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8 Sheraton Chicago Hotel & Towers

9 301 East North Water Street

10 Chicago, Illinois

11 Friday, September 24, 1999

12

13 8:30 a.m.

14

15

16 PANEL MEMBERS:

17 JEFFREY BAKER

18 D. JEAN VETA

19 JAMES D. GETTE

20

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1 P R O C E E D I N G S

2 MS. VETA: Let me sort of call this
3 session to order. My name is Jean Veta and I'm the
4 Deputy General Counsel from the Department of
5 Education and also co-chair the coordination of the
6 Department's Student Financial Aid Policy along with
7 Diane Rogers, for the Department.

8 And on behalf of Secretary Riley and
9 Deputy Secretary Mike Smith, I want to welcome you
10 all today and thank you for joining us.

11 What we're doing in these listening
12 sessions, is really a continuation of the process
13 we've been involved in for some time in terms of
14 talking to the community and undergoing a regulatory
15 review process.

16 And we're doing it, really, for a couple
17 of reasons. First of all because we think it's a
18 good idea. And as a general matter that we should
19 continually looking at our regulations to see if we
20 could be doing things better.

21 The second reason is because in the recent
22 re-authorization of the Higher Education Act,

1 Congress put a provision in there that says we need
2 to submit a report to Congress in October telling
3 them what we have learned as a result of the
4 regulatory review that we've undertaken.

5 And Congress asked us to look at several
6 things in particular. Specifically, are there any
7 regulations that are duplicative or no longer
8 necessary. The second is are there any regulations
9 that are not being interpreted or applied
10 uniformly. The third is are unnecessary burdens
11 being placed on schools through the eligibility and
12 compliance process. For example, is there a need to
13 consider eligibility and compliance issues more
14 simultaneously than we're currently doing.

15 Fourth, are unnecessary costs being
16 imposed on institutions because of regulations that
17 were designed primarily for commercial and business
18 enterprises. And finally, are there any regulations
19 affecting public and private colleges and
20 universities and preparatory schools that receive
21 less than \$200,000 in Title Four funds each year that
22 could be improved, stream-lined or eliminated.

1 Now, the way we've gone about these
2 listening sessions is kind of two fold. First we
3 started out with four sessions in Washington were we
4 focused on specific topics. One session was on
5 guarantor and lender issues. The second session was
6 on other loan issues. The third session was on
7 program and student eligibility issues. And then the
8 fourth session was on institutional eligibility
9 issues.

10 And in addition to that, the second prong
11 of our approach has been to conduct these regional
12 meetings. We held one in Atlanta. We're holding one
13 here in Chicago today. And then we'll be doing one
14 next week in San Francisco. Again, to open it up to
15 colleges, universities, preparatory schools,
16 students, lenders, whoever it may be who couldn't
17 make it to Washington but may find it more convenient
18 to come to one of these regional sites.

19 So, what we're hoping to accomplish as a
20 result of this regulatory review process is first to
21 come up with an inventory, if you will, of regulatory
22 suggestions. Suggestions that you all think we

1 should consider. And once we do that we'll need to
2 figure out what next steps are. And our hope is that
3 we won't do those next steps in a vacuum. But rather
4 that the dialogue with the community will continue
5 beyond today.

6 So, that's where we're coming from. I'd
7 like to introduce my two colleagues. Jim Gette is
8 counsel in the Office of the General Counsel. But
9 also in this last round of negotiated rule making
10 served as the federal negotiator for one of the
11 committees. In particular, the committee that dealt
12 with loan issues.

13 My other colleague is Jeff Baker who is
14 from our Office of Student Financial Assistance. And
15 Jeff has been involved for a number of years in
16 various rules, regulations and policies that the
17 Department puts out. Also is instrumental in the
18 development of those things as they relate to
19 students financial aid.

20 And as I said, we're really here to hear
21 from you all. Given the size of the group, what I
22 suggest is that we go around the table and each of

1 you introduce yourself and say where you're from.

2 And then I'm going to turn it over to Jim who will

3 run the rest of the session.

4 MR. LEVITT: Okay. My name is Cliff

5 Levitt. I'm from Baker College Center for Graduate

6 Studies in Flint, Michigan. I've been in the

7 profession about 12 years.

8 MS. GARCIA: Hi. My name is Maria Garcia.

9 And I'm with Robert Morris College. I'm a financial

10 aid advisor and I've been a financial aid advisor for

11 about three years now.

12 MS. JOERSCHKE: I'm Bonnie Joerschke from

13 Purdue University. I joined Purdue just last

14 February as their Associate Director of Policy

15 Analysis and Quality Assurance. I have been in the

16 profession for 21 years previously at Oklahoma State

17 University and University of Tennessee and Colorado

18 Northwestern Community College. So this is my

19 venture with Purdue.

20 MS. HALL: I'm Joyce Hall. I'm Director

21 of Financial Aid at Purdue. I've been director for

22 ten years and in the financial aid over 20 years.

1 I'll just leave it at that. And I had, we have
2 66,000 students on our main campus and we have three
3 regional. Although they don't report to me I am
4 responsible for coordinating policy and review for
5 financial aid for all those campuses. We all meet
6 together to do that. And I wanted to tell you that
7 50 percent of our students are on financial aid. So
8 obviously, the regs certainly impact us. And my
9 staff, we did count this up. I have 340 years of
10 experience in financial aid. That's not counting the
11 regional campuses, so we probably get 400 if we count
12 them.

13 MR. GETTE: Well, as Jean said, I'm Jim
14 Gette from the Office of General Counsel but have
15 been doing a lot of work recently in regulations
16 although I have to say my history with extensive work
17 on the policy in student financial assistance has
18 been for the last six months. So I have as little
19 experience as you all have years of experience.
20 Which is probably very appropriate for us to be here
21 to hear your comments. One of the nice things about
22 coming to the table fresh on issues is that you're

1 not shaded by a history of opinions on things. I
2 found that during the negotiated rule making that
3 actually helped a lot from the Department's
4 perspective.

5 What we really want to do is hear what you
6 have to say. I know that you all have some prepared
7 comments and hopefully other folks have issues
8 prepared. What I suggest is that we simply go
9 through those issues, spend a little time talking
10 about them. And then perhaps maybe pick your brain
11 on some things that came up in some of the earlier
12 sessions that we're still interested in hearing a
13 little more about.

14 I don't know, Joyce if you would like to
15 get the ball rolling?

16 MS. HALL: Yeah, I have them written out
17 but I don't really want to read them to three people,
18 so. We also, we sent a letter yesterday to Colleen
19 McGinnis. It has a summary of the issues from our
20 vice-president, our executive vice-president.

21 MS. VETA: Okay. And we'll take, we can
22 take both of those and append them to the record.

1 MS. HALL: Oh, good. Do you have your
2 copy because mine's probably just a draft of his.

3 MS. VETA: You're welcome to submit it to
4 us later if you'd like. Or you can just share with
5 us the substance. Whichever you prefer.

6 MS. HALL: Okay. The first think I'd like
7 to talk about is the, you know, we obviously know
8 that the student loan programs have come a long way
9 from being so burdensome but in particular the
10 Perkins Loan program, right now we don't feel that a
11 student should have to put in writing or request for
12 an in-school deferment because, you know, with the
13 technology that's there and e-mail and voice response
14 systems that we think also school system should be
15 able to sweep their own data base. We have students
16 that are on Perkins Loan, for instance, that come to
17 the Collections Office and the Collections Office
18 says you have to go over and get this in writing from
19 the registrar that you are in school. And so we
20 really think that that ought, you ought to be able to
21 do that.

22 And also we think there's excessive

1 documentation on the Perkins Loan program for
2 economic hardship and that it ought to be similar to
3 the FFEL Program. So that's kind of the issue that
4 we had on Perkins Loan.

5 MR. GETTE: On the second issue, what, how
6 does what you're required to collect compare to what
7 is required in the FFEL Program?

8 MS. HALL: Are you familiar with that,
9 Bonnie? Because I think that it's just that it, they
10 require much more documentation collection than you
11 do --

12 MS. JOERSCHKE: It seemed like you
13 negotiated rule making and you're stream-lining a lot
14 of the deferment and forbearance requirements and our
15 university Collection Office was interested in trying
16 to streamline Perkins in similar fashion. And that
17 was kind of where they were coming from with this
18 having to collect in writing the student's request
19 for an in-school deferment when they're actually on
20 campus. And considering that a burden just to the
21 students themselves, you know, it's confusing. Why
22 can't you use my record? And why can't we just sweep

1 our own records? They actually gave me some
2 documentation that showed where they were getting it
3 out of the regs and following through with it.

4 So, anyway, that was their concern was
5 just that there were some things that were being done
6 in the FFEL Program pretty much through negotiated
7 rule making in terms of the FFEL Program.

8 MR. GETTE: Right.

9 MS. JOERSCHKE: And --

10 MS. HALL: I think it was the forbearance,
11 too, that --

12 MS. JOERSCHKE: Very much so.

13 MS. HALL: -- much more collection of
14 information.

15 MS. JOERSCHKE: Being able to do things in
16 a more streamlined and efficient manner for the FFEL
17 Program and wanting it to maybe be, you know, carried
18 over to the Perkins Loan Program, if at all possible.
19 To kind of look at those issues and just to, in terms
20 of the --

21 MR. GETTE: There was some modification of
22 the statute in the Higher Education Amendments to,

1 in-school deferments for FFEL Program, so.

2 MS. HALL: Right. But, we're saying it
3 for Perkins.

4 MR. GETTE: Yeah, absolutely. That may be
5 a model that we --

6 MS. HALL: Need to look at.

7 MR. GETTE: -- should look at. Obviously,
8 we'll have to do it in the context of the
9 Perkins --

10 MS. JOERSCHKE: Certainly.

11 MR. GETTE: -- statute, statutory
12 language.

13 MS. JOERSCHKE: I did, like I said, I did
14 bring a number of those pieces of information that
15 they did provide to me to show where it was, you
16 know, written about the in writing kind of stuff.

17 MR. GETTE: Okay.

18 MS. HALL: May we go on to the next issue?

19 MR. GETTE: Yeah, that would be great.

20 MS. HALL: The next issue for us health
21 professions, we do have veterinary medicine and
22 pharmacy programs. The process just doesn't seem to

1 work for those kids. We think that the
2 Department and HS ought to get together to look at
3 that facet for that particular group, the health
4 professions, it's just not a seamless process.
5 There's a lot of confusion over the parent data
6 requirements. You know, for most aid we don't need
7 the parent data but for a particular med loan we need
8 the parent data.

9 So every year I get up and say to the
10 students, now, it tells you not to put the parent
11 data on there but if you want this little bit of
12 money we have over here, then do provide the parent
13 data. But I assure you that we won't use it for the
14 -- funds. I mean, I look like this idiot, idiot. I,
15 if you all, if I could just get up at one of those
16 meetings and not have to say that I would love it.
17 So, it's just not a very good process.

18 The other thing is the definition of what
19 is a graduate professional student is just unclear.
20 So, therefore, I think there's any consistent
21 treatment of those students across the campuses, I
22 think we all try to define it the way we feel is

1 right but then you talk to your colleagues and they
2 have different opinions. Are they an undergrad? Are
3 they a professional student? Does it magically
4 happen in the third year? And I certainly think
5 there needs to be some, you know, consistency there.
6 Maybe, it can't be because of the different programs
7 but at least I think there ought to be some dialogue
8 getting those folks together because I don't sit and
9 deal with these kids every day. But I have a person
10 that every chance she gets she catches me about this.
11 So I wanted to make sure that you all were aware of
12 that.

13 And we do spend a lot of time for a very
14 small population. I practically have a full time
15 administrator. She does the other students but a lot
16 of her time is spent just helping 250 veterinarian
17 medicine students, you know?

18 MS. ABADINSKY: Good morning.

19 MR. GETTE: Alisa, come on up and join us.

20 MS. HALL: Here, we can put you right at
21 this table. The next issue is alternative loans.

22 MR. GETTE: Before we go on --

1 MS. HALL: Oh, yes.

2 MR. GETTE: -- on the vet med loan, is
3 that an HHS loan?

4 MS. HALL: Yes, yes.

5 MR. GETTE: Okay.

6 MS. HALL: It's a small amount of money
7 that we do get. I think it's probably about \$100,000
8 if it's that or a \$150,000.

9 MR. GETTE: Okay.

10 MS. HALL: You know, a part of me is, gee,
11 why do I even mess with this? I could not have it.
12 But then, as a Director of Financial Aid, it's
13 difficult to tell people, well, I turned down that
14 money.

15 MR. GETTE: Right.

16 MS. HALL: So.

17 MR. GETTE: So, and, but you do use the
18 fast foot to make your determinations for
19 eligibility.

20 MS. JOERSCHKE: You have to collect
21 parental data.

22 MS. HALL: Parental date. But, you know,

1 they read through it and they go, oh, I'm a
2 professional. I don't have to provide this.

3 MR. GETTE: Right.

4 MS. HALL: And then I have that five-on
5 spit money and then I got to chase these kids somehow
6 and make them get the parent data. And assure them I
7 won't look at it.

8 MR. GETTE: Right.

9 MS. HALL: Trust me. But, so, I just, I
10 think it would be very good to get a group of health
11 profession people and Trudy Horner is my counsel with
12 the hands on. I'm sure she would love to
13 be part of this group, we'll talk about that.

14 I'd like to talk about alternative loans.
15 This year our alternative loans jumped 70 percents.
16 We saw 1.4 million dollar increase so far. We think
17 what's happening is more students are taking out the
18 loan that the parent would normally take out, the
19 parent loan. Because the parents can't deal with the
20 repayment provisions in the parent loan. So we
21 really would like to see the Department look at a
22 more favorable repayment, you know, whether there

1 could be something where the parent pays the interest
2 just like the student does. And chooses to let the
3 other capitalize. But this is just very significant.

4 It's a concern to me because being an in-
5 state school, you know, we think we got a reasonable
6 cost and here this is happening. We also are seeing
7 a lot of flurry of loans, unsolicited loans being
8 sent to our students. The second part of the issue
9 is that --

10 MR. GETTE: Sorry about that.

11 MS. HALL: We think the second part is
12 that they're taking out these loans and they don't
13 even know what they're doing. They don't know that
14 there was a parent loan. So we haven't had the time
15 to sit down and call these people. But because we
16 had such, and I call the lenders. Are you doing this
17 un-solicit? Oh, no. So, we haven't tied this down
18 yet but we think that unless it's, if they're in a
19 Title 4 Program, you can do with them just like you
20 do with us and say, if you can participate in Title
21 4, unless you have an agreement with the school to
22 send applications to the students don't do it.

1 Because that's starting to happen.

2 Students getting these things in the mail.

3 Oh, just go on-line and complete this thing. And
4 they've never gone through the financial aid process
5 to even see that they're eligible for a parent loan
6 or a Stafford Loan. I think we have some kids that
7 don't have Stafford loans. And, you know, I've got,
8 we've got 27,000 students on my campus that file for
9 financial aid. So I can't sit down and talk to these
10 personally. Or every time a loan comes in go, oops,
11 and mail them something and say, did you consider
12 this?

13 So, I just would like some look at that.
14 Also, I'm not sure with the regulations. It's not in
15 here but, you know, the fact that we didn't increase
16 the loan amounts had some impact. But there's just
17 something going on there that we're not sure that's
18 it to the best interest of students. It's getting
19 very aggressive.

20 MR. GETTE: On the Plus Loan issue, is the
21 concern with the process or with the terms of --

22 MS. HALL: I think it's the terms.

1 MR. GETTE: -- of the loan itself.

2 MS. HALL: The process, no, it's the
3 terms, the fact that they have to begin repayment.
4 Minimum is \$50 but depending on how much they borrow
5 it wouldn't necessarily be 50. So the second year
6 they hit, you know, it's compounding and yet they're
7 also trying to make maybe their own payments to the
8 school. So we think that's happening. So we think
9 we ought to just investigate that a little more and
10 see what's going on.

11 MR. LEVITT: Can I follow up on that?

12 MR. GETTE: Yeah.

13 MR. LEVITT: Number one, I agree with her
14 a hundred percent. I'm seeing, in the grad school
15 especially, and we do have some undergrads that go to
16 our campus, but the terms of the loans that are being
17 offered mirror the Stafford Loan Program. I mean,
18 financial institutions are starting to offer an
19 interest rate. They're starting to offer things
20 like, I had a loan come in the other day where they
21 actually offered a deferment on the loan while the
22 kid was in school. So, I mean, I agree a hundred

1 percent. Maybe take a look at the Plus Loan terms
2 and see what you guys can come up with.

3 MS. HALL: Well, and this isn't in the
4 testimony but it's something I remember, that I'm
5 dealing with now as we speak. And we have some
6 lenders that have started programs from their
7 consumer loan side. So they're telling us they're
8 consumer loans. They are not involving in the
9 school. And lo and behold the check pops in on our
10 campus for \$20,000, co-payable. And then we have to
11 backtrack and we're telling them, sorry, Charlie. It
12 came on our campus. We're treating it like student
13 aid. We're going to go back and look at their
14 financial aid.

15 So I just told them recently, okay, if
16 it's a consumer loan, don't send me the check and
17 they told me they wouldn't. I feel very comfortable.
18 If they tell me it's a consumer loan then why should
19 Purdue have their check? Put it in the parent's bank
20 account and we trust they will pay their fee because
21 they will not be registered and they can't come. So,
22 you know, we're not, so, I just, you know, I know

1 they don't like the financial aid people. They don't
2 want us referring students to banks. But honestly,
3 we are the ones that are trying to tie the picture
4 together. And we know what the student need is and
5 we know what our students' needs are. And we're
6 trying to keep debt down.

7 And I think there's a little bit of a
8 advisory role there for lenders not, their major
9 concern is not keeping debt down so I'm concerned
10 about that. So I've got to contact, there's another
11 bank. There's two that I know of. But there's
12 another one and we're going to be tracking that down
13 Saturday and calling this a student loan or a
14 consumer loan. If you're calling it a student loan
15 then you have to have me there finding the cost. And
16 they're not doing that. So, or the financial aid.
17 So obviously the kid end up being woefully over-
18 awarded if you look at it. So that's starting to
19 kind of creep up.

20 MS. VETA: Do you have any suggestions on
21 how to approach that?

22 MS. HALL: I think that the lender should

1 have an agreement with the school before they start
2 mailing unsolicited apps to students. Now, what
3 they're going to say is their web. So, I should be,
4 it should be on the web. But if they're entitled
5 more funds then I don't think that they ought to be
6 getting in the middle of the financial aid process
7 before we even know what's going on with the
8 students. So I think they should have an agreement
9 with the school before they do that.

10 MR. BAKER: Joyce, are these lenders also
11 -- that they do business with?

12 MS. HALL: Oh, yes.

13 MS. JOERSCHKE: And they're in alternative
14 programs. I mean, they're doing all of it.

15 MR. BAKER: And they might have somebody
16 with an alternative loan that --

17 MS. HALL: Didn't have a parent loan.

18 MR. BAKER: Didn't have a parent loan or
19 maybe even the student didn't have a staff loan?

20 MS. HALL: Could be, yes. So it's not a
21 good thing. I mean we just need a little more
22 dialogue on this and looking at what's going on. Get

1 input from some other schools, too, to see are they
2 having problems.

3 MS. JOERSCHKE: And like Joyce said, we
4 had 1.4 million dollar increase from one year just to
5 the next. And that, that isn't even counting what
6 we've seen so far this fall.

7 MR. BAKER: And these are dependent
8 students because this particla --

9 MS. JOERSCHKE: Yes.

10 MR. BAKER: -- because this --

11 MS. HALL: Yes. And they're dependent --

12 MR. BAKER: -- because of this plus issue
13 that you --

14 MS. HALL: Right. They're dependent
15 students. You know, so it's 70 percent increase so
16 far. And we were drowning in those loans. And,
17 obviously, you know, when I've got 140 million in
18 financial aid, a lot of the automation has gone to
19 those big programs. The alternative is sort of last.
20 And then all of a sudden, it quadruples. And then
21 the lenders are telling the student, well, it's the
22 school's problem. That we can do your loan in a snap

1 here if you could just get in school. So, I'm kind
2 of dealing with that, too.

3 MS. JOERSCHKE: Well, on the other end of
4 it we're trying to automate, doing alternative loans
5 because --

6 MS. HALL: Automate that, but we're going
7 to have to automate that whole thing --

8 MS. JOERSCHKE: -- we can't handle them.

9 MS. HALL: -- process and get it
10 downloaded and do all that. And, so, we will be, we
11 hope, that things have slowed down because we started
12 in August so we are hoping to make some phone calls
13 to parents to students to say where did you get the
14 loan app? When did you take it out? But
15 realistically, I suppose I could start getting ugly
16 and say, unless you come into my office I will not
17 process this paper. And then that by itself would
18 deter some people. But then again, it puts more
19 pressure on myself. So we just have to do something
20 and look at this process.

21 The next thing is over-rewards. We feel
22 glad that we are exempt or we can use a \$300

1 overboard tolerance because we're in the experimental
2 site. So we can use it for all programs. And we
3 have really appreciated that. It has, the data that
4 we're provided has been, I think, helpful, will be
5 helpful to the Department in showing that it's just
6 really a waste of time to make schools do this. But
7 we suggest that the tolerance be raised to \$500.

8 You know, I think you have to keep in mind
9 that when we establish an education budget, it is
10 that. It is an estimate. And we really feel, and
11 this is where, you know, generalized student might
12 end up with \$500 somewhere. But instead they get
13 \$100. And then they get \$300. So \$100 you might
14 have to do something. Then you re-grind over it, it
15 throws it over \$300. So then you do it. And then
16 they get another \$100. And so then you have to re-
17 look at it again.

18 We feel like we're just grinding through
19 it and grinding through it and grinding through to
20 chase dimes. And I know \$500 is not a dime but in
21 the big 140 million dollar picture on our campus for
22 some students to have \$500 over would realistically,

1 I can sit down at a table with anybody and argue that
2 my estimate probably should be, could be \$500 more,
3 could be \$500 less. So, I think that over the, with
4 inflation and everything it really ought to be the
5 same for all programs and \$500.

6 And, I have to read this to you. Coming
7 from a university which is proud to be known as,
8 well, first of all. Indeed we feel that we grind
9 over and re-grind financial aid files with enough
10 computer code to launch a man to the moon. Coming
11 from a university which is proud to be known as the
12 cradle of astronauts, we enjoy watching space
13 launches. But let's stop making financial aided
14 administration so complaints we think we are
15 launching a space shuttle. I had to say that.

16 MR. BAKER: You mean it's rocket science.

17 MS. HALL: That's right.

18 MS. JOERSCHKE: Well, I think what's also
19 born out in the notes you'll see is that the average

20 --

21 MS. HALL: Yes.

22 MS. JOERSCHKE: -- scholarship is \$500. I

1 mean, it's a \$500 scholarship. And typically --

2 MS. HALL: One time, and you're going to
3 get, one time so over the five years that they're at
4 Purdue they got that little PTA scholarship. And I
5 can argue with you that over five years they're house
6 attendance wavered \$100 a year. And so.

7 NSLDS is another area. Log-ins, maybe
8 it's just our campus, log-ins take approximately ten
9 minutes. The inquiries require social security
10 number, first name, date of birth. If one's missing
11 you have to enter a different mode to get that. Of
12 course, it ties up our phone lines so if you ask
13 somebody a question you have to run to another office
14 to dial them up and as a question.

15 MR. JOERSCHKE: To the help line.

16 MS. HALL: Help line. And it does not
17 allow you to switch to another student. You have to
18 back out of the record and re-log in and go back.
19 You really ought to be able to go to the next
20 student. And now, I have to admit I don't sit and do
21 this every day so I'm just trusting my staff on this
22 one.

1 Also, we think that the pass codes, it
2 ought be free. I have 40 plus staff. I'm not going
3 to pay \$75 doing the check. And I got to have some
4 flexibility because all my staff's C students so they
5 need to be able to look up and help the student and
6 not say, well, you got to go down the hall and see
7 the three people that have the pass code. So, we
8 think that ought to be free and I actually talked to
9 someone on my staff, or used to be on my staff, that
10 worked on the NSLDS. He said it, he thought it
11 originally had intended to be free.

12 MR. BAKER: You're still looking this, I
13 think they call them CICS screens? The kind of ugly
14 --

15 MS. HALL: They're going to change?

16 MR. BAKER: Absolutely. And everything
17 you asked for is --

18 MS. HALL: Is in there?

19 MR. BAKER: -- in the new, I don't know
20 about the fee. I was surprised they charged a fee,
21 but.

22 MS. HALL: Yeah, there is a fee.

1 MR. GETTE: But you're absolutely right
2 getting in, having the three items. That's going to
3 be loosened up.

4 MS.HALL: Oh, great.

5 MR. GETTE: The screens are going to be
6 Windows type screens. They're really beautiful. And
7 you can move from student to student or screen to
8 screen without going back to square one.

9 MS. HALL: Well, that's great to hear.

10 MR. GETTE: Like in January.

11 MS. HALL: Oh, that's great to hear.

12 MS. VETA: Joyce suggested this and we've
13 already done it.

14 MS. JOERSCHKE: Will we still have to go
15 to another office if the one is being utilized and
16 there's a difficulty?

17 MS. HALL: You mean like --

18 MS. JOERSCHKE: And then if you have a
19 problem you need the Help Desk being as Help Desk,
20 you have to go to another office.

21 MS. HALL: To use a phone line.

22 MS. JOERSCHKE: To use a phone line?

1 MR. GETTE: Suggestingly, it sounds like
2 what you're saying is that right now your link status
3 LDS are through modems and not a web based product.
4 And I guess --

5 MS. HALL: Yeah, so therefore, you --

6 MR. GETTE: The issue there is probably
7 whether that's part of the modernization effort that
8 we're considering taking NSLDS to a web based --

9

10 MS. VETA: Even if you go on the web it
11 still is tying up your phone line, right?

12 MS. GETTE: Well, most offices now are
13 like our offices have both lines coming in. And I
14 don't know if that's true for you.

15 MS. HALL: We don't. But that's probably
16 something we --

17 MR. BAKER: I think this one for you to
18 look at is a local issue. The way they've configured
19 your computers.

20 MS. HALL: Yeah, maybe.

21 MR. BAKER: Because, if I remember
22 correctly, your not in the newest building in the

1 world.

2 MS. HALL: Well, actually, we did move but
3 it's been ten years and we have a new student service
4 building and it's got, it's on the backbone.

5 MR. BAKER: Have them take a look at that
6 because --

7 MS. HALL: Yeah, we will.

8 MR. BAKER: So, if you're on the telephone
9 line so I couldn't call you? She can't call you?

10 MS. HALL: Right.

11 MR. BAKER: I think that's a local, I
12 think that's a local configuration.

13 MS. HALL: --

14 MR. BAKER: I need to find out about that
15 money thing because that's --

16 MS. HALL: Yeah, because there was --

17 MR. BAKER: Actually, we require access.
18 When we require things we shouldn't be charged for
19 them.

20 MS. HALL: That's what we thought.

21 MR. BAKER: Are you paying us or the
22 telephone company or --

1 MS. HALL: I don't know who we're paying.

2 Maybe --

3 MR. BAKER: Your IT guy down the phone.

4 MS. HALL: Maybe that's, maybe it's a
5 local problem.

6 MS. GARCIA: -- seemed to make --

7 MS. HALL: Because he had challenged him
8 saying, gee, we need more than --

9 MS. VETA: We'll take a look at that.

10 MS. HALL: Do that. Take a look at that.

11 And also, you know, we just reconcile and report data
12 up and down the line. So we would like to see,
13 especially this relates to NCAA athletic conferences.
14 Again, I have a full time administrator who does
15 occasionally see other students but the majority of
16 her time is taken up with the NCAA. And I realize
17 you all do not have anything to do with NCAA but the
18 athletic reporting, we have reports up the wazoo on
19 athletics. So we just think that ought to be looked
20 at to say, are there reports that are already out
21 there so you don't have to require separate athletic
22 reporting through the federal regulation. I think

1 you'll find that the data is there and you can take
2 it and load it somewhere into a common data base and
3 not require us to keep repeating it six different
4 ways. So, have I made myself clear on athletic --

5 MR. BAKER: This is just extra reports,
6 right?

7 MS. HALL: Yes. It's just ridiculous.
8 Another issue is data base failures. We still think
9 that we need the ISIRS to inform the student of their
10 ineligibility and we think the SAR should refer them
11 to the Department of Ed for resolution of their
12 ineligibility. Right now we think that the SAR
13 should direct the student to the appropriate
14 government agency to resolve the database failure or
15 explain the ineligibility to the student. And get
16 the schools out of the middle of verifying matches
17 with all government agencies. Example of, and we
18 think that the central office should be well staffed
19 so the people can answer questions. And we know that
20 there's a movement to do that.

21 An example, we had a student call a
22 Department 1-800 number and they were told he could

1 not change the address on the renewal FAFSA because
2 the parent did sign the FAFSA. So instead of helping
3 him they just referred him back to our office. You
4 know, what am I going to tell him that's different
5 than the Department? So that's just one. But really
6 you get back, especially we're concerned about this
7 drug thing and we hope that that is there.

8 But we aren't, I mean, here we are making
9 decisions that someone is a veteran or not a veteran
10 on some of those issues on our campus. And we just
11 don't think we ought to be doing all that. So we
12 think it ought to be between the agency and the
13 Department. Agency being student. Not agency,
14 Department, school. And that's what, we get into a
15 triangle. And nobody's selective service to tell
16 that they're not a veteran and we come back and we're
17 supposed to; I've never been in the army before. But
18 we're supposed to read it and say you are a veteran.
19 And, you know, that makes a big difference in
20 independent and dependent. And these people can get
21 mad. And not just veterans, you know but people that
22 have been on drugs. I don't want to deal with it.

1 You know.

2 MR. BAKER: And the veterans know how to
3 use guns.

4 MS. HALL: Uh?

5 MR. BAKER: The veterans know how to use
6 guns.

7 MS. HALL: Yeah, you know, so I, I just,
8 one fellow, I mean, I don't know if we ever resolved
9 him. We've been arguing for like a month now.

10 MS. JOERSCHKE: He's remaining dependent.

11 MS. HALL: Is he?

12 MS. JOERSCHKE: Yes.

13 MS. HALL: And he's probably not happy.

14 MR. BAKER: He says he's a veteran?

15 MS. JOERSCHKE: He says he is but he's
16 not.

17 MS. HALL: And the Department is just
18 leaving it to us to decide. I think that's, in a way
19 that's kind of nice and maybe my colleagues wouldn't
20 like that but I just don't think we ought to be
21 involved in those issues. And immigration and
22 naturalization services either.

1 MR. GETTE: At what point would, I mean,
2 in the first instance you're making a determination
3 on campus. And so the information is going to float
4 up to the Department. At what point in the process
5 do you see the Department undertaking --

6 MS. HALL: At the level that they've been
7 denied comes out on the report and tells the student
8 either to call the Department or to call Social
9 Security Administration, Immigration or Selective
10 Service to get whatever it is you need to get to the
11 Department. But right now, it's like this three way
12 road.

13 MR. GETTE: So it's basically notifying
14 them on the --

15 MS. HALL: Uh-huh.

16 MR. GETTE: -- the way they should go.

17 MS. HALL: And say this is what you need
18 to do.

19 MR. GETTE: Okay.

20 MS. HALL: The last, hey, lastly, we just
21 think the Department, we need some more guidance
22 quickly on drawing down funds prior to January 1st.

1 For example, should schools draw down funds on
2 December 27th because we have credit accounts ten
3 days before you're allowed to do that. So should we
4 draw funds down on December 27 to cover Pell and SEOG
5 disbursements from December 27 say to January 7th?

6 Apparently, an individual in the
7 Department has informed our institution to do this in
8 case the Department has a Y2K problem and is unable
9 to transfer funds as requested. The question is will
10 the Department allow for a short-term grace period
11 from regulations related to the three day rule of
12 excess cash? So we're looking for some guidance on
13 that. And I think that, we need something on that
14 right away.

15 MR. BAKER: If you have a disbursement on
16 January 7th and you generally disburse ten days
17 before?

18 MS. HALL: Uh-huh. Classes start early
19 January, so you get a lull of the crediting of
20 accounts ten days before.

21 MR. BAKER: All right. So if you drew
22 that on a Monday on the 24th, the 25th --

1 MS. HALL: Then I'd have it too long.

2 MR. BAKER: Why?

3 MS. VETA: Because the 27th is ten days.

4 MS. HALL: Ten days and you can only have
5 it, want you --

6 MR. BAKER: Classes start on the 7th?

7 MS. HALL: I think they start on the 14th.

8 MR. BAKER: Oh, okay.

9 MS. HALL: And so you got that --

10 MR. BAKER: Ten days before is a few days
11 into January.

12 MS. HALL: Yes.

13 MR. BAKER: Okay.

14 MS. HALL: And would throw us into that
15 excess cash, so --

16 MR. BAKER: Right, right.

17 MS. HALL: -- you know, there needs to be
18 some kind of statement that, if schools do that
19 they're not -- excess cash.

20 So those are my comments. I'm sure that
21 we could come up with more and I think Jeff and I
22 talked about this being a, there's never, seems like

1 never a good time to pull financial people away. But
2 we do appreciate the opportunity to comment.

3 MR. BAKER: Good comments, thank you.

4 MR. GETTE: All right. Do you have a
5 list?

6 MR. LEVITT: Well, actually my association
7 sent me here so based on my association --

8 FEMALE VOICE: Are --

9 MR. LEVITT: Yes. I'm here just to listen
10 on the association but the minute my boss, the minute
11 my boss found out that I was coming here he had a
12 couple of issues that he wanted me to bring up with
13 you guys.

14 There, actually, it's an ongoing issue
15 with the reporting on the campus safety from the re-
16 authorization. It appears that there's, you have the
17 Campus Safety Act on one hand and then you have the
18 new regulations coming out with the re-authorization
19 on the other. And they appear to be in conflict with
20 each other. We'd like to see somebody take a look at
21 that to see if there can be some resolution.

22 MS. VETA: Where do you see the conflicts?

1 MR. LEVITT: Well, the reporting
2 requirements for the Campus Safety Act is already
3 there. And now based on the new regs that we're
4 going to have to send the report every year to the
5 Department of Ed. So, actually we're sending two
6 sets of information. One from the Campus Safety Act
7 where you have to report campus crime stats and all
8 that kind of a thing. And then you have to turn
9 around and you're going to have to send a report to
10 the Department of Ed. We really, I guess, I guess
11 what I'm saying is, is, what is the Department going
12 to do with that report? Why, I mean, it seems like
13 it was working a little better before when you had
14 to, if the Department wanted the report they would
15 request it from you. So we'd like to see something
16 like that looked at.

17 And the original, and this is coming from
18 my, my Director of Campus Safety, the original
19 purpose of the law was to get after drug using and
20 binge drinking, that kind of thing. Now with the new
21 reporting requirements where you're responsible for
22 public property. If you start looking at that you're

1 going to start looking at when you send your people
2 on a field trip, if they go to study overseas, what,
3 you know, what's the definition of public property
4 now?

5 We have corporate sites where our
6 instructors go and they teach right at, say, GM or
7 Ford. Does that mean we have to report every crime
8 that happens within that building because now that
9 becomes public property? So we'd like to kind of get
10 a better clarification of what public property is.

11 I do have some, my Director of Student
12 Loans for the Central Loan Office wanted to say that,
13 and this is good news that they're really happy with
14 the changes in the loan programs.

15 MS. VETA: Good, thank you.

16 MR. LEVITT: And they wanted just to say,
17 you know, you did a good job on that, so.

18 MS. VETA: Thank you.

19 MR. GETTE: That was my team, so I'll take
20 personal credit for that.

21 MR. LEVITT: And that's all I have. It was
22 mainly that campus safety issue.

1 MR. GETTE: Alisa, do you have some items
2 that you can share with us?

3 MR. BAKER: Introduce yourself.

4 MR. GETTE: Right, yeah. And you might
5 want to introduce yourself for the group and for the
6 reporter.

7 MS. ABADINSKY: Okay. I'm Alisa Abadinsky
8 from the University of Illinois of Chicago. And I
9 think you heard a lot of -- comments from Ann Marie
10 in Washington. And I'll just repeat where we're
11 coming from.

12 I know we're still waiting for the final
13 rule that will allow us to process deferments without
14 a written request -- we're just, we'd really, really
15 love to see that one soon.

16 Another item that I heard recently from
17 our membership is on electronic mail. If we send an
18 item, a notice that we're required to send to a
19 student, the electronic mail, something that we would
20 normally drop in the mail, we have to keep a receipt
21 for the electronic mail or if you drop it in the
22 mailbox you don't have a receipt or anything like

1 that. And that just seems like an additional
2 administrative burden as an institution.

3 I would also, I wrote you a statement
4 about our Y2K issue. And we are very concerned,
5 also, as a campus that we would love to move the
6 money before the new year just because of the
7 unknown, you know. I don't think I'm going to stock
8 pile water and everything else like some of the
9 people in this country our doing, but we would like
10 to know that our students are going to have some
11 money to pay for what they need to pay at the
12 beginning of the new school and not to impose
13 hardships on people. So this is a once in a thousand
14 year thing and I think we need to --

15 MS. VETA: We're worried about precedent
16 here.

17 MR. BAKER: She thinks I'm going to be
18 doing this a thousand years. We have, the Y2K stuff
19 actually, we have contingency plans if the reporting,
20 the money is distributed a number of ways, I should
21 note. But for instance, -- money, if the reporting
22 system fails on our end or if Edcaps or Gaps or any

1 of that fails, we have contingencies to get money
2 through the federal reserve pipeline just by-passing
3 all of that.

4 The perceptions are interesting, of
5 course, and pretty obvious. We are also developing
6 contingencies about what happens if school systems
7 fail. We're not just going to say, too bad, because
8 there's kids out there who need the money. So there
9 are some things looking at, at all this three day --

10 MS. VETA: And I think the suggestions you
11 both have made are worth our looking into further.

12 MR. BAKER: Pretty soon though because
13 otherwise it's not going to matter.

14 MR. GETTE: Right.

15 MS. HALL: Right, right.

16 MR. LEVITT: Jeff, has there been more
17 schools who have -- now? I know that you've been
18 getting the word out on the --

19 MR. BAKER: There's more and I don't know
20 how many more. It was kind of disappointing early on
21 but I think we kicked a little bit and associations
22 did some help and we got letters out to the

1 presidents from the secretary and from Mike and
2 everything. So I'm sure there's more.

3 MR. GETTE: The numbers have gone up five
4 fold but it's still much lower than we'd like to see.
5 I think successful testing has gone from 46 to 250
6 something. You know, but with how many institutions,
7 Jeff?

8 MR. BAKER: 7,000.

9 MR. GETTE: 7,000. We still have a lot to
10 do. Mike testified, Mike Smith testified about this
11 this past week up on the hill. And the focus on the
12 committee was not, was no longer whether the
13 Department of Education is prepared but whether our
14 partners in the process are prepared for what's
15 coming. And they're concerned that they may not be
16 in the largest extent.

17 MS. VETA: And to that extent, in our
18 opportunity to visit with you all, we would very much
19 encourage you not only to take the message back to
20 your own institutions but to your associations to
21 encourage them to do this testing. It really is
22 critical that schools go through this process as

1 well. There's just too much at stake.

2 MR. GETTE: They have announced that the
3 window for testing will be open now through most of
4 November, I believe. And so it gives those who
5 didn't feel like they were quite prepared some more
6 opportunity. But, obviously, the earlier you get
7 into testing the better.

8 MR. BAKER: Just one more thing I want, if
9 you get any sense from people that they don't want to
10 test because if they fail that will look bad and
11 we'll put a check mark next to them. The same people
12 aren't dealing with any of the hedges. It's all a
13 help thing.

14 MS. HALL: You know, we ran that back all
15 the way through our management information area. And
16 I forgot, they really feel like they've done it but I
17 don't know if we're on the record as testing because
18 they said we've done all we can do. We've done all
19 we can do. Just done all we can do. And there's
20 something seeing there for me. I, I don't know what,
21 I mean, they feel like they've tested everything so
22 maybe I should double --

1 MS. VETA: Have they tested everything
2 with us or just internally?

3 MS. HALL: No, I thought they said they
4 had. So, you know, because I, that's obviously is
5 something that I want to make sure we've done. And
6 they say, maybe I can get them to write that down for
7 me and I'll paraphrase, I'll understand it. And
8 double check to see if you all show us as having
9 tested because they really feel like there's no
10 problem. This is why there's no problem and blah,
11 blah, blah.

12 And we do have vendors and we have, you
13 know, vendors are supposedly have big testing.

14 MS. ABADINSKY: To me testing appears a
15 very small piece of that, right?

16 MR. GETTE: Sure.

17 MS. ABADINSKY: And there's so many more
18 places where things can break down. I mean, we're
19 doing electronic transfers of refunds to the
20 student's bank account. There's just a multiple of
21 places. If we can't get our charges to move out to
22 the account, we can't get the aid to move out to the

1 students account. There's many places where these
2 can break down along the way.

3 MR. GETTE: On staying in the area of
4 technology, in terms of using electronic mail, you
5 were talking about having the added burden of
6 basically paper work on the electronic process, which
7 theoretically ought to be reducing the amount of
8 instead of increasing it. But where specifically are
9 you seeing that requirement? Is that on all notices
10 you send or is it on exit counseling materials?
11 Where?

12 MS. ABADINSKY: It's definitely exist
13 counseling materials. I'm trying to think without
14 having personally gone back. It was a comment I got
15 and I have that subject to the regulations. I know
16 over the years that's always thinking, that stuck in
17 my head that whenever there's a requirement to do
18 something you were given the option to do it
19 electronically that we need to keep a receipt that
20 the sender used a; it's more than one place.

21 MR. GETTE: Okay.

22 MR. BAKER: It can be an electronic

1 receipt, so to speak. It has to be.

2 MR. GETTE: Right. In other words, it
3 can, it doesn't have to be a printed piece of paper.
4 It can be stored electronically.

5 MR. BAKER: It's a normal, it's the single
6 most e-mail systems having you send it certified or
7 registered or whatever you might click. But it does
8 mean you have to do that and store that. I know it's
9 a bit of information. And then, I guess, if you
10 don't get it back the follow-up that, I think's
11 exclusive also. If you don't get the receipt back
12 you got to take the next step and maybe send it paper
13 mail or something. It's weird.

14 MS. VETA: Maria, did you have any
15 additional issues?

16 MS. GARCIA: Actually, no. I really liked
17 those comments about the alternative loans we have.
18 Our school's an undergraduate school. We don't have
19 any graduate students. But we have, since I've been
20 there for the past, oh, I'm going onto four years,
21 and this is the first time I noticed that with a few
22 students, we don't have a majority of students, but

1 we have had some students who have just come in and
2 the loan has been already guaranteed. And they're
3 coming in with already the paperwork that we have to
4 include in their plan. And we're like, wait a
5 minute. We gave you everything you are eligible for
6 but, so that's why a student gets upset with us.

7 But I've seen that issue happen. Other
8 than that everything is, I mean, I don't have any
9 complaints or anything. I haven't been really too
10 much in the regulations. Usually my boss is the one
11 with it so, but I really like that comment.

12 And also on the Perkins loan, the
13 deferment form, I did have one student who actually
14 she switched last names and she went into default
15 with our Perkins. Okay? And they still, you know,
16 for her to get out of default, she's still enrolled
17 under a different last name and we cannot get her out
18 of default until she comes in and fills out the
19 deferment forms. So that's kind of crazy there, too.

20 I just really liked those comments there.
21 Everything else, I mean, I love the master promissory
22 note. I think that was a good idea. It was very

1 good. Other than that, I don't have any, any, I
2 really didn't come prepared either.

3 MR. BAKER: You can send us in the notice,
4 I think she gave you a copy.

5 MS. GARCIA: Yes, she did.

6 MR. BAKER: There's an e-mail and there's
7 also Colleen McGinnis's address to send --

8 MS. GARCIA: To send some information.
9 Okay. I'll show it to, well.

10 MR. GETTE: Yeah, any follow-up
11 information or comments that occur to you after this,
12 please just send them along. You know, any ideas or
13 snippets of thoughts are fine as well.

14 MS. HALL: So then you will be putting out
15 maybe some kind of summary of kind of what the issues
16 were that you experienced over the country?

17 MS. VETA: We need to, obviously, prepare
18 this report for Congress and this process we went
19 through. As I indicated, we also expect to have
20 discussions with the community after October 7th and
21 as part of those discussions, you know, talk about
22 the fact that we got a laundry list of suggestions

1 from A to Z. Some very technical and some very broad
2 and philosophical. And take all of those issues and
3 talk about where we go from here in terms of
4 addressing.

5 MS. HALL: You know, we have other
6 comments that we just didn't feel, you know, because
7 they didn't deal with current regulations we weren't
8 going to speak to them, but is there any possibility
9 to talk about that SAN, or whatever that is, Student
10 Access, whatever?

11 MR. BAKER: Access America?

12 MS. HALL: I don't, yeah. I don't feel
13 real qualified. It's just that I looked at it. It
14 looks, the whole thing is a loan and the guarantor
15 and the lender sending to SAN and then back to the
16 school. To me, I'm thinking, I see a third place and
17 I got to reconcile data and we already have really
18 good systems now. Most of us, whether it's -- or
19 Straford loan, we have good systems now. We draw it
20 on cash electronically. But, you know, we're then
21 electronically giving it the student. And to add
22 another layer to run that stuff through this thing

1 and then run it back to me, what a waste. That's the
2 biggest waste. Another third data base that you and
3 I are going to have to reconcile.

4 I cannot tell you, are lives is reconcile,
5 reconcile, reconcile. That's all we do now. And we
6 do more of that than seeing students. I'm under
7 pressure now to get more data people. So I switched
8 to counselor, you know, some counseling people,
9 taking the counseling hours out and totally devote it
10 to data, data, data because I figure if the data
11 falls then it won't matter. We won't be counseling,
12 you know. So, we're all under more pressure to
13 expand our data area to accommodate that. So we
14 don't want anymore complexity on that. And we
15 certainly, I mean, some of those people that are
16 doing this, I'm thinking, what are they doing? I
17 mean, we already have web access and students can go
18 in and check their aid on the web. And they get
19 their full, they don't get, well, just the federal
20 part. So they get everything on the web.

21 MR. BAKER: All these alternate loans.

22 MS. HALL: Except that. So, I guess I'm

1 just having trouble figuring out, with all due
2 respect, I don't know what they're doing because so
3 many schools already have all that. And if a kid can
4 go in and check their aid, it's only going to be the
5 federal aid unless the school loads in their aid and
6 I wasn't choose to do that because I don't necessary
7 want everybody knowing how much private, I mean, not
8 some nameless government agency knowing all my
9 private scholarship money, where it comes from. You
10 know, let's, no. I don't understand and maybe we'll
11 all learn more about that as we go to our
12 associations, but.

13 MS. VETA: Let me ask you a question on
14 that, when you said the students already have web
15 access to all their aid. You're saying --

16 MS. HALL: At least on my campus.

17 MS. VETA: You're saying that web access
18 provided by the university.

19 MS. HALL: Yeah. And I, I --

20 MS. VETA: So you already have --

21 MS. HALL: -- see more and more schools
22 that are going that way.

1 MS. VETA: Where you have a student
2 account --

3 MS. HALL: Uh-huh.

4 MS. VETA: -- that the student can look.

5 MS. HALL: And he can look up their, their
6 purse. And they'll be able to bill and everything
7 else.

8 MR. LEVITT: We have it also.

9 MS. HALL: And so, I'm just not sure
10 what's going on with all that. I understand and the
11 need to get rid of the files and have a single data
12 base, you know, so that there aren't duplicate
13 records all over the place. The government should do
14 that but I, this other piece and all this other
15 complexity, you know, we get accused of making things
16 complex too. And I get mad over callers as soon as I
17 go, you guys are making this more difficult, too.
18 You know, I mean, because we've been doing it so long
19 that I think we all think the hardest, we ought to do
20 the hardest route. We're always fighting, what's
21 best for the student? What bottom line is the impact
22 on the student? And so I'm just not seeing, it seems

1 to me like a lot of effort going into some stuff that
2 is, could be directed in other ways to get your data
3 base.

4 I mean, I know you face tremendous
5 challenge to get your single data base, whether it's
6 -- front end and make it look like it's one.
7 Something. And I know that is going to be your
8 biggest challenge because we had that on our own
9 campus because we, we've built our own system and
10 we're going to be building our own system again. But
11 this, I think we need to be careful here on what
12 we're doing.

13 And the other is Project Easy, and I know
14 you all had nothing to do with that. But most
15 recently, I really think you still need a group
16 sitting somewhere that is really not bound and tied
17 down by that they've got to get it done tomorrow.
18 That they're really visionary thinking because I've
19 seen it in the writing. It's one hazardous thing the
20 project -- anything and on the other hand we say, oh,
21 look what came out of some of the dialogue, the
22 master promissory notes and some of those things.

1 So, as much as you're doing with this new
2 process and this is process redesign, or whatever you
3 want to call it, I still think you need a little
4 group somewhere that's looking long-term, visionary,
5 that could feed back into the script. Because the
6 group that's going to be doing the other is more
7 functional, more it's got to produce, we've got to
8 get it done in two years. We got, but not five years
9 out. Not four years out. And I think that group
10 could alert you to problems that are on the horizons,
11 say, like this alterative loan. It's like a quick
12 check with the wind and what's happening.

13 So, I was kind of, you know, I never have
14 time nor was asked to be part of Project Easy nor
15 would I have been able to but it's just, I was
16 admiring my colleagues that put in that time.

17 MR. GETTE: Have you had an opportunity to
18 look at the modernization blueprint?

19 MS. HALL: Yeah, we did. We actually sat
20 down once in our office and went through --

21 MR. GETTE: Great.

22 MS. HALL: -- all those comments. We

1 haven't really had a chance, actually, to look at the
2 drawings and, you know, how this is going to -- but
3 the more you can get out there to people before you
4 start developing, you know, I would just hate to --
5 notice something that is not worth while. I mean, it
6 sounds good and would be good. But it's duplicative
7 also.

8 MR. GETTE: Right.

9 MS. HALL: And, yes, I know there's some
10 schools that aren't ready but I just don't see the --
11 being the one to solve this, for the access to
12 students of their student aid records. I see that on
13 the page.

14 MR. BAKER: Do you have any indication --

15 MS. HALL: It takes some money to develop
16 this.

17 MR. BAKER: -- on how frequent students
18 are using that web site? Checking their stuff?

19 MS. HALL: Oh, I, we're up in the, I don't
20 know. I haven't recently but it's, it's pretty
21 large. I mean, I know it would be large and I'm sure
22 I can get that data if you needed it.

1 MR. BAKER: So, they use it?

2 MS. HALL: Oh, yes. Absolutely.

3 MS. JOERSCHKE: And they just redesigned
4 it on our --

5 MS. HALL: They just redesigned it --

6 MS. JOERSCHKE: -- campus as well.

7 MS. HALL: -- and went on --

8 MS. JOERSCHKE: Just to enhance it.

9 MS. HALL: Enhanced. And our problem is
10 that we, there is just so much in the whole
11 technological realm that we're always facing that
12 prioritization and, you know, there's much more I
13 want to do but the way I'm with the students, you
14 know, right now they can go in and then check their
15 missing information and print it out. I want to
16 upload it directly into our system but, and we know
17 how to do all these things it's just we can't spend
18 the time, you know, prioritized. And financial aid,
19 as I keep trying to tell everybody, financial aid
20 cannot always be first. And yet we have the fine
21 line that we're, oh, well, it's not on the record.
22 Really, realistically we are, we laugh

1 about this is. And we say, well, there are nine pigs
2 at the trough. And the eight are backed in the
3 school. The ninth is the student services. And the
4 student services has 13 departments and we're,
5 actually, we're, they're nine thieves and we're
6 piglets and we're trying to get in there and eat.
7 And so, but, I mean, we obviously, we can get
8 priorities when we need to. Like we did this last
9 year with the -- we said we've got to get the money
10 to the student's account. And that was the biggest
11 improvement in financial aid, not coming direct from
12 the direct financial aid but -- give the money, get
13 those lines out of that hallway where the
14 administration is. High them or get rid of them. So
15 we got rid of them.

16 So, you know, I think we're now rippling
17 back to the financial aid saying we've got to
18 automate alternative loans. We've got to, special
19 programs and I think nobody can really fathom the
20 manual stuff that has to go on. But we have
21 technology program, 13, 1500 kids around the State.
22 And we have study abroad. We have the Flight

1 Programs. We have medicine students. They all have
2 little wrinkles that they can't sit and flow with the
3 big picture.

4 So, we're faced with, and as I talk to
5 people so often, for years we've spent time every
6 year in major things we had to do were change
7 account, change, change loans. You know, everything
8 was happening. Every year you'd change it. You can
9 never focus on scholarships. I mean, horror. I
10 mean, and I know the government can't help us with
11 scholarships but we just need to do much more in
12 helping all of us benchmark how we manage these
13 scholarship funds because as we all get more, try to
14 get more gift aid because there isn't the federal,
15 we're all facing that we need to direct our data
16 staff to do all these special programs now and not
17 reinvent financial aid every year.

18 So, you know, I think it's good that we've
19 done some of that but, and I'm so happy with the
20 master promissory note. But it's like I want one
21 year that we can just sort of look at these other
22 things because we don't have enough resources to get

1 it all done.

2 I don't know about your school, but I'm
3 sure your financial aid office offer special programs
4 and things that they can, if they had the resources
5 they can automate more of it.

6 MS. JOERSCHKE: Right.

7 MS. VETA: Tell us more about how the
8 master promissory note is working.

9 MS. HALL: Well, we're not using it this
10 year because we had some major things going on with
11 the money going to students accounts. We decided
12 that we would wait and do it in the course of this
13 year.

14 MS. GARCIA: Actually --

15 MALE VOICE: I'm sorry, go ahead.

16 MS. GARCIA: Oh, I'm sorry. No, actually
17 I was going to say we have not actually started. We
18 will be starting it in December. You run by quarters
19 instead of semesters so we will be starting it. But
20 I think it's going fine.

21 MR. BAKER: You're in a FFDL?

22 MS. GARCIA: Yes.

1 MS. ABADINSKY: I don't know whether REF
2 is --

3 MR. BAKER: Yes, you are because the
4 direct loans is only one.

5 MR. LEVITT: Yes, it's working really well
6 for us.

7 MS. VETA: You've actually implemented
8 this?

9 MS. HALL: You can see the benefits in the
10 second year.

11 MR. BAKER: Second year --

12 MR. LEVITT: Yes, we started this fall.

13 MR. BAKER: This year, because it's the
14 second loan you don't have to get it -- but any, any
15 sense from the students that they're a little uneasy
16 about signing a note that doesn't have any dollar
17 amounts on it?

18 MR. LEVITT: That was one concern that
19 was, that kept cropping up but it was, it wasn't like
20 a large number of students that were; I think the
21 students were more concerned of either, of course,
22 number one paying their tuition bill off or getting a

1 student loan refund. But, yeah, we haven't had, very
2 little complaints when it comes to it. It's just
3 been really working well. We're real happy with it.

4 MR. BAKER: Think about it in the future,
5 how do you think, what do you think the reaction of
6 these students next year when, you'll send them an
7 award letter with a loan on it and --

8 MS. HALL: They're going to love it.

9 MR. BAKER: -- some will be calling you up
10 and saying, my note must have got lost. That's a
11 problem but. And then the money would just show up,
12 right?

13 MR. LEVITT: Yes.

14 MR. BAKER: Do you require award letters
15 to be returned where they say, yes, I want the loan?

16 MR. LEVITT: We're still, we've kind of
17 mirrored the; because as you know we was in direct
18 loan and then went back to the FFEL Program. But we,
19 we send out a loan request form. On our award letter
20 on the bottom there's an eligibility that states this
21 is what you're eligible for sub or unsub or plus.
22 And then a loan request form is sent to them with

1 that and then they send us back, actually, we
2 recommend what, you know, what they've indicated is,
3 ours. We recommend what we think they need to cover
4 their cost. And then they send, sign it and send it
5 back.

6 MR. BAKER: Let me ask, one more follow-up
7 in that. And I'll get to the other folks, too.
8 Cliff, do you have any sense of people who, if I have
9 this right, they're eligible for a loan when you're
10 giving them this amount.

11 MR. LEVITT: Uh-huh.

12 MR. BAKER: That --

13 MS. GARCIA: We see our students
14 personally. We have a small, you know, a small
15 student population so we, we do everything with the
16 student. So we would have them sign the award letter
17 with us.

18 MR. BAKER: So if they want to decline a
19 loan or --

20 MS. GARCIA: Decline a loan.

21 MR. BAKER: -- or understand it more you
22 go through all of that.

1 MS. GARCIA: Right.

2 MS. VETA: Does that ever happen?

3 MS. GARCIA: It does, when they decline a
4 loan? Yes, it does happen. We've had some students
5 who wish to make some payments or otherwise if
6 they're getting an outside scholarship that they know
7 or a tuition reimbursement. That's normally when
8 they decline the loan.

9 MR. LEVITT: We've set up our system to,
10 when we started setting up the master promissory
11 note, if they had previous loans with us and where we
12 could actually incorporate; what we're doing is we're
13 importing our, the information of the Icer into our
14 PS400, which is our work horse. It's, you know, how
15 the students look up their accounts and that kind of
16 a thing. And what we're, what we're doing is we're
17 going to, every time we send out an award letter to a
18 student, and we've actually started doing this, we
19 tell them what their in debt, what they owe. It's
20 one --

21 MR. BAKER: It's one of the LNSD stuff
22 that we sent.

1 MR. LEVITT: Yes.

2 MR. BAKER: Oh, that's neat.

3 MR. LEVITT: Yeah, it is. And it really
4 works well because we've noticed that the student is
5 taking more of the recommended amount rather than the
6 full amount. We go, holy smokes, I'm ten grand in
7 debt, you know. I better not be taking the full
8 amount any more and just take what I need. So we've
9 noticed a shift towards that where the student
10 doesn't take the full amount of the, as much as they
11 used to.

12 MR. BAKER: Would the next neat thing from
13 that be that they go to web software, we tell them
14 what the monthly payments will be at that amount?

15 MR. LEVITT: We do have the Calculator
16 available on our web site form. So, we're pretty
17 proud of the fact that we were at 19 percent with a
18 default rate three or four years ago. Now we're down
19 to 12. And I think we're going to hit ten this year
20 because we, we've really made an effort to make the
21 student aware of what their borrowing and that kind
22 of a thing. So it's really worked out well for us by

1 using the web stuff and the NSLDS information and all
2 these other things combined. It's really done a good
3 job with our students.

4 MR. BAKER: And this year is next week,
5 you know, the --

6 MR. LEVITT: Yeah, yeah. We're counting.
7 We're hoping. I have a, can I ask you a couple more
8 questions that I, just to follow up with Joyce. Ever
9 since we put our information out there on the web for
10 our students, our office phones have been ringing a
11 little bit more because the students call and make
12 any access or information and they're calling a
13 little bit more now and saying, hey, what's this \$25
14 late fee I have on there. You know, those related
15 kind of things.

16 But on the Title IV refund policy that's
17 going to be coming out, is the Department going to
18 come out with a work sheet? Or they aren't going to
19 come out with them?

20 MR. BAKER: Electronic and paper. It'll
21 be a web site.

22 MR. LEVITT: Fabulous. Is there any shift

1 in the thinking of having the student pay back Title
2 IV funds yet? I mean, is that going to be, do you
3 think that's going to change at all? I know that
4 we're going to, at Baker, we're going to, if the
5 student owes money, say, on a telegram, we're going
6 to probably end up eating that and trying to get them
7 to our collection procedure. Do you see what I'm
8 saying? Because we don't want to put the student
9 into overwork.

10 MS. VETA: And all we can say on that,
11 since we haven't come out with our final regulation,
12 is, you know, we're not in a position to share with
13 you what we're going to do. It's a very difficult
14 issue. Some very good points have been made by
15 schools about the concerns that they have. By the
16 same token, we need to take a careful look at the
17 statute and it's a very difficult issue.

18 MR. LEVITT: Is there, is there any
19 possibility or shift in thinking of eliminating the
20 Motor Folder requirement? At Nasa it was, I don't
21 know if you were at that session that they were
22 talking about that, but it was kind of across the

1 board on how schools felt that they had to deal with
2 this or comply with this regulation. And some
3 schools were indicating that they were going to just
4 put them in the high student volume areas like the
5 Academic Office, you know, the Business Office,
6 Financial Aid Office. And other schools felt that
7 there actually had to be some type of a mailing. Now
8 --

9 MR. BAKER: The requirement is totally
10 statutory and, in addition are we talking about,
11 there's a, I think there's the last part of it says,
12 in the law it says no employ of the Executive Branch
13 may provide guidance to schools as how to implement
14 this. Something like that. So we can't answer your
15 question.

16 But I would say that the words are, I
17 believe, we can check it, make available.

18 MR. LEVITT: Make available.

19 MR. BAKER: And I think the purpose of
20 that last statement of keeping us out of it is, it
21 says make available.

22 MR. LEVITT: Okay.

1 MR. BAKER: I don't think I violated the
2 provision.

3 MR. LEVITT: We can't represent you
4 anymore but your witness is credible. Thanks.

5 MR. GETTE: One of the things I wanted to
6 come back to for quite a while was you were
7 mentioning experimental sites. And we're actually
8 kind of getting to the point where experimental
9 sites, I think just came out with some findings
10 recently. And I think we're thinking as the
11 Department, what's the next step? I mean, do we just
12 continue having experimental sites forever or should
13 we do something with this information? What, other
14 than that one item that you mentioned, were there
15 other things you learned from having experimental
16 site authority that you thought were useful that
17 should be looked at more broadly?

18 MS. HALL: I mean, I was hoping that the
19 data that went into the Department from the schools
20 was showing that it was, the regulations were not
21 worth while. And, so, some of them, in the interim,
22 that we got relief on and re-authorization got

1 addressed, and I don't know if they got addressed
2 because of the feedback or what. But, you know,
3 holding the check for a freshman.

4 MR. BAKER: Versus a third year person.

5 MS. HALL: Yeah.

6 MR. GETTE: Yeah.

7 MS. HALL: So we were exempt from that. I
8 could have told you that, you know, a limited amount
9 of people and you're really hurting 90 percent of the
10 people or 95 for these five. So that one and the 300
11 single disbursements, pro-ration.

12 MS. JOERSCHKE: Right. It's probably less
13 than one percent, you know, of the total loan buying
14 you have that are even in it versus students.

15 MS. HALL: And so we hope that the
16 Department keeps the experimental site capability
17 there so that you can get some data from some schools
18 as to what's going on with some regulations.

19 MR. BAKER: Uh-huh.

20 MS. HALL: But that can be from a
21 traditional school, too, you know. Some of the
22 people that are, you know, maybe preparatory

1 institutions all may not be seeing the kind of the
2 thing that a traditional school's seeing.

3 MR. BAKER: That's why experiments have to
4 be broad based experiments.

5 MS. HALL: Right.

6 MR. GETTE: Yeah. Would, I'm just kind of
7 thinking out loud now, I mean, you're talking about
8 the 30 day delay and the single disbursement which
9 now --

10 MS. HALL: -- award, yeah.

11 MR. GETTE: -- which now is statutory.

12 MS. HALL: Yeah.

13 MR. GETTE: And I'm wondering whether that
14 --

15 MS. HALL: We're still doing the data
16 collection.

17 MR. GETTE: -- there's any correlation
18 whether, whether those ideas grew out of the
19 experimental sites or not.

20 MS. HALL: Well, I think it did because I
21 sat in that NASFA re-authorization and we hammered on
22 those, you know, and forwarded them on to the

1 Department. So, I think those of us who were
2 experiencing really felt that it should go in re-
3 authorization. So, we want to see, I mean,
4 selfishly, experimental sites because I think it's a
5 creative process, too. We do have difficulty finding
6 time to actually sit down and talk about what is it
7 we want, you know, relief from, believe it or not.
8 But you don't know what people could come up with.
9 Again, if you don't have a Project Easy then have,
10 you know, a group that can sort of think creatively
11 to say well, we ought to be excluded from that. I
12 mean, let us try it out.

13 MS. ABADINSKY: We're an experimental
14 site for exit interviews. We're exempt from doing
15 that. We've got an alternative system for providing
16 web based financial counseling. And our default
17 rates have decreased over the years. So those,
18 obviously, getting rid of exit interviews did not
19 have a negative impact and what we're providing does
20 a much better service for our students. And we would
21 like to definitely see experimental sites continue.
22 And if we could come up with new ideas that might

1 work.

2 MR. BAKER: Yeah, the first half doesn't
3 really easy.

4 MS. JOERSCHKE: Uh?

5 MR. BAKER: The first half doesn't --

6 MS. HALL: Well, could I just say one
7 thing and I've told this to the Administration on our
8 campus. To choose to be an experimental site is
9 relief for the student. It is not relief for the
10 Financial Office because the data correctioning. But
11 we were happy to do that. For us, it made more sense
12 for us to do that than to run a bunch of students
13 through things who, so, that's another reason. Don't
14 think that schools are doing it so they can go, ooh,
15 ah. It's more work for us. And most of us did not
16 get extra resources to do that. I think I got a
17 grad, I didn't get a grad student for that.

18 MS. ABADINSKY: I mean for us, we were
19 going to provide this counseling whether or not we
20 felt this was good service to our students. And we
21 have a high risk population that we serve. What it
22 allowed us to do, though, was to make enhancements

1 that maybe we would not have otherwise made if we had
2 to continue going through the exercise of putting
3 these exit interview packets together and mailing
4 them out and checking if they got returned.

5 MS. VETA: I want to welcome the newest
6 member to our group to say I'm Jean Veta co-chairing
7 this on behalf of the Department here with my
8 colleagues, Jim Gette and Jeff Baker. And what we've
9 all done is just introduced ourselves and where we're
10 from. If you feel comfortable doing that.

11 MR. JAROSON: Yeah. My name is John
12 Jaroson. I'm representing the case management team
13 here in Chicago. Douglas Parrott would be here but
14 he had a conflict. He will be here, though, if the
15 meeting goes on. And I just found out this morning
16 that he would like me to be here. So I apologize
17 for; but I'm the co-team leader in the case
18 management team here in Chicago.

19 MS. VETA: Great.

20 MR. JAROSON: So, thank you.

21 MR. LEVITT: Jim, just to follow-up on the
22 experimental site.

1 MR. GETTE: Uh-huh.

2 MR. LEVITT: We're not one, of course, but
3 one of my colleagues that work on one of the
4 committees with me, her school is Michigan State
5 University and they are very happy with it. She says
6 they are very happy with it and they would hate to
7 see it end. She says that for the student it's
8 really worked out well.

9 MR. GETTE: Do you get the sense that
10 there are new ideas that are still coming on line
11 through the experimental site program?

12 MS. HALL: I think there's confusion about
13 there, from people knowing whether they can submit
14 them or not. And I guarantee you, if we can sit down
15 and find some time to meet with people. But we're
16 too busy processing aid. We can probably come up
17 with some more.

18 MS. JOERSCHKE: It's also a little more
19 difficult right now because like initially the
20 quality assurance schools went together under a
21 consortium, under their umbrella. And the direct
22 lending schools, you know, you're all together

1 looking at issues and then coming forward with your
2 proposal. But if you're an individual institution or
3 even a group of regional schools trying to come
4 together, it's really a different issue than it was
5 initially.

6 MS. HALL: But I think people are not sure
7 that they could even submit them right now. And
8 could we talk about distance education?

9 MS. VETA: Definitely.

10 MR. GETTE: Please.

11 MS. HALL: Well, I know you have your
12 demonstration sites and maybe we need to deal on that
13 one. I don't know. I think we are struggling in
14 Indiana with distance education. And I think right
15 now financial aid people are under a lot of pressure
16 that I don't believe that they need to be under. As
17 if they're dragging their feet. They're not with the
18 program. They're, what's another word? There are
19 several words that I feel are appropriate that we're
20 not thinking out of the box. We're not capable of
21 thinking out of the box because we have these
22 regulations that we must adhere to. So, I'm

1 expecting maybe a little war somewhere here shortly
2 because people are trying to define and yet they're
3 not demonstration sites. So, for
4 instance, how do you do away with the home school
5 concept? Right now in Indiana we have the home
6 school. And as hard as it is to work with that, at
7 least the home school's doing the financial aid. So
8 they want to talk about the concept of doing away
9 with the home school. What does mean? And how does
10 that, then who gives the financial aid?

11 So, you know, we pretty much, we have,
12 we're going to put together, there's a nice document
13 somewhere that people in the government have put
14 together on distance ed, was it, who put that
15 together? Was the DOA?

16 MS. JOERSCHKE: It was the individual from
17 Colorado --

18 MS. HALL: Colorado, when they did.

19 MS. JOERSCHKE: -- with the --

20 MS. HALL: Line item, all the things. So
21 we at least think that we're going to take that with
22 us to the meetings so that these folks, on the

1 academic side, realize that we, yeah, we have to meet
2 the regulations, sorry. But unless you want to be a
3 demonstration site, we're going to have to continue
4 to meet the regulations.

5 MS. VETA: What are the biggest hurdles?

6 MS. HALL: The biggest hurdle is, for us I
7 think, several. One is the whole registration
8 process. Doing it in a difference place and not
9 being part of the mainframe. So, if all of your
10 financial aid programs are looking at a main frame
11 system and those kids aren't there, how are you going
12 to find them? So we keep saying they should look
13 like a regular student so we can do all the
14 reporting. And they, the old systems aren't as
15 flexible because they're old systems. So they want
16 to do it out of Life Long Learning which is more
17 flexible because over time Life Long Learning in
18 continuing ed, you know, kids can bop in and people
19 can bop in for three courses and whatever.

20 So, then there's pressure to have people
21 admitted through that area, not through regular
22 admission. Not registered through the regular area

1 and not billed through the regular area. And I keep
2 telling them, with all the refund, repayment and all
3 that we have to do, I cannot run a separate system
4 over here on the side to, you know, because it's all
5 Works over here. But then the flexibility of three
6 courses are from IU, two courses are from Purdue, one
7 is from Ball State. Who does the aid? So, I'm at
8 the point where I'm telling them maybe you need to
9 get your own DOE code and be a school. Maybe that's
10 what, maybe it's just unique to Indiana. They've
11 been trying to run it on a home school concept.

12 And, you know, if the kid was getting a
13 script from Purdue, one semester, all the courses
14 might be through distance out of Ball State. But he
15 might produce students so I'm doing the financial
16 aid. But if you do away with the home school, I'm
17 having trouble figuring out who's going to do the
18 financial aid.

19 MS. VETA: But in hearing that --

20 MS. HALL: Dilemma.

21 MS. VETA: -- thinking about to what
22 extent are those struggles within your university

1 system and what is it that the Department of
2 Education is doing where, that you think should be
3 doing differently.

4 MS. HALL: Well, I don't know. I just
5 throw it out there as the next, I mean, this is
6 really starting to be some real struggles with
7 everybody. And we know that demonstration site. So
8 we really do need to watch that closely and, you
9 know, I don't know if the time frame for being a
10 demonstration is not as flexible maybe as it could be
11 because I think some people, again, you know, came
12 out and boom. You know, it seemed like some people
13 were lined up to be demonstration sites like that and
14 some of the rest of us out there are not. I mean, we
15 are a part of Western Governors and Western Governors
16 demonstration site, Indiana joined that. But I don't
17 think we have any benefit to say we're a
18 demonstration site in Indiana because of that.

19 So, it's, that whole process, it's not
20 real clear or will there be another opened period for
21 demonstration sites. But, the whole thing, I don't
22 have all the regulations so --

1 MS. JOERSCHKE: I think what Joyce is
2 trying to say is that those, obviously, through re-
3 authorization, demonstration sites were given some
4 relief.

5 MS. HALL: Right.

6 MS. JOERSCHKE: Regulatory relief so
7 they're spelled out in regulations. But I don't
8 believe, unless other institutions are aware of this
9 other information that came out through the Colorado
10 Round Table experience, this other piece of
11 information that says blah, blah, blah, blah. These
12 are the problems. These are the regs. This is what
13 you're confronted with if you were to develop some
14 type of distance learning situation at your
15 institution or within your state. And that's what
16 people in our state are dealing with because we have
17 this information but --

18 MS. HALL: It's only because --

19 MS. JOERSCHKE: -- I've got it with me.

20 MS. HALL: -- it's not readily available
21 nor is financial aid understood by all the people
22 starting the program on the academic side. And I

1 don't think it's just unique to Indiana either. You
2 know, so I think maybe some education.

3 MS. JOERSCHKE: And you can't just send
4 people --

5 FEMALE VOICE: -- start popping up
6 programs here and there.

7 MS. HALL: Yeah. I think some, some
8 leadership from the Department as opposed to
9 individual financial aid directors trying to go at
10 people. If there were some context at that higher
11 level to get them to understand this is where
12 financial aid is right now and these are the
13 requirements that you will have to meet to be a
14 distance ed, assuming you're not a demonstration
15 site. Because what you're going to have is you're
16 having the financial aid people individually fight
17 people around. And then not understanding, if
18 haven't been in financial aid, you couldn't fathom,
19 you can't fathom that complexity of some of that
20 thing. And so, academic side sometimes thinks that
21 you can just, you can just do this and turn on a
22 dime.

1 MS. JOERSCHKE: And you're expected to.

2 MS. HALL: And they're expecting it. So I
3 think, I just think there could be a little more
4 leadership from the Department of Ed to let all
5 distance education areas know what the regs are in
6 financial aid. There could be other regs, too, that
7 relate so that they know that they, and clearly
8 summarized this is why you have to do it. It isn't
9 the Financial Aid office or whomever out there just
10 trying to be obstinate.

11 MS. JOERSCHKE: It's a really big issue in
12 the United States. The professors are feeling the
13 crunch, you know. They're having to develop programs
14 that are, you know, going out across the country. It
15 really is a big issue and they have the pressure to
16 produce. While on the other end, the schools need to
17 finance the student's education in some way. And
18 they don't necessarily mix. And so what we're saying
19 on one end as a, you know, the problems with
20 financial aid with the regulatory problem, it doesn't
21 match what's going on in terms of the way the
22 institutions are trying to move forward and be

1 competitive in the nation. And even internationally.
2 So, naturally, we're the ones that are looked on as
3 the bad guy.

4 MS. HALL: And believe me, I keep telling
5 people, that's not a problem. I, you know, I've been
6 the bad guy many times. But on this particular
7 issue, I don't think we should be. And if we can
8 just get more knowledge base and you can say, well,
9 Joyce, then you go give it to them. But there's
10 just, I think the Department would have a little more
11 authority, if you will, and ability to make people
12 show up to understand what is required and what
13 they're doing.

14 MS. JOERSCHKE: Well, on the other hand
15 too, I think that people, I'd hate to see schools
16 being set up for failure just because the
17 administration is forcing them financial aid offices
18 to do something that they really shouldn't be doing.
19 And, quite frankly, at some institutions around the
20 United States that very well may happen because the
21 Financial Aid officer is not considered, you know,
22 high enough among the administration to make those

1 decisions. And they do what they're told to do.

2 MR. BAKER: I think there's a, number one.

3 There's really two good resources you can check into

4 for your distance education program. One person

5 would be Ellen Black at NASFFEL and the other person

6 would probably be either Marian Phelps or Cheryl

7 Liebowitz. They're great people to consult in

8 distance education programs. We're doing some

9 distance education and we have students in Greece.

10 So it is becoming a major concern. But in the

11 Department's defense, after, I went to the round

12 table. And in the Department's defense, it's a mind

13 set, I believe, with our legislature, legislators. I

14 think that's really where the problem lies because,

15 and correct me if I'm wrong, but I believe they have

16 a mind set of the old correspondence schools. And I

17 think they think that distance education isn't a

18 viable way of delivering education.

19 I shouldn't say all of them, but I know

20 there's major concerns amongst a lot of them when it

21 comes to how they view distance education.

22 MS. HALL: Could I just say something real

1 quick here? It's not, I hope that no one thinks I'm
2 attacking the Department of Education on this. But I
3 don't think the Department, I mean, I totally agree
4 with what you're saying.

5 MS. VETA: I heard you to say this is a
6 new involving area that we all need to work together
7 --

8 MS. HALL: -- more leadership and --

9 MS. VETA: Right.

10 MS. HALL: -- and we can use some help
11 here on this one.

12 MS. JOERSCHKE: Well, and I think it's
13 moving in the right direction with the demonstration
14 side.

15 MS. HALL: Yeah.

16 MS. JOERSCHKE: And I think that it's
17 going to, you know, as you introduce more and more
18 schools to it and --

19 MS. HALL: But here's the dilemma. The
20 dilemma is, and this is a good thing, distance ed is
21 moving fast. And more and more pressure to move fast
22 and I don't know if that demonstration site is going

1 to move fast enough. And that's part of the loop is
2 because people are in the next two or three years are
3 being pressured to get this straightened out on this
4 financial aid and everything else so that you can
5 grow and do this distance ed when we don't even have
6 the regs straightened out. So that's what I'm
7 saying. We've got to get this clear to these folks
8 that you may have to make some decisions to do them a
9 differently on your campus for the short term until
10 we get more data. And that's what people aren't
11 right now willing to do. They just want to gloss
12 over it and let's do it through continuing ed. It's
13 not -- and it is.

14 MR. GETTE: It sounds like, I mean, to
15 some extent you're suggesting a little bit of an
16 education process.

17 MS. HALL: Yeah.

18 MR. GETTE: To help, help you all as
19 financial aid administrators deal with the issues on
20 your campus. We, I mean, this is going to be a tough
21 issue continuing, on a continuing basis because of
22 the speed at which the internet is going to propel

1 this area. So, I hear what you're saying.

2 MS. HALL: But I'm not sure you have the
3 staff resources to go to 3500 schools. I mean, so, I
4 guess I'm figuring, you know, I don't know how you do
5 it. If you do it through seminars and invite the
6 distance ed people, you know.

7 MR. BAKER: As an association --

8 MS. HALL: That run the program and the
9 financial aid people.

10 MR. BAKER: We set up intersessions by,
11 you know, like each conferences and that kind of
12 thing.

13 MS. HALL: Well, and we continue to do
14 that so we're sort of, we're chipping away at it.
15 Those distance ed folks are not a financial aid
16 company, believe me. They will come because they've
17 got their conferences to go to so are there some
18 conferences that those folks that we can get Cheryl
19 Liebowitz and Ellen Blackman and some people like
20 that that could say this is how you're going to have
21 to do it. In the interim, you've got to meet these
22 criteria.

1 MR. BAKER: There's two things going on
2 and it's really, I feel bad for the schools and the
3 students. And both of them are bad. One is the
4 schools are taking their best shot at how to do -- I
5 mean, I don't want to read my scribbling here. Maybe
6 some of these are just; and they're going to make
7 mistakes. And so we, do we put them in some sense of
8 -- and what becomes of it is a different issue.

9 The other one is because of that concern,
10 the schools are not providing student aid to these
11 distance learning students. And so that's, that also
12 is a technical violation but more importantly for
13 all, is the issue that these students are otherwise
14 eligible and ought to be getting it. And then you're
15 getting this pressure from the business learning
16 folks who are saying --

17 MS. HALL: Get with the program.

18 MR. BAKER: -- your instruction --

19 MS. HALL: Yeah, get with the program.

20 MR. BAKER: -- and all this kind of stuff,
21 saying nasty things about us and so it's a real
22 challenge. And it's not like everybody, that the

1 demonstration program was a pilot. This stuff, I
2 mean, it's a demonstration project but meanwhile,
3 it's going on.

4 MS. HALL: Yeah, it's happening.

5 MR. BAKER: It's not stopping. This is
6 going on whether we have a project or answer these
7 questions or not. It's a tough one.

8 MS. HALL: Yeah. I mean, we just see that
9 as something that really needs some thought.

10 MR. BAKER: Yeah. We need to work, there
11 are associations. They're pretty well organized, as
12 a matter of fact. And we need to make sure we're
13 involved with the community, joint things,
14 Department's state and regional associations,
15 everything.

16 MR. GETTE: There's a good web site out
17 there, too. I don't have the address but if you give
18 me your card I'll e-mail it to you and it's
19 everything that's going on in distance education.

20 MS. HALL: Oh, great. We need that.

21 MR. BAKER: I wonder if they have a
22 financial aid page to that?

1 MR. GETTE: I didn't notice one.

2 MR. BAKER: Because we could work with
3 whoever --

4 MS. HALL: Yeah, sure. Could be. That's
5 great.

6 MR. GETTE: Other ideas or thoughts that
7 are on your mind?

8 MS. HALL: I think we covered a lot of
9 them.

10 MR. BAKER: I just want to ask you a quick
11 question on the alternative loan program.

12 MS. HALL: Oh, yeah.

13 MR. BAKER: Couldn't the institution
14 contact these lenders and say, we'll be glad to
15 participate but here's our conditions?

16 MS. HALL: We've tried.

17 MR. BAKER: Or do you get students
18 regardless? MS. HALL: We tried. You
19 mean contact the banks?

20 MR. BAKER: Yeah, and say, you know --

21 MS. HALL: Well, there's a hundred. I
22 forget how many alternative loan programs there are

1 now. There's probably a hundred, aren't there?

2 MR. BAKER: Yeah, I remember this --

3 MS. HALL: Trying, yeah, trying to get all
4 those folks. We've tried on the ones that wanted to
5 exclude the financial aid office. And really got
6 nowhere. They just still exclude us. So, they just
7 weren't interested. But then all of a sudden the
8 checks started showing up at our school.

9 MR. BAKER: Right, so they came to school.

10 MS. HALL: So now I told them, we haven't
11 gotten to the second bank. We do know two banks.
12 They're large banks that we've, first one said, okay.
13 We'll stop sending them to your campus.

14 MR. LEVITT: And when they do send those
15 checks, too, we don't know whether to refund the
16 money to the student or leave it on their account.

17 MS. HALL: Well, you don't know if, first
18 you got to figure out what it is.

19 MR. LEVITT: Right.

20 MS. HALL: And then is it a loan? Is it a
21 grant? Is it a scholarship? Now, we think it's a
22 loan and --

1 MR. BAKER: Is this the student or is this
2 the parent on the co-pay loan?

3 MS. HALL: Yeah, student. And usually
4 it's the student.

5 MR. BAKER: Do they ask you to certify
6 anything beforehand or is it --

7 MS. HALL: No.

8 MR. BAKER: -- mostly just the --

9 MS. HALL: No, absolutely no contact with
10 the school. The student goes in on-line, completes
11 their app and it's done. And the money shows up.
12 They didn't ask the cost of attendance or what their
13 financial aid was. Got a student with a \$15,000
14 check sitting here. It just blows my mind.

15 MR. GETTE: Probably too much capital
16 running around this country.

17 MR. JAROSON: Do they have to start paying
18 the money back instantly?

19 MS. HALL: The alternative loans, it
20 depends on which one. Some are, let you defer.

21 MR. JAROSON: I've not heard of this one
22 that's why I'm wondering.

1 MS. HALL: Yeah, some, some let you defer
2 and capitalize and some, I think they all are
3 starting to give them an option.

4 MR. JAROSON: What's the interest rate?
5 Do you know?

6 MS. HALL: I have no idea.

7 MS. JOERSCHKE: It would be a very
8 competitive.

9 MR. LEVITT: They are very competitive.

10 MS. HALL: They look competitive until you
11 start figuring out what --

12 MR. LEVITT: They charge up front fees and
13 stuff.

14 MS. HALL: Up front fees and some don't.
15 The kids can't figure that out either.

16 MS. JOERSCHKE: But they don't understand.
17 The students and their parents, they're just taking
18 what comes out.

19 MR. LEVITT: Yeah, we had a bank get
20 really ticked at us because we got a check for, it
21 was like for \$18,000 and we put it in this student's
22 account and we paid off their current bill. And

1 then, you know, I guess maybe it's the financial
2 aid mind set, you want to get rid of the credit
3 balance right away. And we did and they called us
4 and asked us if we refunded the money to the student.
5 And we said, yeah. And they said, no. That was
6 supposed to remain on the account, like, you know,
7 we're really supposed to know something like that.
8 So this student walked off with like 11 grand.

9 MR. BAKER: And how do I sign up for this?

10 MR. LEVITT: Exactly.

11 MR. GETTE: Well, they're not checking
12 with the schools.

13 MS. HALL: I know.

14 MR. BAKER: That's true.

15 MS. VETA: Maybe we can share with the
16 group some of the other issues that were raised in
17 the Washington session.

18 MR. GETTE: I thought maybe --

19 MS. VETA: Take a break?

20 MR. GETTE: Take a break. And then share
21 a few of the ideas.

22 MS. VETA: Sounds great. Why don't we

1 come back in about 15 minutes?

2 (A 15
3 minute break was taken.)

4 MS. VETA: All right. Let's get started
5 again and what we thought we would do is share with
6 you the kinds of issues that had come up in the
7 session held in Washington and getting comments and
8 reactions you have.

9 MR. GETTE: Our first, I'm going to skip
10 our first session because it tends to be a fairly
11 specialized. It was geared to our lender issues. I
12 figure I'd try and zero in on ones that you might be
13 a little more interested in. So, we can start with
14 the loan issues. One of the issues that we heard a
15 lot about was the cohort fall rate regulations.
16 Everything from some specifics regarding some
17 revisions to the change of ownership issues that
18 relate to cohort fall rate mostly generated from
19 preparatory schools where I think that that's more of
20 an issue, although, there was some issue of change of
21 control issues outside the cohort area for state
22 institutions that were raised as well. But in the

1 cohort arena it seemed to be the preparatory schools
2 were most interested in the change of ownership.

3 But then there was also to the much
4 broader on cohort fall rate which was that there's
5 simply, it's a difficult regulation that's difficult
6 to fall, has differing deadlines and that
7 simplification and clarification of that regulation
8 would be useful.

9 MS. HALL: On cohort default rate?

10 MR. GETTE: Yeah. Any --

11 MS. HALL: Well, I know for one thing I
12 think we put it in a re-authorization that we really
13 felt we needed 60 days when you get notice of what
14 your default is to appeal because it comes at a busy
15 time and before you now it, they're, or whatever the
16 dates are have past. And I think you recommended 45
17 and we said 60 would be better. It's difficult to
18 try to get the data and run it and find out, oh, yes,
19 that student really was enrolled and all that.

20 In fact, our guarantor could not, all we
21 get is, we got a big stack and buried in this stack
22 was the defaulter up here and there. We said, if you

1 could at least sort it to the top, you know. Next
2 step, get it to us electronically but --

3 MR. GETTE: Right.

4 MS. HALL: -- sort it to the top. And I
5 think they're trying to do that. I mean, that is,
6 just been a real bug-a-boo. So, anyway, we thought
7 60 days to appeal would be --

8 MR. GETTE: And is that on draft process
9 because I'm assuming you're not --

10 MS. HALL: When it first comes out.

11 MR. GETTE: You're probably not
12 participating in the formal appeal process very
13 often.

14 MS. JOERSCHKE: No, it was the draft.

15 MR. GETTE: Okay. I think, I'm trying to
16 recall, I think actually as this further
17 negotiations, didn't we talk about extending that
18 period to --

19 MS. HALL: -- 45 --

20 MR. GETTE: 45?

21 MR. BAKER: 45.

22 MS. HALL: And we said 60 would be more

1 reasonable.

2 MS. JOERSCHKE: Yeah, we recommended 60 in
3 our letter.

4 MS. HALL: I mean, it comes out when we're
5 trying to get freshmen awards out and all the whole,
6 bringing up the system. Changing the system and all
7 of that. And so you've got to find some time. And
8 then freshmen parents calling and everything, so,
9 it's just, even 45; any days more you can put on it
10 would be --

11 MR. GETTE: All right. I know one of the
12 considerations, having negotiated this issue for us
13 as that the Department was the fact that we have to
14 now we're required to get finals out before the end
15 of the fiscal year which kind of boxed in the amount
16 of time, you know, in the middle.

17 MS. HALL: So you mean by July 1st?

18 MR. GETTE: No, by September 30th.

19 MS. HALL: September 30th. Well, I mean,
20 I think it comes out in March, doesn't it?

21 MR. GETTE: The draft does, yeah.

22 MS. HALL: And if you had 60 days from

1 that.

2 MR. GETTE: The problems come when you add
3 on the time for the guarantee agency to respond and
4 then do monthly submissions done as LBS and then re-
5 run the final rates. And the way we came up with the
6 time periods basically was we took the date that we
7 had to do the finals and then --

8 MS. HALL: Backed --

9 MR. GETTE: -- kept backing up to the
10 point where we, you know. So, but we heard that in
11 the negotiating rule making. We'll continue to look
12 at that issue.

13 In terms of the electronic process as
14 well, I mean, there is a movement within the
15 Department to move toward providing you electronic
16 data. And I think we're actually not very far away
17 on that.

18 MS. ABADINSKY: You know, I actually
19 appealed our default rate this year and had an
20 interesting experience doing that. We knew we had a
21 lot of technical defaults. We had verified a lot of
22 our defaults with the clearing house. There were

1 students that were, who ran -- both of our --
2 population and our direct loan population.

3 So, based on instructions from -- we went
4 ahead and sent letters both to our guarantors,
5 basically ISAC USA Group and also to direct loans.
6 ISAC indirect loans probably had a proportionate
7 amount of borrowers that we sent in. We just sent in
8 everybody and said, you know, we know there's, I had
9 a lot borrowers that were default direct current
10 FELP, vice versa. A lot of that stuff that just did
11 not make sense. So we appealed everybody to
12 everybody, essentially.

13 Got our response back from ISAC. Probably
14 had in the neighborhood of ten to 12 corrections made
15 by ISAC. Finally got this yesterday, the letter back
16 from Direct Loans and nobody. And I know based on
17 just what I went through with the clearing house
18 there's at least ten people on there that were
19 enrolled that even on appeal, Direct Loans did not
20 find as being current. So, I mean, I know the rates
21 are going to be filed. I know probably ten people
22 aren't going to do that much. If my rate is very

1 close to five percent we might have to talk about it.

2

3 But that was my experience with -- so I
4 think there are problems with your Direct Loan
5 service or actually they are finding defaults because
6 I know some of them were clearly not. We put it to
7 the test.

8 MR. BAKER: They enrolled at your place or
9 someplace else or both?

10 MS. ABADINSKY: They, both permanently.

11 MR. GETTE: So these were clearly people
12 who should have been in deferment, the school
13 deferment --

14 MS. ABADINSKY: And we just had so many
15 that were like default one program, not default the
16 other program. And we just begin to wonder.

17 MR. GETTE: Right. Okay. One of the
18 other issues, and again this was brought up
19 predominately by the preparatory schools was student
20 eligibility and treatment of modular courses versus
21 credit hours. And while they brought up the issue
22 there were others at the table who said even in the

1 traditional schools that this is becoming more of an
2 issue because the use of modular courses is becoming
3 more common. Do you see that at all instead of?

4 MS. HALL: When you say modular courses,
5 what do you mean? I'm trying to understand what you
6 mean.

7 MR. GETTE: As opposed to carrying a full
8 credit, what would normally be, you know, four
9 courses for however many credits, they're teaching
10 them through modules that take you, you know. The
11 example the preparatory schools gave us, if you're in
12 a medical assisting program, you take anatomy. You
13 take billing, you take X-rays, whatever. And instead
14 of taking those all simultaneously, which add up to
15 your number of credits needed, you take them in
16 modular fashion so you finish one before you move on
17 to the next. An issue of being part or full time in
18 that status. And, as I said, it came up from the
19 preparatories but some of the traditional
20 institutions said that they were seeing movements to
21 start using some modular courses as well.

22 So that's not something

1 that, I'm sensing that you're using at this point.

2 MS. HALL: We have a unique situation
3 with our flight students that, what are they doing?
4 They're, the can get, I think they can stock out and
5 go commercial. And then, maybe only have three hours
6 and, so what we did is was just work with a lender to
7 offer loans that aren't student loans to them because
8 they need some money because they don't get paid by
9 the commercial but they have to do it in order to get
10 their commercial rating or something like that. So,
11 I'd say in that area, and we've been able to get
12 around it by, the lenders are more than happy to come
13 in and do alternative loans at this point in time and
14 be flexible with the fact that these kids may go do
15 this for four weeks or five weeks and then come back
16 to school.

17 So there's a lot of pressure, we all, now,
18 there are not enough airline pilots so that's what's
19 happening is there's a lot of pressure to get them
20 through the program. But I'm not seeing a lot of it.
21 I mean, of course, with distance ed, I think we're
22 going to see much more, you know, I know we talked

1 about the, instead of course hours, it's competency.
2 And you know, instead of getting a grade you get,
3 there are a hundred competencies to get this thing in
4 this particular area. So, when you do that instead
5 of credit hours so I think at some point we're going
6 to have to be doing financial aid based on
7 competency. I don't know how but --

8 MS. JOERSCHKE: Well, that's one of the
9 issues.

10 MS. HALL: 75 percent of the Pel, it makes
11 75 percent of your competency out of it. So there's
12 some mind bending things out there, I think, that's
13 going to be pushed, driven by distance education.

14 MR. BAKER: Maybe we'll all be retired by
15 then.

16 MS. HALL: After they get their retinal
17 scan, they might, they'll have to determine, they'll
18 have a retinal scan so we know that they are in their
19 seat looking at the computer.

20 MR. GETTE: Loan counseling, exit
21 counseling. There was a recommendation made that we
22 start requiring or start providing information at the

1 exit counseling on actual loan indebtedness and
2 actual monthly payments as opposed to the average
3 data that's now required. I know you said that you
4 clearly are in a position to provide that information
5 at this point. Are others doing that? Would that be
6 a, do they see that as a TCS
7 positive --

8 MS. HALL: Yeah, I think we're, we're an
9 experimental site when we do mail, exit material out
10 and it has their indebtedness. I can't remember if
11 we put their monthly payment. I'd be surprised if we
12 didn't. But, yeah, I think the more we can do early
13 on, I liked his idea of the award letter, saying it
14 on the award letter.

15 The whole idea of debt, it scares me
16 because when we started packaging parent loans,
17 parents took them out. When we didn't package them,
18 they didn't take them out and our cost didn't change.
19 So, it's, it's, there's that disconnect. The parents
20 see that cost of education and if we can individually
21 talk to people we can make them understand that you
22 don't need to pay Purdue \$11,000 on day one. You're

1 going to travel here. You're going to buy books.
2 Then they understand. But when you say those award
3 letters out and say it costs \$10,000 and you're
4 eligible for a \$8,000 parent loan, they take it out.
5 I don't know what they do with the money. They take
6 it out.

7 So, we saw a real boom in our parent loans
8 but because our, all the other schools were packaging
9 it then we felt we had to package parent loan to need
10 because then they thought they weren't eligible for
11 the same type of aid at Purdue. So, I, it's
12 interesting to me that the, I'd like to see
13 nationally how much parent loans went up over time
14 here, say five, six years ago when we all started
15 putting in our A packages.

16 MR. BAKER: Excuse me. When you send out
17 some exit packages with the total indebtedness?

18 MS. HALL: Uh-huh.

19 MR. BAKER: Where do you get those numbers
20 from?

21 MS. HALL: From our database.

22 MR. BAKER: So those were the only loans

1 that were done through your --

2 MS. HALL: Uh-huh. But if they transfer
3 in, you know, from the Financial Aid transcript --

4 MR. BAKER: So you are picking them up?

5 MS. HALL: Yeah, NSLDS.

6 MR. LEVITT: What we do, what we do, we,
7 being that we import the data in from, you know, from
8 the Department or whatever, from NSLDS, we've
9 actually written a, and we're a little bit smaller
10 school. We're about 17,000 strong right now state-
11 wide. But we actually have written a software
12 program, our IS Department has written a software
13 program that goes in and selects fields off of the
14 ISIR record layout and then that's how we bring it
15 in. We bring it in and it actually goes through what
16 we call an awards grade. And that's how it prints
17 out on our award letters.

18 MR. BAKER: Have you found that the data
19 are generally pretty accurate?

20 MR. LEVITT: Oh, yeah. I mean, there's
21 always the exception.

22 MR. BAKER: Right.

1 MR. LEVITT: Most of the time.

2 MR. BAKER: Or if there is, I'm guessing,
3 if there is an issue the student brings it to you.
4 It's a good quality control because maybe there is an
5 extra loan reporting and it's better to know --

6 MR. LEVITT: That's right.

7 MR. BAKER: -- third rather rather than --

8

9 MR. LEVITT: And that has happened.

10 MS. HALL: -- still in contact with the
11 school. Yeah, that's --

12 MR. BAKER: So it didn't get canceled,
13 well, it really did get cancelled but it's still
14 showing as being a loan.

15 MR. LEVITT: Exactly.

16 MR. GETTE: Another issue that kind of
17 relates back, this was brought up not in the Perkins
18 Arena, actually, in the Cell arena. But you brought
19 it up in the Perkins arena was economic hardship
20 deferments and what is required in terms of proof
21 there. So that's something we heard not only from
22 the Perkins sect but from the Phelps side as well.

1 Some of the written comments we've also
2 received, one is an interesting proposal that I
3 haven't talked to anyone about yet. I just saw it
4 come off our e-mail the other day. But defaulters
5 should not be reported to credit agencies because
6 this impedes them from getting good jobs that will
7 allow them to pay off their debt.

8 MS. ABADINSKY: I disagree.

9 MR. GETTE: You disagree. Yeah, I, you
10 know, can't say where that came from but one might be
11 able to guess.

12 MS. HALL: Not a problem. I'm sorry. We
13 use that a lot. We try to tell students this is
14 going to impact your credit. You know, don't mess
15 around with it. It's going to impact your credit.
16 You're not going to be able to get a car. Does that
17 mean anything to you? They can't relate to the
18 mortgage stuff and all that. They're just going to
19 get out of the house and get an apartment. But the
20 car, you know, this way --

21 MR. GETTE: Right.

22 MS. HALL: Oh, no.

1 MS. ABADINSKY: And you want lenders to
2 have a true picture of the debt that the individual
3 has so they don't start extending credit they
4 shouldn't have.

5 MR. BAKER: There's a positive credit
6 rating that gets established, too. A lot of young
7 people don't have any credit except their student
8 loans. So when they make payments, when it's time to
9 buy a car or a house, they've got a history; a credit
10 history.

11 MR. GETTE: One of the other things that
12 came up, which is not so much regulatory right now,
13 but the issues of where we're going in terms of just
14 in time cash management with the advent of the
15 modernization effort and the ability really, in
16 direct loans, to be just in time. And how that
17 should apply in the FFEL Program. And what kinds of
18 concerns or thoughts should be taken into account as
19 we move in that direction.

20 MS. HALL: Yeah, I think, for us FFEL is
21 sort of moving in that direction because we don't
22 request the money from FFEL until we know the

1 student's registered. Because why should I get it on
2 my campus and not be able to disburse it because I
3 got some enrollment problems. And it comes in, it's
4 in their bank account like within three days.

5 MR. BAKER: Is this this release and hold
6 concept that they're using?

7 MS. HALL: -- yeah, hold and release.

8 MR. BAKER: Hold and release.

9 MS. HALL: Yeah. I mean, it's kind of,
10 you know, of course I don't know what the, all the
11 guarantor regs, when your clock starts ticking maybe
12 even when it's holding. And maybe that's the issue
13 is the guarantor is still getting something off of it
14 and you don't want them to. I don't know, but it
15 seems to be, you know, when we get a little more, we
16 had a problem with some automation on it, but, you
17 know, we were surprised at how many were being held.
18 How many, on August 5th we still had 5,000 kids who
19 hadn't finalized their registration. Of course, the
20 bills weren't due until like a week later and we
21 panicked them all and told them their checks are
22 being held. Ah, you know, it's like they finally got

1 on the dime to get their registration. So, really,
2 we were, it helped us because we were getting more
3 kids registered earlier because I knew that we
4 wouldn't pull the cash over.

5 But, I don't know. To me it's sort of
6 working.

7 MR. BAKER: Can I follow up with a
8 question, Joyce, and others too. In this hold and
9 release, should I say, so you should have filed the
10 loan back whenever you're certified.

11 MS. HALL: Sure.

12 MR. BAKER: And you have to put some
13 estimated personal tax because the law requires it.
14 But, unlike in the traditional situation where the
15 money would just show up on those dates, they don't
16 do anything until you tell them now I want it.

17 MS. HALL: Right, right.

18 MR. BAKER: And you tell them now I want
19 it after you've checked the eligibility.

20 MS. HALL: The registration.

21 MR. BAKER: And mostly it's registration.
22 You've checked everything else beforehand. And then

1 the money shows up EFT and you move it EFT.

2 MS. HALL: Uh-huh.

3 MR. BAKER: -- that quickly, but within
4 the account. When you send them that record saying
5 everything's, actually, send me the money, whatever
6 the record looks like, would there be a problem if
7 you included in that record the disbursement date or
8 delivery, technically, it's the delivery date? The
9 date that would be there, that Purdue, when Purdue
10 posted it in the student's account? When Purdue will
11 post it in the student's account?

12 MS. HALL: Oh, well, I suppose it would
13 just be another field. I mean, you know.

14 MR. BAKER: I mean, I don't care if you
15 answer it. It's just a system thing.

16 MS. HALL: Well, I know, you know, anybody
17 would tell us to add anything extra if somebody's
18 going to belly-ache. That's going --

19 MR. BAKER: Right.

20 MS. HALL: That's going to ripple across
21 the pile. You don't realize what's going to happen
22 to us. You know, but because there's this file and

1 that file and that file. But, realistically, why
2 would you want that? I mean, because we've got to
3 get it to them in three days. You give it to me,
4 legally. So let's, don't run hog wild with this one
5 because the rule is I've got to get it to them within
6 three days. So you know that I'm going to do it
7 within three days. So why give them an exact date
8 that it's going to be Monday. No, no. It's going to
9 be Tuesday. What would be, I would ask that
10 question. What would be the point?

11 MR. BAKER: Yeah. Just quickly. It was
12 two. I mean, if we're weighing all this. One is
13 because if we are going to have some kind of central
14 data base where the student can go to web and look at
15 with respect to this issue, assuming we're
16 centralized, they would see, the system would say
17 that it was disbursed at Purdue or Baker out on the
18 27th of September.

19 The other is to try and make sure to move
20 to a compliance rather than an enforcement mode in
21 terms of that three days. So if the date were there,
22 computers can figure out if it's more than three

1 days. And pick up and send a nasty message back
2 rather than a violation of that because of that
3 enforcement thing later.

4 MS. HALL: Yeah, yeah.

5 MR. BAKER: We're exploring all these
6 things.

7 MS. HALL: Well, I think if you gave
8 something to the schools for that piece of data, then
9 if it's just used to hammer more, but if it gets us
10 out of, like you say, something and then I think the
11 schools would look more favorably at that. But
12 again, they can go on-line and check with our largest
13 guarantor to see where the loan is. Then they can go
14 into our system and check where it is. Now, right
15 now, the first piece is not as clear but our records
16 show that it's here and it's whatever. Our financial
17 aid window on the web page, I think, shows where the
18 loan is.

19 MS. JOERSCHKE: I think you're looking at
20 it from just --

21 MS. HALL: The large.

22 MS. JOERSCHKE: -- a different type of

1 school may not have those types of capabilities.

2 MR. BAKER: Right.

3 MR. LEVITT: Jeff, where we run into a
4 little bit of a problem with the three day rule is
5 the, we verify a hundred percent attendance. So, we
6 got to be real careful on how, when we post aid
7 because of sometimes it's like pulling teeth to get
8 the instructors to get their attendance to you, so,
9 you know, with that kind of rule there it kind of
10 really affects, I mean, do we go ahead, I mean, of
11 course, we have to but do we go ahead and do we
12 affectively give the money out and then have to go
13 back and recover it because we find out that the
14 student hasn't attended or --

15 MR. BAKER: Right.

16 MR. LEVITT: And I mean it becomes a
17 really big issue for a school that does take a
18 hundred percent attendance.

19 MR. BAKER: Because you all know what the
20 disbursement delivery date is until something happens
21 that's out of your control, like a faculty member
22 doing their job.

1 MR. LEVITT: Exactly.

2 MR. BAKER: Gotcha.

3 MR. LEVITT: And, Jim, another thing about
4 the FFEL Program, I think if you're going to move it
5 into an area where it's similar to direct lending you
6 got to resolve the problem of netting. And we have,
7 we have lenders now that we are, I think one of the
8 best things that happened to us as a school was being
9 in the Direct Loan Program because we see the process
10 of the, how we feel the process worked was great. I
11 mean, the whole mind set on how the program was set
12 up was fabulous. And so we, like I said, before we
13 try to mirror that process, you know, I think we've
14 done a pretty good job because we have three lenders
15 that actually allow us to net now. In other words,
16 we, we're not, reconciliations a lot easier.

17 And, for instance, if we have money that
18 we have there, we can actually, you know, kind of
19 switch it around to the students that are eligible
20 and that kind of a thing. So, yeah, netting's a big
21 issue when it comes to the FFEL Program.

22 MR. GETTE: And that, I want to come back

1 to the hold and release. How does that work?

2 Because I think this, you raise the issue of just in
3 time cash management, I mean, really the purpose for
4 moving toward that would be to save --

5 MS. HALL: Money.

6 MR. GETTE: -- interest expenses that
7 allow, you know, cash is sitting there being unused.
8 So how does that --

9 MS. HALL: Well, see, I don't know. When
10 the guarantor has the money ready and they say,
11 technically send it to the school, I think that's
12 when their clock starts ticking, doesn't it? When
13 they considered it disbursed? I mean --

14 MR. BAKER: There's --

15 MS. HALL: -- the language is deferred --

16 MR. BAKER: -- a little bit.

17 MS. HALL: Yeah. And so I don't know if
18 you'd have to change regulations to say you're
19 holding it for the school and as long as you hold it
20 for the school you're not gaining on it. And then
21 the minute you send it, I'm not real sure on that
22 myself.

1 MR. GETTE: Okay.

2 MS. HALL: But please don't say I said
3 that. I mean, I don't have, I'm not speaking for
4 guarantors and lenders and what they make. I have no
5 idea.

6 MS. JOERSCHKE: No, and we appreciate that
7 they do their job.

8 MS. HALL: And that they need some of that
9 money to operate.

10 MS. VETA: More generally, in what I
11 perhaps should have said at the beginning is that we
12 really do treat this as a listening session and not
13 that anyone who offers an idea is necessarily wedded
14 to it. And by the same token to the extent you're
15 hearing comments from any of us from the Department,
16 that doesn't necessarily --

17 MS. HALL: You're going to go off and --

18 MS. VETA: -- represent a policy decision
19 or the position of the Department, but rather just
20 trying to share with you some ideas.

21 MS. HALL: And we appreciate it.

22 MS. JOERSCHKE: Overall in the country,

1 have you been hearing good comments about just in
2 time? Is it well received?

3 MR. BAKER: I'm not sure. There's only,
4 we have ten to 15 schools on a pilot in RFMS and then
5 there's the dozen or so in -- students, so I'm not
6 sure a lot of people have given, I mean, we're out
7 there talking about it but you've got today's --

8 MS. HALL: Well, yeah. I know. Our state
9 is trying, they were trying to do just in time. And
10 last year we had to go to them and say, you know,
11 just in time for what? I mean, you know, because we,
12 we couldn't get the whole thing running until like a
13 month, they didn't want you to run your report to get
14 your cash until a month. And we said, gee, most of
15 our disbursements are done. So now they're giving us
16 80 percent of the money still, the second year into
17 it. 80 percent of the money up front. And then a
18 month later after school starts, you start doing your
19 reporting and then drawing down your cash.

20 And that's a little bit of a concern that
21 if you can only draw down the cash, I mean, you've
22 got to be able to send it and get it, boom --

1 MR. BAKER: One of the other --

2 MS. HALL: -- second day of class or
3 before even. Actually, ten days --

4 MR. BAKER: The advantages, or at least
5 presumed advantages, and we're testing on this, and
6 you mentioned -- make sense that this reconciliation,
7 which we talked about a little bit. Some people say
8 reconciliation goes away. I'm not sure if it goes
9 away but I think it can be minimized if the idea is
10 that you don't get the money until, in your case, I
11 would guess that a very high percentage you don't
12 have to un-do because --

13 MR. GETTE: That's correct.

14 MR. BAKER: -- so, you get closer to just
15 the time. That's it. One transaction and we have,
16 and that's the other reason why getting a
17 disbursement data is interesting because then we have
18 the disbursement not to be given again.

19 The other side of the issue, to answer
20 your question about schools, some schools will look
21 at it and say, well, wait a minute. It's kind of
22 neat to be able to say send me \$100,000 and within 30

1 days I'll let you know who I gave it to. But we're
2 working real carefully, real slow.

3 MS. HALL: Well, I think we can certainly
4 see the value to the government of knowing at any
5 point in time what's ready to go and what's been
6 disbursed. So we're going to be expecting big reports
7 from you, just in time reporting from the Department
8 of Education.

9 MR. GETTE: You'll go right on-line and
10 get it.

11 MS. HALL: Right.

12 MR. GETTE: Electronically, without
13 receipts.

14 MS. HALL: You know, that would be very
15 nice to be able to look up our records, our school
16 records. Not the student records, but the aggregate
17 school records.

18 MR. BAKER: Isn't there a way to do that?

19 MS. HALL: I don't --

20 MR. BAKER: In PELL I think you can do
21 that.

22 MS. JOERSCHKE: They said it was going to

1 be coming up in the proximity. By the end of this
2 semester, wasn't it?

3 MR. BAKER: That is still going to be one
4 program at a time.

5 MR. GETTE: Yeah. There was some
6 discussion about use of forms or work sheets. This
7 came up mostly in the return of Title IV area. And
8 that came up earlier this morning. As a matter of
9 fact, yesterday at ACE they wouldn't let me leave
10 until I promised to, to not let Jeff off the plane in
11 coming here until he promised to do the work sheet,
12 so. He's promised to do that now. Are those
13 something that you all will use or do you already
14 have automated processes that --

15 MS. HALL: No, I think, didn't you say it
16 would also be available electronically?

17 MR. BAKER: Uh-huh.

18 MS. HALL: And I think we would appreciate
19 anything if it works and it keeps us in compliance
20 and it's simple. I mean, it's not convoluted. Then,
21 yeah, I think we would use it.

22 MR. BAKER: One of the things that schools

1 might do electronically is to take the electronic
2 form and, I don't know how the techies do this. I'm
3 sure they can. There are certain items that are
4 going to be standard at least for that semester at
5 your school. Like how many days in the semester.
6 And you don't want to put that on each time. But
7 our, by definition, is going to be blank. I got to
8 see. Maybe we can come up a way to allow you to put
9 that in and it stays there. It's a default lag or
10 something. Beginning of the semester, pay period,
11 end of pay period. That stuff.

12 MS. HALL: We do a lot of that for other
13 programs where we've gotten to where, because again,
14 it really, in financial aid, I'm to the point where I
15 really don't want a human person calculating anything
16 by hand because there's just too much room for error.
17 So say, but right now, only 90 percent or 85 percent
18 of financial aid can go that way. But we've tried to
19 move toward electronic sheets like for state programs
20 or whatever so that the persons are just floating a
21 couple of fields and it calculates the bottom line
22 award because it's ridiculous. Because we have, so

1 much of the automation takes care of your compliance
2 issue, to have problems because 15 percent of it was
3 touched by human hand and all the errors turn up in
4 that.

5 So, any time we can have these forms like
6 that, electronically that will do it, that would be
7 great.

8 MR. GETTE: That's the reason why I asked
9 the question earlier was that one, that question
10 itself came from my VP of Finance. And in his action
11 plans for next year, of course, is to re-write the
12 title or the refund policy for our catalogue. But
13 the other was to automate through a form if this
14 could be available for you guys to automate that
15 process because we've been looking to automate the
16 refund process because, like you say, there is room
17 for error when somebody does hand calculate it. And
18 so, yeah, we're definitely going to try to import
19 that form and do something with it to make it very
20 simple.

21 MR. BAKER: Another thing a form does, it
22 takes regulatory language and even handbook guidance

1 and puts it in steps. And you can hand that form,
2 you can almost hand that form to our systems person
3 and she or he can program it. And then you decide
4 which of those fields can come in from other systems
5 on campus. It can do an return Title IV with never
6 keying anything in it.

7 MR. GETTE: That's right.

8 MS. ABADINSKY: Having been --

9 MR. GETTE: Theoretically, we can do that.

10 MS. ABADINSKY: -- wants that work sheet.

11 I can't imagine how anybody would do that program
12 with the words and try to figure out how you even
13 calculate --

14 MS. HALL: Right, yeah.

15 MS. ABADINSKY: -- and that was a big
16 issue, I know. I did a write-up on it for our AVP
17 and I could log. We asked for the work sheet. We
18 don't have it. Our campus has to start moving. And
19 we tend to move as three campuses, so the work sheet
20 is definitely needed very quickly.

21 MR. GETTE: I was hoping not to gang up on
22 Jeff on that specific work sheet as much as to say

1 since we've heard that area, are there other areas
2 where that sort of assistance would be useful? I
3 think I stumped the panel.

4 MS. HALL: Well, you know, it probably
5 just gets back to this whole idea of bench marking
6 and associations trying to have the best of the best
7 present what they're doing because I think that you
8 would hear that there are schools probably have some
9 work sheets that they're using for PELL that another
10 school didn't realize that if they had it they could
11 stop this hand stuff they're doing.

12 And most of us are willing to share a lot
13 of that, that we have. That's one thing about the
14 financial aid community, I think it's different from
15 a lot of other associations as we do try to share
16 unless it's like admissions and preparatory
17 information on recruitment. You're not going to
18 share that, but, you know, the more we can do to
19 encourage our colleagues to speak out at conferences
20 to show all these little tricks to the automation
21 that they've done, that don't involve the mainframe
22 system that -- our screens. I think that'll help all

1 of us. And then eventually it might fall back to,
2 well, it makes more sense for the Department to
3 provide that rather than all of us creating different
4 little things on our own.

5 MS. JOERSCHKE: Something that, you know, I
6 may be speaking out of turn since I'm really not
7 involved in this process, but the reporting to
8 consumers, the reporting and stuff that institutions
9 are required to do, be it at the academic end or, you
10 know, the NCAA equity reporting or the campus
11 reporting, campus crime statistics. It seems to me
12 that there could be some standardization and perhaps
13 a work sheet even there provided to campuses where
14 it's very explicit about the types of information
15 they should be collecting so that there is a
16 standardization across the country. And that they
17 could then, you know, be down loading statistics into
18 and make it less burdensome to the institution.

19 It just seems like you'd maybe be getting
20 more consistent data by doing it that way. And even
21 more timely. And maybe some of the issues that, you
22 know, you brought up could then be resolved by doing

1 that.

2 MR. LEVITT: Let's face it. If you're
3 going to have to report those crime stats, you're
4 probably going to have to tap into maybe four or five
5 different law enforcement agencies within your area.
6 So I think you're going to have to have some type of
7 way of acquiring that information. So, you know, I
8 think that's a great idea if there was some type of
9 form that you could go by then you would have a lot
10 easier way of complying with the regulations.

11 MS. JOERSCHKE: Electronically. I think
12 that that's just, and submission of it
13 electronically. I think that the schools, you know,
14 we're submitting things electronically all the time.
15 The web, you know, for financial aid. It just seems
16 like that would be the next step for those types of
17 very laborious types of things schools are doing.

18 MS. VETA: Let me raise another issue that
19 we've heard a lot about and are thinking hard about
20 related to the electronic point made. That is
21 electronic signatures or digital signatures --

22 MS. JOERSCHKE: We need them.

1 MS. VETA: Tell us what you mean when you
2 say that you need them.

3 MS. JOERSCHKE: Well, you're out there
4 allowing students to apply on the web but then on the
5 back end, they're required to, you know, provide the
6 signature page.

7 MS. HALL: It's like that example of
8 missing information. So we go through and we're
9 going to verify. We're going to get the missing
10 information. And if they had a capability of
11 providing, right now, they can just print it and then
12 they sign saying I certify this is true and correct
13 to the best of ability, blah, blah, blah.
14 And, because then it comes in on paper. So if I had
15 it electronically I would just take the fields from
16 what they provided to me and upload it directly to
17 the system. And then printout discrepancies to
18 review so I wouldn't be looking at everything.

19 MS. JOERSCHKE: It just seems like there
20 must be some way that you could collect the data. In
21 our world, we don't even go to banks anymore. We do
22 all of our stuff, we pay our debts, on,

1 electronically.

2 MS. HALL: And they're using thumbprints,
3 you know, like at Purdue Credit Union, you can get
4 into your account by a thumbprint or your code, pass
5 code. One or the other.

6 MS. VETA: So one of the questions is what
7 do you do about the technology because there are so
8 many different technologies out there whether it's
9 the retinal scan or the thumbprint or the digital
10 signature by, you know, a bunch of different numbers
11 or letters that you plug in. The question, I guess I
12 wanted to ask is whether you have any concern about
13 students either doing things electronically and then
14 saying after the fact, no, I really didn't mean to
15 apply for that loan. Or no, that's not my loan. And
16 you don't have a signature.

17 MS. JOERSCHKE: No, I don't. Nor on the
18 application either because I think that, you know,
19 the application at FAFSA, you have the verification
20 of the application information on the back and people
21 sign things anyway. You find errors no matter what.
22 They'll sign it even when they know there's a chance

1 of, you know, fines and imprisonment. They don't,
2 they don't read that stuff. It means nothing to
3 them. But you have the verification, on the other
4 hand, to be, you know, and that's --

5 MS. VETA: And when you say you have the
6 verification on the other end, what do you mean?

7 MS. JOERSCHKE: Well, you're verifying the
8 data whether or not --

9 MS. VETA: Who is?

10 MS. JOERSCHKE: Well, the school is.
11 Whether or not the application is correct or not.
12 You're getting tax returns and if we implement the
13 match with the IRS, I mean, what more do you want?

14 MR. GETTE: And, in a way right now, too,
15 you are verifying the data based on your other
16 matches. Social Security, date of birth, I mean,
17 there's --

18 MS. HALL: You know, it's either that or I
19 guess you'd have to this big data base in the sky
20 that the Department initially assigns the code and
21 you keep the code. That's the person's code, their
22 identifier and that's what they use every time they

1 file for four years, or whatever, for financial aid.
2 And they have to be responsible for it just like I'm
3 responsible for my American Express code. And so
4 then, those three elements that identify that it's
5 me, you know, then whatever provided electronically
6 has to come with that code so that then I'm assured
7 that, yes, you did provide me that code when you said
8 you wanted that loan. So that's you.

9 MR. BAKER: I assume you have on-line
10 registration?

11 MS. HALL: They actually go in to talk
12 with their academic advisor and they go on-line with
13 the academic advisor. We're just now starting to
14 redesign our whole registrars system.

15 MR. BAKER: Is there an institutional PIN
16 identifier that --

17 MS. HALL: Well, we do have a PIN number
18 for the school, yes.

19 MR. BAKER: To do a bunch of activities
20 on.

21 MS. HALL: Oh, yes. To get into the web.
22 They have to have their PIN number.

1 MS. ABADINSKY: And we have touched tone
2 registration and they can, they go on with SS and
3 date of birth and then they can set their own PIN
4 number. I guess, I forgot what the statistic is but
5 it's a very high, like 90, over 90 percent do not
6 change from date of birth, their password. On the
7 Urbanic Campus, though, they use their student I.D.
8 number or the, whatever you, ISIR number off the
9 student I.D. in order to get in. They have a
10 different password system than we do on the Chicago
11 campus. And it's not Social Security number there.

12 MS. HALL: And they can get in and look at
13 their academic record and --

14 MS. ABADINSKY: It's a --

15 MR. BAKER: Right.

16 MS. HALL: And, you know, I have to tell
17 you that the academic records is, as if it came from
18 God. I mean, it really is. You know, people are
19 trying to protect the grades. We do not release the
20 grade. And so they are able to go and look up their
21 own grades with a PIN number. Their financial aid,
22 which is also, we're trying to be confidential about

1 and so.

2 MR. BAKER: How much, is a thread here,
3 believe it or not, PIN's are assigned a number of
4 different ways. They can pick their own, you assign
5 them one, they got to go see 14 people. That's
6 related in our discussions as thoughts to the level
7 of activities. So, going to a web, you know, to just
8 look at when vacation schedule is or something silly
9 like that is a no brainer. Going in and look at a
10 very sensitive academic record, financial aid record.
11 But the next level up is where they can do
12 transactions. Can they drop a class electronically -
13 -

14 MS. HALL: Not yet.

15 MR. BAKER: -- using their PIN.

16 MS. HALL: That'll be in our whole
17 business, process redesign when we build our own
18 student academic records and it's two to three years
19 we're going to redo the whole thing.

20 MS. ABADINSKY: There are institutions
21 that do that, though.

22 MS. HALL: Usually, I think when we talk

1 about this whole issue, you know, you would have to
2 build in business rules that they could only do, if
3 they met certain things, drop it. So, for instance,
4 you might say, I'm going to allow this population to
5 drop a class. But if they have a 2.0 and they have
6 this then they must get in and see an academic folk.

7 MR. BAKER: A first time freshman or
8 something.

9 MS. HALL: Right. So, I think most people
10 would build those systems having business rules.

11 MS. VETA: And similarly, if one was
12 talking about loan disbursements or those kinds of
13 things.

14 MS. HALL: Yeah, you could build in some
15 edits that say, yeah, 90 percent of them can do them
16 but a kid that has a certain level of debt or this,
17 maybe I want them to come in. I'm almost reaching
18 the point where I'm thinking about identifying a
19 group of kids that I'm starting to be concerned about
20 their level of debt. That I might, even on our big
21 campus, say, you got to come in and talk to somebody
22 before we, either by phone or in person, you know,

1 because of your debt flow and we want to talk to you
2 because I think it gets back to my concern that
3 they're just checking it off and they don't know what
4 they're doing. And they're not sure it's a loan.
5 So, even now, I'm thinking about doing that.

6 So, yeah, you could do it with a PIN
7 number, too. You could say, I'm concerned about
8 these particular people.

9 MR. BAKER: Well, this doesn't mean that
10 if I can't bring the two together, and this is one,
11 and I got back to Jean's comment, I don't read
12 anything more into this. It's just we're all
13 exploring. It's not like the Department's thinking,
14 even thinking of necessarily moving in this
15 direction. I was looking at, two questions that come
16 up all the time is what would be the impact, what
17 would be the feeling at schools and why do you think
18 students would react if a) if they could have filed
19 for financial aid, pull up the pass electronically
20 using the institutional PIN, using the PIN that,
21 however they got it at your school to do certain
22 things, rather than a separate PIN process.

1 MS. JOERSCHKE: What do you with the
2 freshman or the people that are applying at seven or
3 eight different institutions at one time?

4 MR. BAKER: Before they have a PIN at your
5 place? Yeah, it would, good question.

6 MS. HALL: A temporary one.

7 MR. BAKER: Off the top of my head, it
8 would be a -- process, obviously.

9 MS. HALL: I think that that, I know our
10 school would have trouble with that because they
11 wouldn't want that PIN number floating anywhere on
12 any other data base, I don't think.

13 MR. BAKER: What about the other way
14 around? Where we had a PIN, right now, our PIN
15 process is going to check some identifiers with the
16 Social Security Administration, so that's a level of
17 what dedication, there's all kinds of levels. That
18 would schools be willing to use, to have that PIN be
19 the PIN the students could use to do campus work?

20 MS. HALL: I think that students could opt
21 to, the students make up their own code.

22 MR. BAKER: If they make up their code

1 then wanted to use it.

2 MS. HALL: And they can opt to do that.

3 But I think if you told the school that they must use
4 it, from Indiana, let me tell you, it probably
5 wouldn't fly. You know, we're fairly conservative
6 state and it would be like, the government's telling
7 us to use? No, I don't think they would. But I
8 think many students might opt to use the government
9 number themselves because many people, right or
10 wrong, do that for several --

11 MS. JOERSCHKE: Everyone has to have a
12 Social Security number and it seems like there's some
13 way to give them a number based on that. I don't
14 know.

15 MR. BAKER: It's not, it's not --

16 MS. HALL: Well --

17 MR. BAKER: The issue is if the first time
18 at the identification level, the first time.

19 MS. JOERSCHKE: Well, and then not
20 everyone, you know, I mentioned the IRS match. Well,
21 not everyone files a tax return.

22 MR. BAKER: Right.

1 MS. JOERSCHKE: So, you then have that
2 group of people that you're not going to be able to
3 match data with but it just seems like this, some way
4 to accommodate 90 percent of the people and then
5 there would still have to be the paper process for
6 the other people.

7 MR. BAKER: We are, by the way, just, you
8 answered my question you mentioned about the high
9 school seniors not in the flow yet, they're going to
10 be able to, parents too, to go to a web site and get
11 a PIN without having already been in our process.
12 So, I'm not sure this is going to, so a high school
13 senior can go in and get a PIN and then they can file
14 that very first app electronically without a paper
15 signature.

16 MS. JOERSCHKE: Well, we have an
17 application, a web application, admission application
18 at Purdue and they just get a password when they go
19 in that first time to go back in. I mean, it's, you
20 know, that's your secured access to that. So it
21 sounds pretty similar to what you're doing now.

22 MS. HALL: We have a preliminary financial

1 aid form that they also do as part of the admissions
2 on-line.

3 MS. JOERSCHKE: Providing their financial
4 data.

5 MS. HALL: -- 48 hours, estimated
6 financial aid and the initial; it's working really
7 good. And boy, did we start, we started getting hits
8 on that thing the minute it was up, that electronic
9 admissions. It's amazing.

10 MR. GETTE: It is really amazing.

11 MR. BAKER: That stuff's all magic. I
12 don't know --

13 MS. HALL: Yeah.

14 MR. BAKER: Every time you think you
15 understand it they --

16 MR. GETTE: In ten years, somebody under
17 the age of 20 will be doing all of our jobs because -
18 -

19 MS. JOERSCHKE: That's right.

20 MR. GETTE: -- because they're the only
21 ones who will understand the system.

22 There's one last area that I'd like to

1 just throw out because it came up in some of the
2 groups. It relates to the question that was asked in
3 the higher education amendments about oversight and
4 review versus, compliance versus eligibility and
5 those issues. But just really the oversight area, in
6 general, are there things that you find troubling or
7 that are difficult for you to deal with in the
8 oversight arena right now?

9 MS. HALL: Does fraud and abuse fit into
10 that category? I'm trying to get help with that.

11 MR. GETTE: Sure.

12 MS. VETA: Tell us about that.

13 MS. HALL: My most recent, I have
14 difficulty, I finally just called Washington because
15 I know you can call that one, this whatever you use,
16 but I thought, well, I got to find; and the lady was
17 really kind of rude and I said, excuse me, but you're
18 really being rude to me. And she said, no, I'm not.
19 Oh, yes you are. I'm just trying to find out so I
20 can report a potential fraud case. And I was just
21 kind of stunned. And I think there are, a lot of
22 people don't understand. And we do try and there

1 have been some good presentations on fraud and abuse
2 but I think out in communities people are feeling
3 that nothing happens to these people so why should I
4 report them. And I have a different opinion and that
5 is I'm reporting them. If nothing happens to them, I
6 still want them to know and I want to report it and
7 let you guys find out whether or not or decide not to
8 take action. And, so, I don't know if the people
9 understand that whole process for reporting fraud and
10 abuse.

11 And their responsibility to do that. And
12 I feel very comfortable telling whomever, I am
13 required to do this. I feel protected by the law in
14 that sense. But I'm not sure everybody realizes that
15 that is there. And someone gave a really good
16 presentation at Nasa on this whole issue and I was
17 able to sit through most of that session. And that
18 was really a good session.

19 MR. GETTE: Where did you end up --

20 MS. HALL: End up with that case? I
21 probably got to the name of the person --

22 MR. GETTE: In the IG's office?

1 MS. HALL: Yeah, and I reported it. We
2 suspended the student and he shouldn't have done what
3 he did.

4 MS. VETA: We may want to talk to you a
5 little more about that after the formal on the record
6 here --

7 MS. HALL: Yeah, I don't want to go there.

8 MR. GETTE: Right.

9 MS. JOERSCHKE: I think it's, just to
10 piggy back on what she's saying, we've had just
11 numerous problems with not only our students but our
12 staff calling the information, the customer
13 information number. Our students are receiving
14 incorrect responses --

15 MR. GETTE: This is a 1-800-4FEDAID?

16 MS. JOERSCHKE: Yes. And they're, and I'm
17 speaking not only for us but for our regional
18 campuses because that's policy analyst for both of,
19 for all of us. They call me sometimes and ask me the
20 questions. And we're dealing a lot with these
21 veterans. And the 1-800 number they're saying,
22 there's no problem. You call the school and they can

1 make you an independent student or they'll say, well,
2 I was in the reserves. Or I was on active duty.
3 Well, it's active duty for training. And they're
4 just saying, well, you're a veteran. You just go in
5 there and you tell them that they have to be, they
6 have to accept you as an independent.

7 And they'll give us the name of the person
8 that they spoke to. And then we're put on the
9 defense and we, you know, we've even been in contact,
10 I tell you, with every VA office in the entire nation
11 practically. I mean, we know every number. There
12 are two sheets of papers and who we talked to across
13 the country. We even have recruiting documents from
14 students and their recruiters and stuff. And to
15 verify why they are not veterans.

16 And it really looks poorly not just on the
17 Department but on us. And the students are furious.
18 They are absolutely furious. And our one campus has
19 a lot of, up here by Chicago, they have a lot of
20 military personnel with reservist and they're getting
21 hit really, really hard with it. And it's just, it's
22 a shame. I just would like to see that, you know,

1 the people at the 1-800 number are asking, asking
2 more questions. You know, going a little bit further
3 with; because the definitions are different between
4 the Department of Defense and the Department of
5 Education. And it shouldn't get to that
6 confrontational stage.

7 MS. HALL: What we've started doing, and I
8 think we're better and it's not on these issues, by
9 the way. It's about some that can be resolved, is
10 get on a three way call. So we get the parent and we
11 say, let's talk it over and get that person from the
12 Department Ed because that way you don't have he
13 said, she said, we said. And that has been helping
14 somewhat but I'm not sure we need to be doing that,
15 you know. We don't have a 1-800 number in our
16 office.

17 MS. JOERSCHKE: When we get to drug issues
18 coming up we're going to be here.

19 MR. BAKER: I'd like to broaden the
20 discretion just a little bit, though, because we have
21 customer support numbers. There's a 1-800 for Vet
22 aid. There's a customer support number for aid

1 administrators. And then all of the systems have
2 them. So, the idea in my mind is that we want to
3 make, we set those up and those people are supposed
4 to be trained and not supposed to be rude, and all of
5 that. In those cases, the question is if we set, you
6 shouldn't have to have happened to come to a meeting
7 here and we're here to mention this. And we're going
8 to take notes and hopefully take care of this, but
9 how do we set up a secondary process so that somebody
10 in Washington or regional office can jump in somewhat
11 on a specific case, but more importantly we need to
12 train these people with this veterans business,
13 without that secondary process becoming the primary
14 process? That's my concern. I mean, how do we, how
15 would we make sure that our customers and partners,
16 human nature being what it is, you might just jump to
17 this second call or one problem that didn't just go
18 quite right the first time, it goes to the call.

19 Personally, we get that. I mean, I get
20 calls and I'm glad to help people out but every once
21 in a while there's one and I want to say to the
22 person but I don't, you know, you really should have

1 resolved this another way.

2 MS. HALL: Right. I have the same
3 problem. We have a Air Counsel program and we try to
4 have them answer, there's about 70 percent of the
5 calls in that same issue. And it's working better
6 since I'm now have a person sitting down there with
7 them who is a full time financial aid administrator
8 who's been in financial aid for a long time rather
9 than them just sitting down in a room and running to
10 find their supervisor. Having that person, so that
11 they can quickly put that person on hold and ask them
12 before they just automatically -- because, you know,
13 depending on this student or this person might know
14 this so their inclination is anything over these four
15 questions is going to somebody else.

16 It's, it's really probably sitting down
17 and documenting, if you have time, what the calls are
18 that are coming in. And, I mean, I keep telling him,
19 there are only 1,000 questions. I mean, let's find
20 out what they are and then we can prioritized them.
21 And then you, once you, you know, I said, actually
22 you could just sit and write down the questions over

1 a period of time. But then, of course, financial aid
2 changes so during the March the questions are this.
3 Some look like you need some log of questions and
4 then you take the log and then you decide these
5 represent the 75 percent. And we make sure we train
6 those people on the 75 percent so that you don't get
7 all the first questions going through.

8 MS. JOERSCHKE: I think one thing --

9 MS. HALL: The training --

10 MS. JOERSCHKE: The matches are just the
11 data base failures and all --

12 MS. HALL: Those are our secondary
13 probably.

14 MS. JOERSCHKE: -- are just, they are an
15 area unto themselves that we --

16 MS. VETA: And is that in your school or
17 in dealing with the Department?

18 MS. JOERSCHKE: In dealing with the
19 Department because we're the middle, we're in the
20 middle of everything. And the source says, talk to
21 your financial aid administrator. And so we're, and
22 we're also the ones collecting the data, you know,

1 collecting social security problem, we're the Veteran
2 Administration problem or whatever it is. So it
3 seems to me, and I really have to tell you, there was
4 a number that was established many years ago just for
5 financial aid administrators. And Denise used to, I
6 don't know if she's still
7 there --

8 MR. BAKER: No, she's doing --

9 MS. JOERSCHKE: -- and it was wonderful.
10 I used that when I needed it, when I was at Oklahoma
11 State. I was always treated very, very well. The
12 people were very good. They'd look up the
13 regulations. They'd site the regulations. And
14 they'd also give me their names so that you call back
15 if you needed to. Very, very supporting and even
16 would talk to the families if needed to.

17 I haven't had that experience for, well,
18 probably the last year or so. So that was really
19 good. And I don't, I don't know if they're not doing
20 that anymore. If they actually take the time to look
21 at the regulations or their just giving, you know, an
22 answer without really researching a problem. But I

1 think that's most of it, the front line people and
2 having been a counselor, you know, in the past and
3 been on the front line, you know what it's like when
4 you're getting a lot of questions and a lot of calls.
5 And you try to answer them to the best of your
6 ability and sometimes you're not as responsive as you
7 should be. But it seems to me that the people that
8 are answering those should have some way of going
9 through a set of questions instead of just saying,
10 oh, well, you --

11 MS. HALL: Well, and, you know, yeah.

12 MS. JOERSCHKE: I mean, you need to
13 research or to ask a couple of questions to get to
14 it. And then if it's at another level perhaps the
15 person needs to be referred on. But it shouldn't be
16 just immediately, we'll go back and tell your
17 financial aid administrator this or that.

18 MS. HALL: Well, there are two suggestions
19 that I have and one of them deals with, I know the
20 businesses probably already do this. You have the
21 ability where you basically have a data base sitting
22 there that's accessible right there for those people.

1 They are able to type in the question and it must
2 sweep all the words and say, 75 percent of this
3 question and pull up the answer so that you get a
4 consistent.

5 And second is asking America Express or
6 some of these successful that have call senders how
7 the heck do they run those things because I'm
8 telling, I will call American Express. Those people,
9 they always get me what I want when I want, whatever.
10 Just no questions asked. Just wonderful.

11 And thirdly, I know at Purdue, they're
12 trying to start, in the consumer family sciences a
13 call center type program and whatever. And we even,
14 eventually, hope to tie up with them to say come over
15 and we'll be a test site for you to help. And I know
16 it's one of the first in the country at an
17 institution of higher learning. And I know that they
18 would be looking for areas to look into. And I don't
19 know if there would ever be a connect there, but, you
20 know, having an outside consultant come in and look
21 at, look at; because they don't need to know
22 everything then -- try to say how you should set up

1 your call center. And maybe you've already done that
2 but certainly looking at successful ones is a good
3 way to start.

4 MS. JOERSCHKE: When you start getting
5 into this drug conviction stuff, I can just see a lot
6 of confusion. And that's just one group of people I
7 wouldn't think that you would want to be antagonizing
8 and putting anyone in the position, especially the
9 Department in this adversarial role with these
10 people.

11 MR. GETTE: I mean, the sense I'm getting,
12 and I just want to clarify it based on one thing you
13 said is that the, the place where this seems to be
14 occurring most is with the 1-800-4FEDAID number.

15 MS. JOERSCHKE: Yes.

16 MR. GETTE: That on the other side, on the
17 institutional call center that you were
18 receiving --

19 MS. JOERSCHKE: That was in the past. I'm
20 not saying that's occurring now. We're getting very
21 --

22 MR. GETTE: So, you've seen a

1 deterioration --

2 MS. JOERSCHKE: -- responses, varied
3 responses.

4 MR. GETTE: Okay.

5 MS. JOERSCHKE: This one particular
6 student that Joyce was mentioning that we were
7 researching is veteran status, I cannot tell you how
8 many times we called and --

9 MS. VETA: Let me, but let me ask you a
10 slightly different question. Putting aside this one
11 student who sounds like has been difficult to address
12 for a lot of different reasons. Do your comments
13 still hold both with respect to, first with 1-800-
14 4FEDAID?

15 MS. JOERSCHKE: Yes.

16 MS. VETA: And what about the
17 institutional 1-800 number?

18 MS. JOERSCHKE: You mean, whether we
19 should have on or shouldn't --

20 MS. VETA: No. Whether you're finding the
21 Department being responsive, putting aside the --

22 MS. JOERSCHKE: It depends on the issues;

1 the matches, the failures. Those seem to be the
2 problems. Those are the areas where for some reason
3 it's the most difficult area to get guidance on.

4 MS. HALL: Yeah, I'd say --

5 MS. JOERSCHKE: And those are the worse
6 things to deal with as far as students because
7 they're eligibility issues. If we don't resolve
8 them, they don't get aid. And they do not understand
9 that the vague area out there, that gray area, they
10 don't understand why something's in place and we
11 can't help them get passed it or the Department's not
12 helping them. I mean, it's like they're in limbo.
13 And sometimes, yeah, they don't get aid. I mean,
14 they're flat out out of, you know, the process. But
15 it's just, it's the data base failures. And we, i
16 have to tell you, in our comments to the NEGREGS, we
17 put in there that we felt the Department needed to
18 have a central office with a 1-800 number that dealt
19 specifically with these issues. And you'll see that
20 there again because it is an issue. It really is.
21 And I'm not just saying it from here. I'm saying it
22 also from my experience.

1 MS. HALL: And I just want to add,
2 emotionally, okay, I've run this through my mind
3 before. I'm trying to put myself in the student's
4 shoe. When you tell somebody they're not eligible
5 for financial aid it's paramount to say and you can't
6 go to school this year. And we don't want to go
7 there. The families view that as a, it's, you know,
8 it's like you're saying my life is over. I will
9 never get this. I will never go to school to get a
10 degree. To tell somebody that they got to lay out a
11 semester, I don't know how you find that, it's not
12 even something that comes out of my mouth. I don't
13 even tell them that even though I know it's true. I
14 let them come to the conclusion because the last
15 thing I can say on my campus is, oh, you shouldn't be
16 here. You know? It gets into the whole enrollment
17 thing. But families look at that. You just are
18 amazed at how dramatic that is for, or emotional that
19 is for them in terms of when push comes to shove and
20 you get to that point where you say no, can't do it.
21 How am I going to go school? Well, of course, now we
22 have the opportunity to run so they take out \$30,000

1 to come, but.

2 But, you know, I mean, really, I can't
3 impress enough that this is, it's as near and dear to
4 people as their home. You know, people, your home is
5 your home and stay at, you know, stay out of it. But
6 it's getting that education. I mean, you'd think,
7 you'd say, well, gee -- go out and earn some money.
8 No, no, no. Not an option. They think, and the
9 other side, I mean, knows that when you leave the
10 chances of you coming back are more slim. So I see
11 how they see that, but then the family gets very
12 emotional and, you know, we probably made more calls
13 to the police department in the last, this last month
14 or two of students; and just two days ago one because
15 he was, we don't know what he's going to do because
16 he's going to take matters into his own hands.
17 That's what he said.

18 MS. VETA: We appreciate, you know, where
19 you're coming from. That is a very important issue.

20 MS. HALL: That is becoming more of a
21 problem when this, and we are the persons that they
22 see. Then we are the ones they are angry with. They

1 are not angry with you guys. They're angry with us.

2 MS. JOERSCHKE: It's just that we all need
3 to communicate better with him. And maybe it should
4 also be like spelled out a little bit better in the
5 instructions or in the student guide. And it's
6 really rather vague in some of the areas. But
7 really, you know, I know that there's a publication
8 cost and stuff like that but those are big issues.

9 MS. HALL: Making it more clear. These
10 things happen to you this will delay your financial
11 aid and this is a requirement of the federal
12 government. And we can say that but we, they don't
13 hear that. By the time they get to us they're just
14 angry, ticked off, whatever. And it's a little scary
15 when you have that. I mean, I, you know, I've had
16 cases where I had to move my parking because I didn't
17 want to go out at night to the parking garage, so you
18 know, I had to go for a couple months at closer
19 parking.

20 MR. GETTE: Right.

21 If for no other reason, you know, I think
22 coming out to hear those stories, you know, that's,

1 you know, as much as we don't like to hear them, you
2 know, it's good for us to be out here and actually
3 getting that sort of thing.

4 What, in the oversight area with the,
5 actually audited program review area, is there
6 anything in those areas? I mean, I know we made a
7 lot of, we've tried to make a lot of advances with
8 the institution of the case process and so forth in
9 that area. Are there any issues in that general
10 realm that you're aware of?

11 MS. HALL: Of course, we're audited every
12 year. And it goes to our State Board of Accounts.
13 And we're actually working on our own, because in the
14 compliance area, we're trying to work on a pro-
15 active approach using QA model, from the QA school
16 model --

17 MS. JOERSCHKE: Site visit.

18 MS. HALL: -- site visit ourself with our
19 regional. So we're trying to do some of it
20 internally because we, because we want to catch
21 things while they're happening, not the year after.
22 And so that's why we're moving to, try to do some of

1 that because if you do it on the, say we're going to
2 do it this fall on the current population. And then
3 if we find something that we need to tweek, we can
4 tweek it. The only problem with the audit is it's
5 done and there you go and it's not fun.

6 MR. GETTE: Right.

7 MS. JOERSCHKE: And our internal auditors
8 is part of our team.

9 MS. HALL: Our team. We've included --

10 MS. JOERSCHKE: So we have the audit part.

11 MS. HALL: Financial aid has gotten so
12 complex that with this team of comptroller area
13 represented -- or financial aid, we meet monthly.
14 That's on and sometimes in person if the topic
15 warrants it, like re-authorization or something like
16 that. And then we just have our internal audit
17 sitting there. It's gotten to that point. I mean,
18 most people would say, I don't want my internal audit
19 sitting, hey. I do because if we get into, well, I
20 want to do it this way and the interpretation of the
21 law and she's going to be the one we deal with later
22 anyway, you mind as well have her there and be up

1 front about all of it.

2 MR. GETTE: That's a refreshing approach
3 to something that I think we're as a Department
4 trying to move towards as well, which is compliant
5 versus, you know, identifying, yeah, and taking
6 punitive measures after the fact. You know, we much
7 rather have all the participants and a hundred
8 percent compliance then --

9 MS. HALL: Yeah, I think if you did offer
10 schools, I know NASFA has their thing. It's pretty
11 expensive, I think, for them to come in and do an
12 audit. But I think if schools had a tool, and not
13 all schools are QA schools. So, see, this to me gets
14 back to the value of that whole QA thing that we're
15 in is that particular, it's called the Institutional
16 what now?

17 MS. JOERSCHKE: Site thing.

18 MS. HALL: Site thing. And it was
19 available to the schools to utilize themselves. Now,
20 the last thing you need is to say, well we'll send
21 the fed there to do your pre-audit. No. That's not
22 what I'm suggesting. I'm just suggesting that if

1 schools needed it, there was this document available
2 that they could do their own internal, you know, take
3 your sample group and run them from point a to point
4 disbursement. I think more people would do that if
5 they, you know, but they're drowning. And then they
6 just sort of have to rely on, okay, now I'm going to
7 have an audit. And it'll come up then and then I'll
8 spend hours defending and sending data somewhere
9 because it came up in an audit. And I'd rather be
10 pro-active and that's what we're going to do.

11 So we wanted to tweek, we're kind of
12 combining audit function with this QA thing and we're
13 letting our internal audit look at to make sure that
14 it's a quality sample and all of that. But it's
15 more, you know, this would something we could use
16 that would really help you make sure you're in
17 compliance because the, we do the NASFA self guide,
18 too, every year. So we're trying that. So with that
19 piece and this other piece we'll know better probably
20 in the spring, once we've done it this fall as to how
21 well that turned out. But it's going to grind
22 through a lot of different things. I mean, the

1 whole, the whole thing. And we're hoping, then if we
2 did find something, we say, whoops. But let's go
3 back and identify the kids that this might happen to
4 and let's fix it. And that will be much more
5 effective than later, when I can't do anything about
6 it.

7 MR. GETTE: That's great. That's really
8 the agenda that we've been hearing about.

9 MS. VETA: Well, we very much appreciate
10 you taking the time. This has been very informative
11 from our perspective. And you've raised a lot of
12 good issues, some of which we have heard from other
13 folks. Others of which we're hearing now, today, and
14 both kinds of issues are very important to us. And
15 we look forward to continuing the dialogue with you.

16 So this listening session is now
17 adjourned. Thank you.

18 (Whereupon the session adjourned at 12:10 p.m.)

19

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21

