there are numerous institutions
20 out there that offer these types of high school
21 diplomas. We need to establish a specific criteria
22 that--by which all of--of these institutions are
23 judged so that we don't face the continual issue
24 and debate over whether or not someone's high

1 school diploma is such to qualify them for
2 admission and thus ultimately receive Title IV aid.

3 Oftentimes, you know, they'll come back
4 and say, well, this other institution has said that
5 they'll accept, you know, my diploma, but I'd
6 prefer to come here. And it's very difficult for
7 us to explain to them the obligations we have to
8 ensure that the students we admit are capable of
9 doing the work, and as such we're somewhat
10 gatekeepers over the Title IV funds in this area.
11 So I applaud your efforts there. And it'd be
12 wonderful to have an established criteria that was
13 evenly applied so that we could actually make some
14 efforts to educate people out in the community,
15 through public service and other ways, as to what
16 is an acceptable amount of work if you don't
17 graduate from a traditional high school.

18 There are certain accreditation agencies
19 that accredit high schools, that do a very good
20 job. And we know if they're accredited by those
21 that it is a substantive curriculum and one that
22 does adequately prepare them for college. So, it
23 would be most helpful if we could get more clarity
24 there.

1 Another issue that I deal with frequently
2 is the Incentive Compensation Rules, and not only
3 from having to review and design compensation plans
4 for admission representatives, but the numerous
5 threats that I receive from plaintiffs' lawyers on
6 a yearly basis about how they're going to sue our
7 institution over our incentive comp plan and how it
8 creates false claims, et cetera. And the problem
9 there is just simply that we need more clarity.

10 We need something where you don't--if one
11 employee does a better job at doing their job and
12 ends up having more students attend the
13 institution, we need the ability to recognize that
14 and know for certain that we're not violating a
15 prohibition in that compensation plan. You know, a
16 plan that essentially bases salary increases on
17 longevity and graduation bonuses is adequate in
18 many respects, but it doesn't stop the continual
19 challenges that are made to the plans and not
20 knowing--and not being able to seek either a
21 definitive approval of your plan from the
22 Department or having a more specific set of
23 standards by which we can judge what we do in
24 making every effort to comply. You owe--if you

1 promote one--you know, if you give one person who's
2 been there the same length of time as another
3 person because of many factors--how much time they
4 spend with the students, how good a job do they do
5 in determining whether or not a student should even
6 attend the institution over someone who doesn't do
7 that as well--you're always open to attack that,
8 well, it's really because they recruited more
9 students than the other person when, in fact,
10 that's not the case. But there's so much
11 subjectivity to it that, you know, I live in fear
12 every day of attack in that area when we've done
13 everything possible to ensure that we stay within
14 that safe harbor provision. So, any clarification
15 we can receive there would be most appreciated.

16 With regard to the issue of state
17 authorization as a component of institutional
18 eligibility, my company operates colleges in states
19 that have and states that do not have a Department
20 of Education that provides oversight. And I've
21 found there's little or no distinctions between the
22 services provided by those institutions or the
23 effort that's done because of the accreditation
24 standards and how they mirror and are so similar to

1 the state standards that we have to comply with in
2 those states that have both--where we're complying
3 with both a set of accreditation standards and a
4 set of state standards.

5 So, I don't think that we need an
6 additional level of oversight. And many, many
7 states are actually now moving the opposite
8 direction of complete deference to accreditation
9 agencies for approval of degree programs. Many of
10 the states in which we operate now, they
11 essentially accept our accreditation approvals as
12 the state approval.

13 And then finally another topic that is
14 very important is the limitations on the amount of
15 federal student aid. I know many institutions base
16 their tuition by simply taking the maximum amount
17 of student aid available and adding 10 percent to
18 that so that they can be compliant with 90/10
19 regulations. And I know that tuition costs would
20 go down considerably if the amount of financial aid
21 that students was eligible to receive was not based
22 on the maximum, but was based on relationship
23 between what they ought to be paying for the
24 program and their outcomes and their ability to

1 earn a job. I know our institutions would lower
2 tuition if we were able to have some flexibility in
3 those areas. And it's one that it's very difficult
4 to deal with because on the current regulations,
5 you can't have any kind of uniform system where you
6 say we don't think that you need to borrow all the
7 financial aid available. You have to do it on an
8 individual basis. You have to go through quite an
9 extensive collection of information and
10 determination as to whether or not someone is--
11 should be denied the ability to get all the
12 financial aid they have available to them.

13 So I think it's very important that we
14 focus on this area and understand its relationship
15 with how it interacts with the 90/10 regulations
16 and try to ensure that every student receives as
17 much financial aid as they need, but that it not be
18 excessive based on professional judgment.

19 Thank you.

20 **MR. MADZELAN:** Well, this is the--Charles
21 was the last of our scheduled speakers at this
22 time, so we'll take a break. We'll reconvene up
23 here at 11 o'clock and see if we have additional
24 speakers at that time. Thank you.

1 [Recess.]

2 **MR. MADZELAN:** We're ready to reconvene.
3 We'll continue on. We have several persons who had
4 signed up for the afternoon, evidently not wanting
5 to provide testimony on an empty stomach, but
6 they've agreed to do so. So we have several
7 persons signed up for this morning to hear from,
8 and then that will either take us to lunchtime or
9 pretty close to it, so--so we are scheduled for
10 lunch from 12:00 to 1:00. If we break a little bit
11 early, I think we'll still come back at 1 o'clock.

12 So, Carlia Smith, University of Arkansas
13 System.

14 **MS. CARLIA SMITH:** Good morning. I would
15 also like to thank you for being here and for
16 taking time to hear our remarks. I'd like to speak
17 primarily on the topic of verification and ask that
18 as you look at rulemaking, you take into account
19 some of the challenges that we face currently with
20 verification.

21 As part of verification now, we are
22 required to determine if the tax information is
23 discrepant. The regulations, or at least the
24 handbook, I believe states that financial aid

1 administrators should have a fundamental knowledge
2 of tax issues that affect eligibility for financial
3 aid. I think many of us that have strived to do
4 that might have argued that that knowledge might
5 exceed more than a fundamental knowledge. And with
6 that said, would ask for assistance in trying to
7 determine that particular requirement.

8 In determining discrepant tax data we must
9 determine several things. One is if a family or
10 student or part of the family was required to file
11 a tax return, but did not. I'm not 100 percent
12 sure how that would affect financial aid
13 eligibility if the family did provide all income
14 information to us.

15 But with that said, I don't disagree that
16 people that should file a tax return should be
17 required to do that. But I suppose my question is,
18 is this really the responsibility of the financial
19 aid administrators to make that determination and
20 enforce tax code?

21 Keep in mind that often some of these
22 students that we find that we turn away might be
23 the student who had income from babysitting, from
24 mowing yards. The requirement if self-employed to

1 file a tax return occurs if net earnings is \$400 or
2 more. So think of the situation where we're
3 telling some of the students, and especially those
4 who are coming to us as first generation from very
5 low-income areas that we--been described earlier
6 from Arkansas, that in order to receive financial
7 aid you must file a tax return because you've
8 reported on your verification worksheet you earned
9 \$1,500 last year babysitting, but you did not file
10 a tax return. There will be a financial obligation
11 for them to pay their share of Social Security
12 taxes with that amount. So the very students that
13 we all want to help sometimes we're putting a
14 burden to do that. Again, it's something that I
15 think we should consider as we move forward.

16 Also, we're asked to determine if the
17 filing status was a valid or correct filing status.
18 Again, on the surface, this might not appear
19 difficult, but I think, in reality, we found many
20 challenges. And we've also found very few answers
21 as to just what our responsibility is.

22 I've just described briefly two
23 circumstances we do that. I think most of us will
24 find that the greatest challenge is when someone

1 who's indicated they're married has filed as Head
2 of Household. We find two issues with that as we
3 go through that fundamental knowledge of IRS
4 regulations is that there are circumstances where
5 that can occur. But where we find our difficulty
6 is trying to document that student actually
7 qualified for one of those exceptions.

8 Very briefly, an example would be a
9 situation where a student has indicated on all of
10 our data that they are married. But then they find
11 that there was an exception that you can file that
12 way if you were married, but considered unmarried
13 for IRS purposes. Only one of those requirements--
14 there are five to meet that category--only one of
15 those requirements states that they had to be
16 separated from their spouse the last six months of
17 the year. So, we find ourselves in the difficult
18 situation they've already told us they're married,
19 but suddenly they assert that they were separated.

20 Quite frankly, there are probably a number
21 of times where we sense that that is not the truth.
22 I'd like to believe that there is this wonderful
23 ability of so many of our married couples to find
24 that they are reunited at the time to complete

1 FAFSA, but seem to be separated at the time to
2 complete IRS tax returns year after year. We find
3 that a little difficult to believe, heartwarming as
4 it might be. So we ask that they bring us in proof
5 of separation. This has been very difficult, just
6 to say the least. If they're truly separated you
7 would think providing proof of two separate
8 residences, a rental agreement, a lease, a mortgage
9 statement, something to show ownership of property
10 would be easy. That doesn't seem to be the case.
11 They can't provide and we're constantly challenged
12 on that issue, so we find that we are providing--we
13 are spending much time trying to ensure that they
14 actually met that status, and we're not always
15 finding the cooperation, even from officials from
16 IRS.

17 We get constantly, IRS has accepted our
18 return; IRS has said if I'm separated I can file
19 this way. We don't disagree. We want proof of
20 your separation. We have talked with IRS officials
21 and asked for what they would require if they were
22 auditing the account and tried to mirror those
23 requirements, but we find that typically IRS staff
24 that students might contact don't seem to share

1 that same information.

2 Not to go too far with this issue, I
3 suppose one of the things that I would comment in
4 addition to whether this is our role as financial
5 aid administrators would be would we refer this to
6 IRS to resolve? If this is actually a role that we
7 do not want these students to receive financial aid
8 until it's resolved, who should really resolve it?
9 Should it be financial aid administrators, who you
10 stated should only have a fundamental knowledge, or
11 someone versed with this?

12 Further, I'd like to speak then on
13 verification. I think Herb mentioned, I think a
14 cursor to some of my comments, for areas such as
15 household size, number in college, where we simply
16 at this point ask the student to list those names
17 and ages for us, relationship to the student. The
18 difficulty in this comes when we feel that there is
19 some inconsistency in that.

20 We're really given little guidance as to
21 our role in really determining whether that student
22 or parent of dependent is providing half of that
23 person's support or not. We might look at a
24 situation and question is this really conflicting?

1 Are we going beyond or below? We understand that
2 for verification they only have to list it, but
3 then there's conflicting information. So how far
4 do we have to go in trying to actually verify that
5 person should be included in the household size?
6 We're often torn in what we feel is the correct
7 data and going through.

8 Other comments made, it's very true in
9 that household size I find is often the most
10 difficult thing to verify because we do find that
11 students are being raised by a number of different
12 folks. Which leads me to comment, which is not
13 part of the topics you invited us to speak on today
14 particularly, but the definition of "parent." It
15 does make the entire process of verification very,
16 very difficult. We are asking for that and we find
17 that these students do not have relationships with
18 parents, but it doesn't meet perhaps the level that
19 we could exercise professional judgment and do a
20 dependency override.

21 So as you look at verification, it has
22 become very difficult to do, I think, with the
23 requirements that we currently have, so we would
24 appreciate your assistance in looking at that.

1 I would only make one other comment on
2 another topic: state authorization as a component
3 of institutional eligibility. I would simply say,
4 as part of the schools within the University of
5 Arkansas System, this has not been an issue. The
6 current requirements have not been cumbersome for
7 us at this time and that we have found that with
8 work with the Arkansas Department of Higher Ed
9 we're able to provide that documentation. I will
10 say thanks to the Arkansas Department of Higher Ed
11 in that I can remember many years ago, where
12 finding acceptable documentation was a bit more
13 difficult and we had some challenges with that.

14 Thank you.

15 **MR. MADZELAN:** Thank you.

16 Mary Lyn Hammer, Champion College
17 Services.

18 **MS. HAMMER:** My name is Mary Lyn Hammer,
19 and I'm going to go a little bit into my background
20 so you know why I'm up here asking for the things
21 I'm asking for.

22 For those of you who don't know me, I
23 started on my quest in the education industry in
24 1987, when I moved to Arizona, after handling

1 foreclosures for a bank in Texas during the oil
2 market crash. And I just couldn't kick people out
3 of their homes anymore, so this isn't my first ride
4 in the rodeo and seeing bad economic times.

5 When I got to Arizona, there was an ad in
6 the paper that said, "Default Manager." And I
7 thought, "What is that?" Because I did student
8 loans before I did mortgage loans.

9 And I went to the school. They said, "We
10 have a 35 percent default rate and the government's
11 making an issue. We're too busy to deal with it,
12 so here's your office and a computer. Do
13 something!"

14 And to my knowledge, I was the first
15 Default Prevention Manager in the history of the
16 country. I got their default rate from 35 percent
17 to under 10 percent in 2 years. And my lucky break
18 was that my boss let me copyright the program in my
19 own name.

20 So, I went out on my own 20 years ago.
21 I'm having my 20th anniversary in business this
22 year. On average, we cut the default rates in
23 half. We specialize in high-risk students, inner-
24 city schools.

1 And going back a little bit further than
2 that, my motivation for doing so is that I grew up
3 in an abusive home, and I left home the day after I
4 graduated from high school. I went to a
5 proprietary school. And because of the education
6 and training and support that I got at the school,
7 I was able to change my circumstances and get out
8 of the situation and change that. So I truly,
9 truly believe that education is a vehicle for
10 making dreams come true because it did for me. And
11 my hope is that we don't lose focus from the high-
12 risk students that the Higher Education Act was
13 originally written for because those are the
14 students that need the help the most.

15 So, in saying that, I'd like to say that I
16 support the agenda items that the Department has
17 already put forward in their announcement as long
18 as the end result is fair and equitable for all
19 students and institutions, and that it's applied
20 the same throughout all of the different sectors.

21 The people at the Department of Education
22 probably feel like I'm a broken record. I was just
23 a negotiator for the CDR issues and Team 2 student
24 loan-based issues, so they've already heard all of

1 this and they're going to hear it again because
2 they know I don't give up very easily.

3 So, my first agenda item that I would like
4 added is for the expansion of the three-year cohort
5 default rate appeal option that's already written
6 in the HEOA, where schools can have a default
7 management plan with measurable objectives and--and
8 fulfill certain criteria that's approved by the
9 Department of Education; that that option be
10 available at an earlier point in time, that we
11 don't have to wait for the 3-year definition. And
12 the reason for this is because of the hard economic
13 times that we're going through right now. I know
14 with the loans that we service, our portfolio is
15 twice as high that--as it normally is. Everything
16 is different. We have multiple lenders and
17 servicers. We have skip rates that are out of
18 control because people are losing their homes.
19 Traditional methods of finding the borrowers are
20 not working. You know, the lenders are pulling out
21 left and right, and consolidation is not a real
22 good option for the students right now. So I
23 believe that the default rates are going to go up
24 at a much higher rate than we've ever seen before,

1 and we're already seeing those trends. So I would
2 like for that option to be made available at an
3 earlier point in time.

4 And the second part of that same appeal
5 option, that at the end of the three years, you're
6 allowed to do this default management plan for
7 three years and then everything ends. The school
8 can lose eligibility anyway. And I don't agree
9 with it ending. I believe that if the school does
10 everything they're supposed to do and everything
11 that was approved by the Department of Education
12 for them to do, that they should be able to remain
13 eligible in the program because we can't control
14 everything. We can't control what's going on with
15 the economy right now. We can't make high-risk
16 people change that rapidly. I think if we're given
17 the right tools for--through time that they can
18 change their lives just like I did, but we need a
19 little bit more time for that to happen.

20 The second agenda item that I would like
21 to add is consideration of an economic conditions
22 appeal. I proposed one to add to the agenda in
23 Team 2 and I was unable to get it added. It is
24 easy to follow, easy to document, and it would be

1 easy for the Department to administer. It would be
2 an appeal option based on the unemployment rate.

3 I did research going back to 1948, when
4 they started collecting unemployment rates in this
5 country, and the average unemployment rate from
6 1948 through 2008 was 5.6 percent. The average
7 unemployment rate over the last 10 years has been 5
8 percent.

9 And my proposal is that there is a
10 forgiveness above the threshold for losing
11 eligibility that would be based upon the
12 unemployment rate and the location of your school
13 less the 5 percent average that it has been over
14 the last 10 years. So, in other words, if the
15 unemployment rate in your area is 10 percent, that
16 the threshold would go from 25 up to 30 percent or,
17 in the 3-year definition, it would go from 30 to 35
18 percent. Because it clearly shows that the
19 unemployment rate in that area is greater than
20 elsewhere in the United States, and I think that's
21 something that needs to be considered. We have
22 pockets of this country that are much worse than
23 others.

24 The third thing I'd like to have added to

1 the program, which I've been trying to get fixed
2 for a very long time, is the definition of
3 rehabilitated loans. In rehabilitated loans,
4 borrowers, after making 6 consecutive payments, are
5 allowed to take out a new loan, but their loan
6 stays in default. Once they've made 9 payments in
7 10 months, they are officially rehabilitated. So,
8 by allowing them to get a new loan when they're
9 still in a default status is encouraging bad
10 behavior and it hurts the borrowers. It hurts the
11 students by leaving them in a default status. That
12 remains on their credit for the entire time they're
13 in school.

14 My proposal is that zero be allowed as a
15 payment amount for those months that are between
16 when they take out the new loan and the 9 out of 10
17 payments that are allowable for a rehabilitated
18 loan. The statute is written in a way that it
19 would support that change. The statute
20 specifically says that payments below the minimum
21 may need to be accepted. It doesn't say that it
22 has to be greater than zero. So there's already
23 reason for this to happen and it would be in the
24 best interest of the student to have their credit

1 cleaned up when they're continuing their education.

2 And last, I'd like to support what has
3 already been said today in limiting funding, so
4 that it's not excessive borrowing for the students.
5 We see it all the time. In my business we service
6 everything from cosmetology schools to law schools,
7 and we see it all the time.

8 The schools have no ability to say no to
9 the students. And with the loan limits where they
10 are now, they're getting out of school with loans
11 that they'll never be able to catch up on. And I
12 think it's a shame that we're allowing that to
13 happen. It's the same thing where it's a shame
14 when we allowed the 3-in-1 ARM loans in the
15 mortgage loan industry. And you're going to see
16 the same negative effect and unintended
17 consequences of allowing these huge, tremendous
18 loan amounts for our students.

19 I'd like to thank you for this
20 opportunity.

21 **MR. MADZELAN:** Thank you.

22 Karen Hulsey, University of Arkansas at
23 Little Rock.

24 **MS. HULSEY:** Good morning. My name is

1 Karen Hulsey. I'm the Associate Director of
2 Financial Aid at the University of Arkansas, Little
3 Rock. I've been with the University 23 years, and
4 the majority of my career in the Financial Aid
5 Office I've been in a supervisory capacity for
6 overseeing processing of financial aid
7 applications, and verification has been a great
8 part of what I was responsible for on a day-to-day
9 basis.

10 To echo what Carla said, she was kind, she
11 indicated that we didn't have to have a level of
12 expertise. I've heard the phrase over and over
13 again spoken by many individuals that financial aid
14 administrators do not have to be financial aid
15 experts. I will tell you my personal opinion is,
16 though, that we're required to be the--excuse me,
17 the income tax experts, that we're required to be
18 the income tax police. And I don't like being in
19 that position and I know it's also something that
20 the aid advisors that I supervise find very
21 frustrating for them.

22 Carla mentioned earlier the three areas
23 that we are required to have a good working
24 knowledge of: whether or not a return was required

1 to be filed in the first place; whether or not a
2 return was filed with the correct filing status;
3 and then, also, the area of whether or not an
4 individual was claimed as an exemption on more than
5 one return. While I understand the reasoning
6 behind this and I understand that this is to limit
7 abuse of the programs, it's designed to protect the
8 integrity of the programs, I am not sure that these
9 particular requirements for financial aid advisors
10 actually do that.

11 What we find in our experience, we have a
12 particular problem with the Head of Household
13 status, and I believe I can speak not only for the
14 students and families that we work with here at the
15 University of Arkansas at Little Rock. Carla and I
16 actually do verification training--I'm not sure if
17 that speaks to our sanity status or not--not only
18 across the state, but we've done it across the
19 region as well. And I know Carla has done it on a
20 national level.

21 Conversations we have had with other aid
22 administrators across the country echo the same
23 thing, that particularly the Head of Household
24 filing status, when we believe we have found a

1 conflict, which regulations says we much then--must
2 then resolve, causes, I believe, undue hardship for
3 our students and families. If we find the
4 conflict, our response is to tell the student
5 and/or the parent this must be resolved before we
6 can go forward, before we can give you federal aid
7 funds.

8 In some cases, the conflict is resolved,
9 although it is never resolved quickly. Telling a
10 student or parent that the tax return that you gave
11 me, that was filed by what they believe is a
12 professional tax return preparer, is incorrect,
13 starts immediately an adversarial relationship that
14 we don't want to have with our students and
15 families. Why are you telling me this is wrong
16 when my tax return preparer--who, by the way, if we
17 call the preparer will say, "Well, of course it's
18 right." And as Carla said, IRS won't really weigh
19 in on that one way or the other because they don't
20 have the information behind the return, why we're
21 questioning it to begin with.

22 So we start a process where there's
23 dialogue back and forth, which we will say is
24 challenging dialogue to begin with. It may take a

1 while to resolve because a parent does not want to
2 re-file the return, but what we're saying is the
3 student won't get aid. In some cases, it's a delay
4 of months. In other cases, it is never resolved
5 and we have a student to whom we have denied access
6 to higher education because they had to have the
7 financial aid funds in order to attend. And if we
8 are not able to complete verification, the student
9 cannot receive funding.

10 And perhaps a best-case scenario is a
11 student who doesn't receive funding doesn't start
12 their education. Worse-case scenario, the student
13 made a decision, however ill-advised, to go ahead
14 and register for classes and is now obligated to my
15 institution for tuition and fees for which they
16 have no means to pay. And the final result will be
17 that account is going to go to a collection agency.
18 So we have taken a student, more than likely first
19 generation, who as--is at risk at the--to begin
20 with, and my office has made that student's life
21 much worse. And that's not a position that I like
22 to be in, I can tell you.

23 I don't do a lot of day-to-day
24 verification anymore. I typically step in if

1 there's a problem. It's something that really
2 bothers the aid advisors who work with students and
3 their families on a daily basis. And we've had
4 students and families say why are you doing this to
5 me? I just want my education.

6 Again, I understand the need for the--for
7 program integrity. I understand that we don't need
8 to have students and families making up the
9 information they put on the tax returns or put on
10 the financial aid application, but this particular
11 area is causing, I feel, undue hardship on our
12 students and our families.

13 Thank you.

14 **MR. MADZELAN:** David Page, Philander Smith
15 College.

16 **MR. PAGE:** Good morning. David Page,
17 Philander Smith College.

18 I wholeheartedly echo the comments of my
19 colleagues, Carla and Karen. I don't want to
20 reiterate them, but I would say as someone who
21 represents a very small office and who still does
22 daily verification for our students, the Head of
23 Household is an issue that needs to be taken a look
24 at because it does cause undue hardship and

1 conversation within the office. And we don't
2 really have the time to devote to that when we
3 would--because we're already pretty much already
4 strapped doing other things, which I'll talk about
5 here in a minute. But the time spent trying to
6 explain to someone that their tax return that was
7 filed is incorrect takes away time where we could
8 be devoted to spending with our students doing
9 other--excuse me--doing other things that was
10 talked about from our University of Phoenix
11 students this morning.

12 So I don't want to already beat that horse
13 again. But I do want to take the opportunity to
14 talk about what I am currently dealing with daily
15 in our packaging season that we are knee-deep in,
16 and that is with the population of our students who
17 want an education have or do not have enough
18 resources from the federal government to attend.

19 Not everyone on my college campus is a
20 Pell Grant recipient. In the last years or so,
21 we've had programs implemented, but those programs
22 implemented have been strictly for those
23 individuals who are Pell Grant recipients. Those
24 of us--or those families who don't--or who are not

1 eligible for a Pell Grant, but they also don't have
2 enough funding to just write checks, are left out
3 of assistance from the Department of Education and
4 our government. And I would like for us to start
5 looking at that population as we tend to move our
6 population under this new administration to be more
7 self-sufficient and to be working and earning
8 money.

9 We can't always save money because we have
10 to put food on the table, we have to keep a roof
11 over our head. So we don't have a nest egg to pay
12 our child's tuition, but we're not dirt poor
13 because we're not getting a Pell Grant or what have
14 you, but there's no program for us to attend. And
15 so, currently, right now, literally, that's the
16 population that I am dealing with, trying to find
17 assistance for them and there's no assistance from
18 our government. Everyone does not want a student
19 loan. And I can't give work study to everybody on
20 my college campus because I didn't get enough work
21 study because our allocation was cut.

22 Which brings me to the two programs that
23 were initiated, and this is a horse that has been
24 beaten, but I will say my little 2 cents about it:

1 ACG and SMART. This morning, again, we heard, you
2 know, about this one-on-one attention. Well, my--
3 my time for that one-on-one attention has been cut
4 because I'm administratively having to implement
5 and do processing for two programs, which take up
6 way too much time and take away from me being able
7 to do one-on-one counseling with my students and
8 trying to find them additional assistance to attend
9 college because there is no assistance from the
10 government for that population I talked about just
11 a few minutes ago.

12 So you've heard it before and I'll say it
13 again, if we--the money is great. I appreciate the
14 money, but I do not appreciate the additional
15 administrative burden it has put on my office. And
16 I'm a small office. It's just three of us, so I do
17 all the administrative stuff that the Director has
18 to do, plus I also--I work with our freshman. So I
19 do the day-to-day FA advisor that Karen talked
20 about, so you--I'm stretched thin. And we're still
21 being held accountable to these new rules and
22 regulations with still no other assistance for my
23 25 percent population that's not Pell Grant
24 eligible.

1 The other issue, just briefly, we've heard
2 enough--enough about the FFELP versus Direct Loan
3 issue. I would just--again, for me, healthy
4 competition does not hurt anybody. I don't
5 support--well, I do support, but, I mean, I
6 understand we have to have, well, the conversation
7 about FFELP and Direct. My thing with this new
8 administration is just--also just here, those of us
9 who are in the trenches doing the day-to-day work
10 regarding the two loan programs versus someone who
11 is not working daily in the Financial Aid Office.
12 Enough said about that.

13 And the other thing, since I have this
14 opportunity, we send our students and we have an
15 assistance through the 1-800-4FEDAID number.
16 Constantly we are having to reeducate a student who
17 has called the 1-800-4FEDAID number on some
18 policies and regulations that they were told by
19 1-800-4FEDAID. So if there's any additional
20 training that can be given to those individuals who
21 man that phone, perhaps they could just start with
22 reading the handbook, that would be helpful to us.
23 Because we spend a lot of time trying to educate
24 our students that what they got from the 1-800-

1 4FEDAID number was not necessarily true.

2 Thank you.

3 **MR. MADZELAN:** If you do have specific
4 examples of your 1-800-4FEDAID experiences, we'd
5 certainly be very interested in hearing those. I
6 mean, we have that--

7 **MR. PAGE:** Yes, sir, we can get those to
8 you.

9 **MR. MADZELAN:** --that same interest. And
10 you can--you know, you can e-mail those to me or
11 any of us. The Department has a very simple e-mail
12 convention: first name, dot, last name at ed.gov.

13 **MR. PAGE:** Will do.

14 **MR. MADZELAN:** And we'll take--we'll look
15 into that, I assure you.

16 **MR. PAGE:** Okay. Thank you.

17 **MR. MADZELAN:** Thank you. Tammy Harrison,
18 University of Arkansas, Little Rock.

19 **MS. HARRISON:** Good morning. Like many of
20 my colleagues, I came here today to--to learn and
21 observe, but I found myself feeling the need to--to
22 share information. My name is Tammy Harrison and I
23 work here at the University of Arkansas, Little
24 Rock, in the Office of Admissions and Financial

1 Aid. Every day we strive to serve our students and
2 we appreciate the opportunity to come to you today
3 and share information that we think may be helpful
4 and may represent our students' concerns.

5 As you talk about the two Pell Grants in
6 one year, I think in our area we're referring to it
7 as a year-round Pell Grant. It may be just a
8 small, minor detail, but I do not want students to
9 believe they have to fill out two applications for
10 two Pell Grants in one year. And we want to be
11 very careful of the way that we communicate that
12 information to our students to understand that it's
13 a year-round Pell Grant that is available.

14 Even with the year-round Pell Grant, and
15 we greatly appreciate that opportunity to serve our
16 students in that way, but I have concerns about the
17 reporting information that's available to us.
18 Currently, we award grants to our students and then
19 we learn after the fact about grants they received
20 at another institution. The COD reporting, the
21 NSLDS reporting always seems to lag behind just a
22 little bit as we're reviewing the information.

23 We also recognize that on our campus the
24 average age of our students tends to be in the late

1 20s. We have a very transient population with a
2 large number of transfer students. So when they
3 arrive on our campus and seek our financial aid
4 assistance, we understand that they may have
5 received aid elsewhere. And that's been a struggle
6 for us in a year and we're concerned about having
7 access to timely information as we process a second
8 Pell Grant or a year-round Pell Grant for our
9 students.

10 In regards to SAP and credit hours,
11 monitoring academic progress is something very
12 important to us. We want to make sure that our
13 students are retained and are making timely
14 progress toward completion of their degree
15 programs. But we struggle to balance that with
16 some of the very creative initiatives of our
17 faculty members.

18 Students talk today about having access to
19 education that fits in their schedules. Our
20 faculty also want to provide non-traditional
21 delivery of coursework. And trying to fit that
22 non-traditional delivery of coursework into an
23 appropriate definition of a credit hour and
24 academic progress is a struggle for us.

1 Maybe one concrete example is in our math
2 area. We've heard today about students who
3 struggle with mathematics. There's a desire to
4 offer self-paced courses so that when a student
5 struggles with a very basic, elementary algebra
6 course and finally grasps those skills and is doing
7 well at their self-paced level, they can then
8 immediately advance into the next level course
9 without taking a break over the summer. But trying
10 to fit that into an aid period that matches their
11 other enrollment and monitor that progress
12 continues to be a challenge.

13 One of your concentrations tomorrow will
14 be on simplification, and I would encourage you to
15 look at simplification. We have so many grant
16 programs right now, and we are thankful for the
17 grant programs that serve our students. The
18 addition of ACG and National SMART being available
19 to our part-time students this coming year will be
20 very helpful. But as Mr. David Page talked about,
21 having the opportunity to appropriately administer
22 these programs is continuing to be a challenge for
23 us.

24 We administer the Pell Grant program. We

1 add in ACG. So we are now reviewing transcripts
2 from our students. We're spending time evaluating
3 those high school transcripts, making sure that
4 they have completed appropriate courses; that
5 they're eligible; they meet the academic
6 requirements. We're monitoring what courses the
7 students are enrolled in. We're learning more
8 about our degree programs to make sure that they're
9 enrolled in the one course that's required for
10 their major program of study and completing that
11 each semester, their enrollment for the SMART
12 Grant. I wish, if we had an option, that we could
13 simply add incentive funding to the Pell Grant for
14 SMART, for example, the students who are in the
15 science, mathematics, technology areas, just an
16 addition to the Pell Grant instead of a separate
17 program, if that's a possibility for consideration.

18 In the area of professional judgment, I
19 know Mr. Herb Brubaker spoke this morning about a
20 desire to have more opportunity for professional
21 judgment. And we do appreciate the opportunity for
22 professional judgment. However, sometimes our
23 students have the growing expectation that all they
24 have to do is just ask the right person.

1 And we've had struggles when the students
2 call the 1-800-4FEDAID number and complain about a
3 process. They are told just talk to your financial
4 aid administrator. The student comes to us
5 believing that we can make it all right for them,
6 and that is not always the case. Sometimes there
7 is action that we cannot take.

8 The most recent example, this past winter,
9 I know there was information distributed
10 encouraging us to use our professional judgment to
11 assist students. With the declining economy we had
12 more students who were losing their jobs and being
13 financially impacted with their ability to stay in
14 school and have the financial resources. Students
15 were coming to us, exercising their opportunity to
16 share their unique circumstances with us. We
17 attempted to exercise professional judgment. But
18 in many of those cases, students were given a
19 compensation package that placed them in a better
20 financial situation now than they had been when
21 they were previously employed. And it was
22 difficult to explain to those students you've gone
23 through all of these additional steps, you've taken
24 time to provide us with all this documentation, but

1 no changes can be made on your record at this time
2 and that will be reflected in a future application.

3 Also, with our student veterans, we look
4 forward to the 2010/2011 financial aid award year
5 when the Student Educational Veterans Benefits are
6 not calculated into their financial aid packages
7 and restricted with that cost of attendance. We
8 are looking for, hopefully, positive news for
9 2009/2010 year. But our student veterans have been
10 impacted when they believe that they have earned
11 educational benefits through their services in the
12 armed forces and then they come to us expecting to
13 receive aid through the federal programs at maximum
14 eligibility as well as the Student Veterans
15 Educational Benefits.

16 Our students do expect quick answers. And
17 maybe that's just a sign of the times when we all
18 go out on the Internet and get immediate
19 information back. The processes in the FAFSA have
20 been very large. When they file the FAFSA, we're
21 getting results back quicker than ever. But if
22 those students are selected for verification, that
23 creates a roadblock right now for many of our
24 students when they step back, collect the necessary

1 documents to complete the verification process.

2 And you've heard a lot this morning about
3 our opinions that we're IRS gatekeeper or we're
4 enforcing additional information that I don't
5 believe was originally part of the verification
6 process. And we are finding that our students are
7 being stopped in that process as we attempt to
8 resolve conflicting information and make sure that
9 we are doing what we are expected to do and what is
10 needed for good stewards of the Federal Financial
11 Aid Programs. We are selecting currently 45
12 percent of our students for verification, so we are
13 selecting above and beyond what CPS is selecting
14 for our students to make sure that the conflicting
15 information is resolved. And that is a large
16 workload on our students. It also causes a delay
17 in delivery of funds to our students because of the
18 time that it takes to process the required
19 information.

20 Cost of attendance continues to be an area
21 where our students wish we had more opportunity for
22 professional judgment. We use an average cost of
23 attendance and our students sometimes have a
24 standard of living that they want to continue to

1 enjoy as they come back to school. And they are
2 very concerned about that and continue to encourage
3 us to use professional judgment in areas that we do
4 not feel is an appropriate use, but that is a
5 challenge.

6 With the simplification of the financial
7 aid process, again, I would ask for simplification
8 for financial aid professionals as well. You all
9 have made great strides towards simplification of
10 access to your information. There are multiple Web
11 sites, multiple user IDs, multiple passwords that
12 we have to keep straight, whether we're accessing
13 CPS, NSLDS, the campus-based programs, and we look
14 forward to consolidation of those sites so that we
15 can more efficiently access the information that we
16 need. And as we need that information efficiently,
17 if there's any way to get more documentation to us,
18 more timely handbook information to us at the time
19 that we are administering the programs in the same
20 aid year would be very, very helpful with complete
21 information.

22 We want our students to find access to
23 higher education. Our goal is to help them remove
24 the financial barriers so that not only can they

1 access the education of their choice, but they can
2 stay in school and complete the degree program of
3 their choice.

4 You heard a lot this morning from the
5 students talking about the importance of the one-
6 on-one mentoring, counseling opportunities that
7 they had, and how that encouraged them to stay in
8 school. That is what we want to do. And,
9 hopefully, with simplification of the programs and
10 a few changes, you will allow us to have time to
11 better serve our students with the one-on-one
12 counseling.

13 We spend our time outside of the office
14 with financial aid workshops. We provide programs
15 in the community. Arkansas has a very active
16 College Goal Sunday Program, where we go out into
17 the community. And we're very proud of those
18 relationships with other financial aid
19 professionals, whether in the schools, in guarantee
20 agencies, with the Federal Family Education Loan
21 Program. Folks here are committed to making sure
22 our students and their families have access to the
23 educations of their choice. We're simply asking
24 for your help to simplify the application process

1 so our students are not inhibited and not
2 intimidated about applying for financial aid, to
3 make it a smoother process, and enabling us to
4 better do our jobs.

5 Thank you.

6 **MR. MADZELAN:** Thank you.

7 I'm looking for someone in the back of the
8 room to check to see if --if we have anyone else
9 who would like to speak this morning. We'll have
10 that information in a second.

11 The answer is no. And so at this time, we
12 will break for lunch. We will reconvene back in
13 this room at 1 o'clock. Thank you very much.

14 [Whereupon, at 11:53 a.m., a luncheon
15 recess was taken.]

16

17

18

19

20

21

22

23

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

AFTERNOON SESSION

MR. MADZELAN: Well, we will now reconvene this afternoon.

The first thing I want to ask is there anyone in the room in need of our interpretation services? If so, that's wonderful; if not, we can give our signers a little break this afternoon.

No? Okay. Or they may want to keep up with skills and practice in front of us.

Thank you. That's okay.

Our first speaker this afternoon, Elizabeth Tatum, University of Arkansas, Little Rock. Welcome.

MS. TATUM: Hello. Good afternoon. I'm Elizabeth Tatum. I work in the Financial Aid Administration Office. I'm a work study. I attend the University of Arkansas at Little Rock. I am a senior.

I was told by Ms. Harrison that we needed to talk about the problems with financial aid and the process. So, my own experience is--not to make this a personal testimony, but I was a police officer. The job is a dead-end job, so I quit to go back to school. I was making quite a bit of

1 money. When I left to attend school I started
2 working as a waitress. You have to use your income
3 from the previous years to go to school. I had to
4 use 2007 and 2008 to get financial aid. The money
5 that is on those tax forms does not reflect at all
6 what I make now.

7 So, if you all could change maybe
8 supporting documents when you fill out the Student
9 Aid Report, just let them know that, you know,
10 you're not making this money now or, you know, talk
11 to your financial aid officer. If there is a
12 shortened process--because what I had to do is I
13 had to fill out the Student Aid Report, turn in my
14 income tax forms. Then you can appeal the process,
15 which takes a long time. So, if you all could
16 maybe condense it, if that makes sense.

17 **MR. MADZELAN:** Well, I can--just to give a
18 little bit of background, the eligibility formula,
19 the need analysis that we use is specified in the
20 legislation, in the statute. And not only are the
21 formula and the various values for the parameters,
22 and the formula and the assessment rates, and the
23 percentages and all those things, not only are all
24 those strictly specified, but the Congress went out

1 of their way to explicitly state that the Education
2 Department cannot write regulations around these
3 provisions.

4 So, I think as we heard earlier this
5 morning, you know, some suggestions or statements
6 around the fact that, you know, we have a financial
7 aid process, system, formula that maybe made some
8 sense at some point in time with respect to, you
9 know, who is in the household, who has income, what
10 is income, those kinds of things, may be less so
11 these days.

12 So, again, you know, that's part of what
13 we are hoping to address in the, you know, day two
14 of these sessions tomorrow with some of our work
15 around simplification of the aid application
16 process, which, you know, can range from anywhere
17 from do nothing--well, really not do nothing; you
18 have to do something--but do a little bit all the
19 way up to, you know, let's blow up what we have and
20 start all over again. So that's the range that
21 we're thinking about.

22 But, you know, I appreciate your
23 experience and I wish there was more that I could
24 do or some of us could do is just kind of nod our

1 heads and say, yeah, that's the way it is, at least
2 for now. But, again, we do have the opportunity,
3 you know, in the next couple of days, both here and
4 in Philadelphia, and then, you know, with the
5 Administration working with the Congress a little
6 bit farther out to see what we can come up with to
7 make that not only more simple, streamlined, but
8 maybe be a little more sensible for now for the
9 wide variety of individual and family circumstances
10 that we see.

11 **MS. TATUM:** Well, I mean, I could
12 understand if I lost my job, which, I mean, I'm
13 grateful for everything that I get, but, you know,
14 I chose to leave that job to better myself. And it
15 makes a difference.

16 **MR. MADZELAN:** Yes. Thank you.

17 **MS. TATUM:** Thank you.

18 **MR. MADZELAN:** Reagan McKinley, University
19 of Arkansas, Little Rock.

20 **MS. MCKINLEY:** Good afternoon. My name is
21 Reagan McKinley, and I'm a work study student in
22 the Admissions and Financial Aid Department at UALR
23 for Ms. Harrison.

24 I have had an experience with the FAFSA.

1 I've had to fill it out for three years now because
2 I'll be a junior in August. And the first year I
3 did mess up on it. I put in some numbers wrong and
4 I actually went to a community college the first
5 year. And I took it to an advisor and I said, you
6 know, what did I do? It was very overwhelming.
7 And I'm glad I took it to an advisor because she
8 helped me. She walked me through it and told me
9 what I filled in wrong, so I was really glad. I
10 mean, if I wouldn't have took it to an advisor, I
11 would have probably not got anything and didn't
12 realize I messed up on it.

13 The second year was a lot easier. I came
14 to UALR and it made a difference. I'm much more
15 cautious about it because I realize I messed up the
16 first year on it. As far as I have to go home and
17 be with my parents to fill out the FAFSA--like I
18 said, because I'm more cautious about it. So it's
19 kind of hard for us to find time, you know, to get
20 my parents' tax forms and me to sit down and have
21 time to fill it out together. Overwhelming, you
22 know.

23 But I do like how the FAFSA guides you. I
24 mean, if your answers don't match up, you know, it

1 tells you. And, you know, if left blank it'll tell
2 you. You know, I like that stuff. And as far as
3 being a work study student at the front desk in the
4 Admissions and Financial Aid Department, I see lots
5 of students who like the paper FAFSA. They're much
6 more comfortable because they don't feel very
7 comfortable with it on the computer. But the paper
8 FAFSA takes a lot more time to process than the
9 online FAFSA.

10 So, those are a few problems. But as far
11 as work study in the office, I can tell people
12 would rather have a paper to fill out. I mean,
13 even a couple of people grabbed one or two because
14 they feel like they'll mess up on it. So, I'm just
15 an example of how I messed up the first year as far
16 as putting in the wrong stuff. So, thank you.

17 **MR. MADZELAN:** College is about learning.
18 Thank you.

19 Carol Nivado.

20 **MS. NIVADO:** Good afternoon, sir, ma'am.
21 My name is Carol Nivado. I am a full-time student
22 here at UALR, and I'm also Work-Study and a
23 veteran.

24 First of all, I've been using financial

1 aid for a long time. So that tells you how long
2 I've been using financial aid. And it got a lot
3 better. I used to use it when you had to mail it
4 in and you have to wait for the confirmation and
5 this and that. And now with the technology world,
6 now you can file your financial aid online and
7 renew it. I think that's a great idea because they
8 store your current information and it's kind of
9 like filing your taxes now. It's stored in there
10 and you just have to file it and just a few changes
11 and that's what you do. I think it's great.

12 I do have some few concerns being a
13 veteran. I do use the G.I. Bill and I'm doing the
14 work study program for my extra income for school.
15 I feel like being a veteran, we're getting
16 penalized because we're receiving G.I. Bill
17 benefits and we can only have a certain amount of
18 financial aid. I feel like we as a veteran
19 shouldn't get counted in as our income for the G.I.
20 Bill. I guess because maybe we earned it, but
21 being up there, I mean, I don't take things for
22 granted.

23 I'm a student. I'm independent. I'm on
24 my own. And so having the G.I. Bill, we have

1 certain requirements, too. As me, I can't go get a
2 full-time job while I'm in school; I can only get
3 that scholarship. I do a Chapter 31 Disability, so
4 I'm restricted to what I can do as far as jobs out
5 there. And I do appreciate how much I can--
6 financial is great. I mean, it's been--I've been
7 using it for a long time, and it's very helpful
8 going to school and you have that help from the
9 government and the education benefits and stuff.
10 It really helps a lot, but I just want to know if--
11 I just wish--I know there are certain limits on
12 what a student can get for the financial aid, but I
13 wish it should increase in the future if that would
14 happen.

15 **MR. MADZELAN:** Thank you.

16 I know that many people, they, you know,
17 they think about the federal government in this
18 sort of kind of "Uncle Sam" monolithic way. That's
19 not the way it is. I mean, we have various,
20 obviously, agencies. And one of the things we've
21 been very involved with over the recent past is
22 working more closely with the Veterans
23 Administration and the programs that they operate.

24 So, again, the VA is a large source of

1 financial aid for college. Obviously, our Title IV
2 programs here at the Education Department, a large
3 source of financial aid for college. And again, I
4 think what we are trying to do as a government is
5 work more cooperatively across these units to, you
6 know, forge some policies and operations that make
7 a little more sense for you folks. Not only the
8 recipients, like Carol, but also the administrators
9 on campus.

10 So, you know, things maybe don't move as
11 quickly as we would like, but I can assure you that
12 we hear your concerns today. We've heard them
13 previously and we're working to address those.

14 Stephanie Conrad, University Of Arkansas,
15 Little Rock.

16 **MS. CONRAD:** Good afternoon. My name is
17 Stephanie Conrad, and I'm a financial aid advisor
18 here at UALR. So I work in the trenches you could
19 say. I see students on a daily basis, and then I'm
20 also one of the main processors for our office.

21 One of the main complaints that I'm
22 hearing recently in the office and then also at our
23 College Goal Sunday that we held in March this year
24 was that there are no federal grant programs

1 currently for the working middle class. All the
2 programs now are mainly structured for students
3 from low income, but there are many families out
4 there whose parents are teachers or police officers
5 or even financial aid advisors--because lord knows
6 we don't get rich in our job--that, you know, they
7 work so hard to provide for their family and pay
8 their bills on time and pay their mortgages and try
9 to save a little bit. But at the end of the day,
10 after everything is paid for, they don't have just
11 a whole lot to contribute or to help their child
12 with their education.

13 And I know that there are loans out there,
14 but I feel like there should also be maybe some
15 kind of grant program or some way to increase the
16 Pell Grant eligibility to include a lot more of
17 these working or lower middle class families.

18 And a suggestion would be--is with the
19 SMARTs and the TEACH and the ACG program, these are
20 great programs, but they are a nightmare to
21 administer in the schools. And I think it would be
22 a good idea just to end those programs and funnel
23 that money into the Pell Grant. And like I said,
24 get to increase the eligibility in the EFC range to

1 allow more students to qualify for that.

2 Like I said, I also do a lot of
3 verifications for our office. And while the
4 Department says that I do not need to be a tax
5 expert, I feel like that I'm supposed to be one. I
6 cringe every single time that I have to have that
7 Head of Household conversation with a student. I
8 feel like a lot of times it's intrusive and it's
9 really none of my business. And I can tell you
10 that students don't like having those conversations
11 with us. And so I feel like the FAFSA application
12 and the verification process has really got to be
13 simplified because I feel like it's a major hurdle
14 for students who are wanting to come to school.

15 And then on a final note, there's a lot of
16 discussion right now about how the Department and
17 the Administration want to use higher education and
18 returning to school as a way to help spur the
19 economy. And I feel like if they're very serious
20 about doing that, you've got to find a way, again,
21 to simplify the process and to create or expand on
22 the current programs to really include those
23 students who I feel like are being underrepresented
24 right now.

1 Thank you.

2 **MR. MADZELAN:** Thank you.

3 Just a couple of comments. We are
4 certainly aware of, you know, our Pell Grant
5 recipients. We go up the income scale a certain
6 amount and then basically run into, again, not
7 strictly, as you know, based on income, but also
8 other circumstances, and then the Pell Grant
9 eligibility goes away. We did hear, you know, a
10 couple of instances today about concern about those
11 families just beyond kind of the Pell eligibility
12 range. And, you know, we are, of course, sensitive
13 to that--very much for Pell Grants at any rate--a
14 resource issue for the government.

15 But that's also why we have in addition to
16 loans, you know, other sources of aid. You know,
17 the tax credits, for example. Hope and Lifetime
18 that came in a few years ago, which are expanded
19 for a couple of years in the stimulus legislation--
20 I'll come back to that in a minute--but also the
21 Administration's proposal is to make those tax
22 credits permanent, the increased value of the tax
23 credits.

24 So, again, I know it's kind of

1 complicated. You would like the notion of one-stop
2 shopping. We kind of are there with Pell Grants
3 and student loans, you know, once you get past the
4 FAFSA, of course. But, you know, again, that's not
5 the only source of the federal government.

6 In terms of, you know, the stimulus, I
7 mean, you know, a few months ago the President
8 signed the stimulus legislation. It was in all the
9 papers--\$787 billion--of which we in the Department
10 got \$98 billion. A lot of that, of course, for
11 states, but a big chunk of it--a big chunk, \$17
12 billion--for Pell Grants. And so that is, you
13 know, to provide some significant increases over
14 the next couple of years--'09/'10, '10/'11--and
15 then moving forward from there, you know, the
16 President's budget proposal, which, again, is for
17 an entitlement Pell Grant program.

18 I know, you know, that has a significant
19 meaning back where I live and work, which means
20 that, you know, the Congress would not have to
21 appropriate money so there would be a guaranteed or
22 known funding level for Pell Grants. And also that
23 there would be automatic increases in the maximum
24 award each year based on inflation.

1 So, you know, we hear what you say and,
2 you know, there's a lot of us that are in
3 agreement. And these are things properly and
4 ultimately addressed, not within what we're talking
5 about today in terms of rulemaking, but
6 nonetheless, I appreciate hearing your concerns.
7 And it provides us with some additional information
8 as we go back to Washington and continue to work on
9 issues and policies around these programs.

10 I was just kind of rambling on there for a
11 moment because we didn't have anyone else on the
12 list ready to speak. And I'm looking towards the
13 back of the room and see if anyone has joined us in
14 the past half-hour or so. And if we wait just a
15 short minute or so we will have an answer.

16 And I see that we have no one signed up.
17 If there's anyone in the room who would like to
18 speak, you may go sign up. Otherwise, we will
19 recess, let's say for 15 minutes, and at that point
20 we'll come back and see if we have any speakers who
21 want to speak and then we'll move on from there.
22 Thank you very much.

23 [Recess.]

24 **MR. MADZELAN:** Well, it is now 1:45. I

1 promised we would check in, and we are. And we
2 have a speaker. Teresa Avery, Ouachita Technical
3 College.

4 **MS. AVERY:** It's called Ouachita Technical
5 College from the Ouachita Mountains. And it is
6 very--there's no Ws. There's no Ws.

7 I'm the Financial Aid Director at a
8 community college, a two-year, public community
9 college, and so our students are very low income.
10 And a lot of the conversation today has been about
11 verification, the Earned Income Credit, and the
12 Head of Household tax filing status.

13 I'm also a CPA. I teach income tax, so I
14 do know the one thing that the IRS always tells us:
15 the Earned Income Credit is their biggest area of
16 fraud in the tax code. It is where they lose the
17 most amount of money. And so we are only a small
18 part of the IRS trying to enforce the Tax Code as
19 it should be to taxpayers.

20 And we are charged--students that receive
21 federal aid are supposed to be legal, taxpaying
22 citizens. And so that is why we are charged with
23 doing the verification and verifying that they have
24 filed the correct tax returns. I had one in my

1 office this week, husband and wife both took a
2 child each, both filed Head of Household, which is
3 what we see all the time. Both of them received
4 \$3,000 to \$4,000 Earned Income Credit. They have
5 received about \$8,000, and they received that
6 illegally by filing those tax returns. And so what
7 we are charged with is trying to correct that. And
8 they may be right in asking for our small
9 contribution in that. I'm probably the only one
10 that thinks that, but that is what we do.

11 The other issue that I have been having
12 problems with is transferability. We are a college
13 with numerous colleges within a 50-mile radius.
14 Our students are transferring constantly. They'll
15 go to our school; they'll go to the school 30 miles
16 away. And they're moving from school to school.
17 We have no way to limit their loan--the capability
18 of taking out loans by grade level at all. I have
19 students that go two years to the four-year
20 institutions. They don't do well. They're back to
21 the community college. They have already borrowed
22 \$15,000, \$20,000 at that time in maybe subsidized
23 loan eligibility. They've been over there for
24 three years; they're still a freshman because they

1 haven't accumulated much. And I have no way of
2 saying you have borrowed twice at the freshman
3 level, \$3,500 each. You've borrowed twice at the
4 sophomore level, \$4,500 each.

5 And when I do a loan at the community
6 college, I'm just adding to that \$30,000 balance.
7 And so what does that do? When they default on any
8 of those loans, they have defaulted on mine, too,
9 and I was really not the instigator of that loan.
10 And so we have no capability of limiting or
11 restricting the loan eligibility of these students.
12 I'm not really doing them a favor when I allow them
13 to borrow another \$10,000 at the community college
14 level, in my opinion, because they will never be
15 able to make that type of payment in their
16 employment.

17 That's just my opinion on that and so I
18 wanted to voice that. I really would like to see
19 some way for the schools to be able to say this is
20 the grade level that you have progressed to and you
21 need to stop the loans at this grade level and
22 progress. Because we also--in satisfactory
23 progress, each school has their own rules about
24 what we consider in a transfer student's--what we

1 transfer in and how we look at those grades. A lot
2 of students are going to another school to
3 remediate after they lose satisfactory progress at
4 their current school. And unless we actually look
5 at that transcript and say, no, you have been
6 suspended because of your grade point or whatever
7 has happened, then you still cannot get aid. And
8 most schools don't do that. We look at some
9 accumulated hours, whatever we transfer in, but we
10 still award that student. And so the
11 transferability, especially with distance learning,
12 it is proving to be a problem in tracking these
13 students.

14 I know the new legislation limits students
15 starting now. I believe it is to an 8- or a 10-
16 year Pell Grant eligibility. Is that correct? I
17 believe?

18 **MR. MADZELAN:** The equivalent of 16
19 semesters.

20 **MS. AVERY:** 16 semesters?

21 **MR. MADZELAN:** Right. So, 8 years, full
22 time.

23 **MS. AVERY:** I'm seeing students now with 8
24 years already and they still have a long way to go,

1 so that would not have any effect for another eight
2 years. That's for students that are starting now.
3 So, there is nothing in the regulations that can
4 restrict a student from continuing to receive loans
5 and all of that and continue on from school to
6 school.

7 So, thank you very much.

8 **MR. MADZELAN:** Thank you.

9 I was looking around for a familiar face
10 to see if we have anyone else. No. And still no.
11 So, we will recess again. I think this time until
12 let's say 2:30. Unless someone shows up, then I
13 will reconvene. But we'll just assume I will next
14 be in touch with you at 2:30.

15 Thank you.

16 [Recess.]

17 **MR. MADZELAN:** We'll reconvene at this
18 time for me to tell you that we don't have anyone
19 ready to speak, so we will recess and reconvene at
20 the call of the Chair. I will let you know when we
21 have someone who has signed up and wants to address
22 us.

23 Thank you very much.

24 [Recess.]

1 **MR. MADZELAN:** Well, we have come to the
2 end of our time today and we have no additional
3 speakers signed up to speak. So, we are now
4 adjourning this hearing.

5 Thanks everyone who participated.

6 [Whereupon, at 4:00 p.m., the hearing was
7 adjourned.]