DEPARTMENT OF EDUCATION

OFFICE OF POSTSECONDARY EDUCATION

NEGOTIATED RULEMAKING

STUDENT DEBT RELIEF COMMITTEE

SESSION 1, DAY 1, AFTERNOON

OCTOBER 10, 2023

On the 10th day of October, 2023, the following meeting was held virtually, from 1:00 p.m. to 4:00 p.m.

P R O C E E D I N G S

MS. JEFFRIES:

Welcome back, everyone from this esteemed committee, as well as our honored public that are watching in on the live stream. We hope you all had a nice break and lunch. We're going to get right back into things. I have asked the two additions to alternate slots from this morning that were approved. First we have Carol Peterson. Carol, you want to give us a little introduction of yourself?

MS. PETERSON:

Hi, I'm Carol Peterson from Langston University a HBCU, and I have worked with the Vera Group on Second Chance Pell since 2016. I actually am the one that goes to the prison and sees the guys in person.

MS. JEFFRIES:

Okay. Thank you. And, Amber Gallup, if you would please introduce yourself.

MS. GALLUP:

Sure. My name is Amber Gallup. I'm very happy to be here. I'm the director of adult education at the New Mexico Higher Education Department. You know, New Mexico wanted to be at this table because although we're a state with few resources relative to other states, we have one of the lowest rates of student debt in the nation and one of the most progressive free college programs in the country. I'm a borrower myself and currently a doctoral candidate in adult learning. Looking forward to being here as an alternate for state officials.

MS. JEFFRIES:

Well, we're very happy to have you join the committee and your expertise are extremely valuable and welcome. So if you would go ahead and turn your cameras off as per protocol, we'll go ahead and we're going to start. We're going to go back to the two constituency- the two constituency groups that were already approved this morning and address the filling of the primary and alternate. Tamy.

MS. ABERNATHY:

Yes, we have one minor housekeeping issue we need to address. We need to confirm with the committee the actual constituency name for the group that we added today. We're not going to call them borrowers with disabilities. They are individuals with disabilities or groups representing them. So I need for- I guess we need to confirm with a consensus vote or are we just able to move to accept this name change? We can take a quick consensus check. We have one hand up, Sarah Butts.

MS. BUTTS:

Can you just let me know if am the primary right now for four-year borrowers?

MS. JEFFRIES:

I don't see Sherrie back yet, so.

MR. FRANCZAK:

Sherrie is- Sher is in the waiting room at the moment.

MS. JEFFRIES:

Okay.

MR. FRANCZAK:

I'll have to admit her.

MS. JEFFRIES:

Alright, so Sher is back. So, we can make that switch. Did you admit her, Mike? Okay. There she is. Sher, can I remind you of your naming convention, please? If you could make those corrections as primary and your constituency group. Okay. Thank you for bringing that to our attention, Sarah. We appreciate it. So we can take a quick consensus on what the Department has put forth on what the title of the- one of the new groups would be of individuals with disabilities and groups that represent them. Can we- we can have discussion on it. Seeing no hands, let's go ahead and see our show of thumbs on making that the title of that group. Sher, I can't see your thumb. There it is. Okay. It's wiggling up there in the corner. Thanks. So you have reached consensus on that. So Tamy, I think we're ready to go ahead and move forward with the nominations and discussion and consensus.

MS. ABERNATHY:

Wonderful. Thank you Cindy. Thank you everybody, and welcome to Carol and Amber. We're glad you were able to join us. At this time, we would like to propose that Jessica Ranucci be considered for the primary seat of the Consumer Advocacy Group and Ed Holtz be considered as the alternate for the Consumer Advocacy Group.

MS. JEFFRIES:

Okay, I will open that up for discussion. Seeing no hands, let's move to consensus of Jessica Ranucci as primary and Ed Boltz as alternate for the Consumer Advocacy Group. May I see your thumbs, please? Okay. It looks like you've reached full consensus on that. Congratulations. Kind of feels good to move along and get some agreements right off the bat. Appreciate it. So that brings us to the individuals with disabilities and groups that represent them. The nominees.

MS. ABERNATHY:

Yes, we would like to put forth John Whitelaw as the primary negotiator for this constituency group.

MS. JEFFRIES:

Okay. Discussion. Seeing no hands, let's take consensus on John Whitelaw serving as the primary for individuals with disabilities and in groups that represent them. May I see your thumbs? Looks like you have reached consensus on that as well. That does leave the alternate spot vacant for now. So let's move on to the third group that was proposed this morning. Council representing medium income borrowers.

MS. ABERNATHY:

Cindy, The Department believes we have adequate representation of numerous borrowers at the table. Typically, our negotiated rulemaking committee members consist of roughly 12 to 15 constituency groups, and we have just added two more. We do not believe at this time that we need to add the constituency group for the middle income borrowers.

MS. JEFFRIES:

Thank you, Tamy, for that discussion. Seeing none and do you want- I'm not- Myself, I'm not seeing a need for consensus on that because that is the Department's position, but I'm open to discussion on that.

MR. FRANCZAK:

For clarification purposes, Ed Boltz was accepted, who was initially nominated for middle income borrowers as a category was added as an alternate for Consumer Advocates. Is that correct?

MS. ABERNATHY:

Yes, sir. And Jessica Ranucci was primary for Consumer Advocacy.

MS. JEFFRIES:

Okay. Richard, do you have your hand up?

MR. HAASE:

Yeah. Just a quick procedural question here. When we have not otherwise specified, do we default to Roberts rules for procedural governance? So like if there's a motion on the floor to add that group, would we need to close out the motion with a vote before moving on?

MS. JEFFRIES:

We can- that's what I'm asking. We certainly can do that. Knowing, just for procedural protocol in a matter of record, we can do that. So let's- Tamy, are you okay with us moving forward with that?

MS. ABERNATHY:

Absolutely.

MS. JEFFRIES:

Okay. So the motion that was on the floor for, adding the group of Council representing middle income borrowers. May I see a show of thumbs on that? Okay. There are- the motion has failed, so the group will not be added to the table. Appreciate your time and thoughtfulness on considering all of these decisions. It does have- it does show your willingness to be thorough and committed to this process. So again, I thank you. So with that-

MS. ABERNATHY:

Can we reach out to those potential new members and see if they're able to join us?

MS. JEFFRIES:

Have you provided us- we need to talk to them. An FMCS person needs to talk to them. Can you please provide their phone number for- let's have John reach out to them.

MS. TAYLOR:

Yep. John, I will email that to you, their email and phone number.

MS. JEFFRIES:

And do you have Ed Boltz's too, or?

MR. FRANCZAK:

Ed Boltz was just sent to me. I'll contact Ed Boltz.

John, please contact Jessica and John.

MS. JEFFRIES:

Okay. Thank you, team. I appreciate that so that we can move forward. I believe at this point on our agenda, I'd like to introduce Toby Merrill from the Office of General Counsel. Toby?

MS. MERRILL:

Thanks, Cindy. As this group and people watching online know, over a year ago, the Secretary announced policy to provide pandemic-related debt relief to Federal Student Loan borrowers. This was intended to avoid significant delinquencies and defaults as borrowers returned to repayment after an unprecedented three-year payment pause. That policy was based on a different legal authority, the HEROES Act, and what we will be talking about in these sessions. The HEROES Act authorizes the Secretary to waive or modify any statutory or regulatory authority that he deems necessary to ensure that Federal Student Aid recipients who are affected by a national emergency are not financially worse off because of the national emergency. It also specifies that the Secretary is not required to exercise the waiver or modification authority under the section on a case by case basis. Under that policy, eligible borrowers would have qualified for relief if they earned under $125,000 as a single person or $250,000 a year for couples, and the plan would have forgiven up to $20,000 for a qualifying borrower who received a Pell Grant and $10,000 per qualifying borrower who did not. The Supreme Court held that the Secretary did not have the authority to adopt this policy. It found that the size and scope of the Secretary's debt relief policy presented a major question of economic and political significance, which required clear congressional authorization. The court further found that the policy was not clearly authorized by the HEROES Act provision, authorizing the Secretary to waive or modify any statutory or regulatory provision of the Higher Education Act that he deemed necessary to ensure that borrowers were not worse off financially in relation to their loans as a result of the national emergency. The court held that the debt relief policy was neither a waiver nor a modification of the Higher Education Act. As you've seen, excuse me, the Department is now seeking input on potential regulations pursuant to section 432a of the Higher Education Act. Specifically, section 432a6 provides that in the performance of and with respect to the functions, powers and duties vested in him by this part, the Secretary may enforce, pay, compromise, waive or release any right, title, claim, lien, or demand, however acquired, including any equity or any right of redemption. In plainer language and for our purposes, this provision says that in carrying out the tasks and purposes related to the Federal Student Loan programs authorized by the Higher Education Act, the Secretary can change or forgive Federal Student Loan debts. We understand that there may be questions about the meaning of this language, the flexibilities that it provides, and the limitations that it places on the Department, what can and can't be considered, and what actions would be within the Secretary's authority. We're looking forward to a meaningful and robust policy conversation. In order to keep us focused on policies the Department can consider, we encourage you to focus on the specific purposes and provisions of the Higher Education Act. The Department must pursue policies that carry out the Higher Education Act, and do not conflict with or obviate other portions of the law. So, just as an example of a policy that would conflict with portions of the law, the Higher Education Act provides for discharges if a borrower has a total and permanent disability, the condition has lasted or is expected to last for 60 consecutive months or result in death. Because there's an existing program authorized by statute for disability discharges, we could not create a whole separate program that offers discharges for borrowers who have met those exact same conditions, but substitutes 30 months for 60 months. As we said in the issue paper, the Department is considering adding specific regulations on the Secretary's waiver authority in particular. As we think together about articulating bases for waiver, we should keep in mind not only the goals and policies of the Higher Education Act, but also some concepts relevant to waiver more generally. In other contexts, different agencies looking at waiver authorities consider a variety of factors, including when collection of a claim would defeat the purpose of a benefit program or impose financial hardship on the program participant, among other considerations. These underpinnings will be helpful to inform potential policies here. Thanks.

MS. JEFFRIES:

Thank you. Toby. Any questions, comments for Toby? Ben, did you have something?

MR. MILLER:

Oh, no, I think we're going to go to me then.

MS. JEFFRIES:

Yes, we are. Yeah. So not seeing any hands up. Thank you very much, Toby, for that, explanation. So next up, we are actually going to start into the questions in the issue paper and I want to turn it over to Ben Miller.

MR. MILLER:

Great. Thank you much- thank you so much, Cindy. Thank you all for a productive morning and a great start to the afternoon session already. Before Tamy starts walking through the discussion questions from the issue paper, I just wanted to provide a few high-level policy points to frame the conversation. First, you'll see that we are thinking about this issue in terms of distinct groups of borrowers. As others have already said today, we know that experiences and challenges in the student loan programs are varied. As we craft regulations, we think it is valuable to acknowledge the different ways issues arise so we can consider and create discrete solutions. Second, you will see that there are still many details to be worked out on these different ideas. In the first several questions, you'll see that we're interested in feedback to further refine the idea. The last question you'll see is raising broader concepts. We're also looking forward to hearing ideas you- we may have missed. From what we hear at this session, we will work on developing regulatory text to consider the next session. There may be some ideas where we still need more time to develop regulatory text, so some items may be further along than others as we continue this work. Third, I know there's been a lot of really excellent thinking about ways to improve student loans, and we heard a lot of great ideas in the more than 26,000 public comments we received. As Toby already mentioned, and I just want to remind everyone, the Department's focus here is on issues related to waiver. That means there are some areas we aren't going to be tackling. One of those that we saw a lot in the public comments in particular, is the interest rate charged on student loans. That is something that is set by Congress and is not controlled by the Department. And as such, there aren't any regulatory- any regulations we could be creating around that. The other is regarding other discharge programs, such as Public Service Loan Forgiveness. Last year we finished regulations on this program, which we think will do a lot to help borrowers get the relief they are entitled to by law. We still have one final rule to issue on that program related to what types of employers are eligible, but we aren't planning on opening up regulations on PSLF or the other discharge programs here. Even with those limitations, we think there are a lot of exciting and interesting opportunities for ideas and thoughts, and I'm honored to have a chance to listen to these discussions. Thank you, Cindy.

MS. JEFFRIES:

Thank you, Ben. Appreciate it. Alright, so next we're going to move to- back to Tamy to lead us through discussion on question number one.

MS. ABERNATHY:

Thank you, Cindy. I'm going to ask Ms. Vanessa to share her screen and show question number one. Thank you, Vanessa. As Ben mentioned and others have mentioned, we have received many public comments about how borrowers felt underwater on their Federal Student Loan debt because they owe more now than they originally borrowed, despite making payments for years. Many said that they felt like they could not get back on track if they could just- or many felt that they could get back on track if they could just get back to the original amount that was borrowed. There are several reasons why borrowers end up in this situation. For some borrowers, it might be due to spending time in deferments or forbearances where interest accumulates and prior to final rules that went into effect this July, those periods resulted in interest capitalizing and being added to a borrower's balance. That resulted in those borrowers paying interest on top of interest, and some borrowers have never even- have even experienced multiple capitalization events. For other borrowers, it could be due to paying under an Income Driven Repayment Plan, which reduces borrowers payments based on their income, but allows payments less than the amount of accumulating interest, which causes the outstanding balance to grow. The Department eliminated interest capitalization where previously required by regulation, and created new provisions that mitigate increasing interest in the SAVE Plan. Borrowers repaying on this plan are not charged interest when their monthly payment does not cover, as long as they fulfill their full scheduled payment. While other borrowers find their balances exceed the original amount borrowed because they are unable to make payments and end up going into delinquent and default. Student loan default works differently than any other financial product, where higher debt levels correlate with higher risk of default. Instead, we see that most borrowers who default either never finished a postsecondary program or earned only a certificate. They tend to have low balances, lower loan balances. Default is an issue that we addressed and starting next July, borrowers who provide the approval for the disclosure of their tax information can be automatically enrolled into an Income Driven Repayment Plan. Our hope is that borrowers in this situation who have a zero payment will no longer be at risk of default. We'd now like to hear the committee's thoughts on how we provide borrowers whose loan balances have grown due to the accrual of unpaid interest, with a better path for successful repayment.

MS. JEFFRIES:

Okay. Thank you. Tamy. I see for the record, Jordan

Nellums has joined in place of the primary, Jada, for this discussion. Is that correct? Alright. Welcome, Jordan. Alright. Let's open that up for discussion, comments, ideas. Yael?

MS. SHAVIT:

Thank you. So at the outset, first of all, thank you for raising this and raising this issue in the- in this question. As we jump into this discussion, I wanted to bring up a couple of broad principles that I think would be helpful for the Department to keep in mind in thinking about this, that- this issue more broadly that I think is- are particularly salient for the group of individuals identified in this question. So our office, the State Attorney's General Offices, have years of experience assisting borrowers with their student loans and undertaking detailed investigations of Federal Student Loan servicers and Title IV eligible schools. This experience, which is really the experience of looking under the hood, is unique and it's revealed pervasive and systemic misconduct by the Department's contractors and frankly, also profound failures of oversight and poor program design on the part of the Department in the past. And the type of misconduct at issue includes steering borrowers into forbearances and suboptimal repayment plans, failing to enable borrowers to maintain IDR and depriving borrowers of opportunities to avoid default. Our work has demonstrated unequivocally the pervasive consequences of these issues, which have kept borrowers mired in debt through no fault of their own. And while we applaud recent efforts to try to retroactively address these issues, our work has also demonstrated the inadequacies of existing programs for addressing the cumulative impact of years of systemic failures, including, for example, that a lot of people weren't covered by the one-time adjustment because of past periods of default. So for that reason, I think it's not only legally appropriate, but necessary for the Department to zoom out a bit from the population in this first group to provide meaningful cohort level relief through the rulemaking that doesn't require borrowers to identify themselves and that addresses these longer loans. This goal is consistent with the framework that the Department is adopting here that asks the question of when collection of student loan debts would defeat the purpose of the HEA. I think it's particularly salient in the context of older loans, loans that have spent a long time in default, and think the question we should be asking isn't the question of lowering these people's balances, it's eliminating this debt. These are loans that, given the pervasive nature of servicer misconduct and Department oversight failures, are in the position largely that they're in today because of these failures. And this is an appropriate remedy for those individuals. Thank you.

MS. JEFFRIES:

Thank you, Yael. I just want to remind- not that you did anything over or anything like that. We are timing these for three minutes. So, you'll get a 30-second notice before your time is up, and then a final notice that your time is up. So with that, Kyra.

MS. TAYLOR:

Thanks, Cindy. I would just like to raise up everything that Yael has said already. Amongst low income borrowers, we see repeatedly that they are demoralized by their ballooning debt. I hear all the time from borrowers who feel that the Government is not looking out for them, who wonder about whether or not their student loans are a scam, as they watch their loans go from $5,000 in principal to five times as much in subsequent years. We applaud the Department's policy moves to reduce the instances of interest capitalization and to reduce negative amortization in IDR plans. However, that still leaves millions of borrowers whose balances have increased substantially via interest capitalization and interest accrual over the years. And they are still left with their student loan debt. And as the Department noted, they do not know how they're going to repay the debt as it continues to grow. As Yael mentioned, some of the ballooning interest that has occurred on borrowers' accounts is due to servicing misconduct. When borrowers have called for help instead of being driven to the programs that might discharge their debt in some circumstances, they were put in forbearances that made their interest accrual- accrue even more. And so I would like to reiterate Yael's call that I hope that the Department is thinking of ways to cancel these borrowers debts, to cancel the amount of interest capitalization and interest accrual that had the policies fixing the interest capitalization issues and fixing negative amortization been implemented earlier, those balances would not have increased in the first place.

MS. JEFFRIES:

Thank you. Kyra. Next, I have Richard.

MR. HAASE:

Hi. Yeah, first, I think it's important that we go into these conversations recognizing that we have the Department, that the Government has the power to help or harm people through its policies. When we look at interest, and I know that there are limits to what we're being told we can discuss around it, I think it is important to acknowledge first that $22.5 billion per year is paid, I believe, towards the US Government for interest on these student loans. I know for me personally, I went to state schools, I lived at home for most of that time, and I paid my student loans for 23 years, and almost my entire balance was still there when I finally had them forgiven under PSLF about a year ago. When I hear from colleagues, other teachers, and school-related professionals who've had similar experiences, they say, you know, they've started off with 40 or $50,000 loan balances, paid $40,000 over the course of 20 years, and seeing that those balances have gone nowhere. In one case, I have a colleague, a friend who's been paying for 20 some odd years, has been substituting in and out of employment as other speakers have shared, encouraged to go into forbearance and different options for pausing her payments. The end result was that her loan was, as of a month ago, was up to $120,000. So I don't know what is within the scope of our authority to discuss in terms of interest, but I certainly hope that we do have those discussions, because I think that the interest is a good example of where our power to help people is kind of having the opposite effect, because we're not governing it effectively with the people in mind.

MS. JEFFRIES:

Thank you, Richard. Next up is Angelika.

MS. WILLIAMS:

Yes, I echo the sentiments of my colleagues here on the committee about eliminating the debt of low income students. And I say that because research from the National Association of Independent Colleges and Schools has conducted some research about the Federal Pell Grant Program, and it was determined that when the Federal Program was initially launched, it covered 70 percent of educational costs. Today, it only covers 28 percent of educational costs, and that is increasing low income students' need to borrow, right? And so now they're at no other means but to borrow. But also they're subject to the same interest rate of individuals who demonstrate the ability to borrow. So the interest rate currently is at a one size fit all model. And I only wonder for one, eliminating the debt. And also, while they're currently enrolled, having a different interest rate than those who demonstrate the ability to repay the loans. When we do further research, we see in other situations, such as the banking system, they have different elements or interest rate scale, right, based on one's ability and willingness to repay the loan. I feel like the Department has information from the financial aid application, also known as the FAFSA, that demonstrates one's ability to be able to repay the loan. And that's in correlation to how the banking system sees the credit score. So the EFC also will now change to SAI in the future is one way that the Department can see individuals who are Pell eligible. Obviously, who may not have the ability to repay the loan, so their interest rate should not be subject into this one size fit all rate group that's currently out there, published and disclosed.

MS. JEFFRIES:

Okay, I appreciate that. I need to take just a quick break here. The new committee members have joined us, so I want to take just a moment to introduce them. Jessica Ranucci for Consumer Advocates has joined us. Welcome, Jessica. And, John Whitelaw has joined us, for the individuals with disability and groups that represent them. We welcome you as well as Jessica's alternate, Ed Boltz, has also joined the session. I'm going to ask that John and Ed, the naming convention is you need to put an A before- or well, John, you a P, you know, right? You've done this before with me, and Ed, you need a P before your name and then after your name, the constituency group that you represent. And since Jessica is present, the alternate is off screen until such time that you feel you want to switch. So if you could turn your-

MS. ABERNATHY:

Cindy?

MS. JEFFRIES:

Yeah.

MS. ABERNATHY:

Just one Correction. Ed needs to put an A instead of a P.

MS. JEFFRIES:

I'm sorry. Thank you. Got ahead of myself there. Thank you. So, Ed, if you could go ahead and turn your camera off and fix your naming convention, and we'll proceed with our discussion. So again, thank you, Angelika. Next up is Lane.

MS. THOMPSON:

Yeah. Thanks, Cindy. I agree with, you know, with a lot of the people who have spoken- have already said. I just want to say that I hear from borrowers all the time who do feel like they are being taken advantage of because their balance is bigger than it used to be, and I just kind of want to bring in that feeling that when folks feel that the Government is taking advantage of them, it's just not a great feeling. Kind of similarly, the thing that I really struggle with, with negative amortization is trying to explain it to borrowers. There aren't a lot of financial products that do this, so I just kind of want to point that out, that just negative amortization in general is very confusing for people. And kind of to add to that, one possible solution to these folks with large balances is, could the Department look at forgiving any debt over a certain amount based on what was borrowed? So, you know, no one should ever have to repay 200 times what they borrowed, for example. So that's just an idea of a way it could be addressed.

MS. JEFFRIES:

Thank you, Lane. Appreciate that. I have one other change to announce before we move to Wisdom. Michael Jones will be going off camera and his alternate- did he come on? Andrew, are you there? Will be coming on camera in his place. I'm sorry, Vincent, are you there?

MR. ANDREWS:

Sorry. Yes, I am here.

MS. JEFFRIES:

Okay, great. Alright. We're all set now. Thank you. Wisdom, go right ahead, please.

MR. COLE:

Thank you so much. You know, one thing I want to make sure that is clear is that Black borrowers are disproportionately impacted by predatory lending, who targets vulnerable communities with unrealistically high interest rates and makes it nearly impossible for borrowers to pay back their loans. We know that nearly 75 percent of Black borrowers and 63 percent of Latinx borrowers see their student loan balance grow rather than shrink, compared to 51 percent of white borrowers. The average Black graduate owes $53,000 in student debt, and after graduation, that amount just continues to grow and grow and grow. And so we really want to make sure that we are presenting opportunities for all of our communities to enter into the economic system, but more so, something that I would like to just hone in on is that the elimination of all of this debt, it presents an opportunity for America to reduce the racial wealth gap. You know, when we think about folks' opportunity to become homeowners, business owners, and build discretionary wealth, the cancellation, the total cancellation of student debt for all borrowers impacts all communities. And so definitely want to make sure we raise that recognizing that, you know, millions of families, despite diligently repaying their debt for decades or more, continue to remain trapped in an unaffordable and growing debt balance.

MS. JEFFRIES:

Thank you, Wisdom. Appreciate the comments. Melissa?

MS. KUNES:

I believe the key issue here is the inappropriate application of interest to borrowers over the years who have looked for ways and guidance from the Government in order to alleviate or help mitigate their loan payments while they were going through tough economic times. So an alternate I would like to suggest is, if it's possible, could we look at a borrower's accumulation of debt over time? Look at what the principal balance was initially. Take away all the interest. Forgive the interest. Use what the payments have been made towards the principal. Give the borrower credit for that and only hold them accountable for the principal they may have left to owe and put interest completely to a side. That's just simply an alternate plan I would like to throw out there for consideration of the group.

MS. JEFFRIES:

Thank you, Melissa. Ashley, you are up next. Followed by Vincent Andrews. So, Ashley?

MS. PIZZUTI:

Well, I personally believe that the Government should not be making money off of the society that it is trying to educate and raise all the votes up. We benefit as a society by educating our communities. It is a way to get people out of poverty. It is a way for the Government to make more money on taxes. If people are making more money, then they're going to be returning that back to their communities and thriving. As somebody who has been a borrower for close to 24 years now and have been in the circles with the majority of my friends who have had student loans for 20 years, the Government has really failed them, not only for these policies that they have put in place and lack of really regulating the servicers because I know personally from dealing with servicers, in times of hardship, it was a three-minute phone call. It was, okay, we're going to put you in forbearance. Okay, we're going to put you in deferment. There was no explanation of the capitalized interest. You know, being a young 19-year-old and going into taking these loans blindly with a lack of education, because I came from a very poor background and I was the first to go to college, there has been no financial literacy in taking on these loans and then managing these loans. You know, occasionally you'd get something in the mail or an email. But I know that some of the servicers, Sallie Mae or Navient, we'd have a seven minute phone call, you know, get them, get them on the phone and get them off the phone. You know, they never explained the fees. They never explained what capitalized interest in all of these forbearance is going to do. My loan that I took when I left when I graduated school in 2006, ended up adding, for taking an 18 month forbearance, ended up adding $30,000 to my loan, which was then capitalized daily for the next 15 years. So I think there's a lot- there's a huge gap for those who have dealt. That's pretty much what I have to say is, you know, we need to- it's not just steering the ship right, it's also fixing all of the mishaps for these borrowers that are still being crushed by this.

MS. JEFFRIES:

Appreciate that. Thank you, Ashley, for your comments. Let me just ask, Andrew- or Vincent, you had your hand up next and took it down.

MR. ANDREWS:

I still wanted to talk. I thought you just had a list.

MS. JEFFRIES:

Yeah. Go ahead.

MR. ANDREWS:

Yeah. So I wanted to speak particularly on behalf of veterans and I think I mirror a lot of the sentiments that Ashley just illustrated, especially for veterans. And it probably makes up a smaller constituency within the larger group. They're veterans who either commission out of college or still some veterans that even enlist after they've accumulated some debt. And again, there's not a lot of information for veterans once they're active duty. And if you call your servicer, like she said, they kind of steer you towards forbearance or deferment, which is something that happened to me, actually still have a period even after the waiver, that they still haven't certified, even though it was all military experience was supposed to be counted towards Public Service Loan Forgiveness. They're, for whatever reason, they're saying was in deferment and I'm pretty sure they told me to do that. But they've had to retroactively go back and undo a lot of- some of the things that did happen to veterans. And I think it's just not really fair to ask people who served 10, 15, and 20 years, to tell them that some of your time may not count just because of deficiencies we may have had or whatever the circumstance may be. Or the fact that their interest, like we were discussing earlier, just continues to accumulate in the way that it has over their time of service. They do tell you about SCRA, but for me particularly, it really only lowered my interest rate a half a percent, so it didn't really have a big impact. And during my time of service, my student loans probably went from around 80,000 to 120,000. And so there needs to be some way to have something in place for veterans, for people who are serving countries, for teachers, people who are really dedicating a lot of their life towards public service. It's not fair to have all these loopholes for them to go through and for them to dedicate so much time and then still have to navigate, how do I even get this stuff accepted in the end without all the documentation that they probably didn't have in place when they were going through these processes.

MS. JEFFRIES:

Thank you, Vincent. We appreciate that. One additional announcement. Jada Sanford has come back to the table as the primary and her alternate, Jordan Nellums, has gone off camera. Welcome back, Jada. Next is Ashley.

MS. PIZZUTI:

I forgot to unraise my hand.

MS. JEFFRIES:

Okay. Alright. Jessica Ranucci, you are up next.

MS. RANUCCI:

Thank you. Nice to meet everyone. I just wanted to- I support everything that people have said, and I won't belabor that here, but I just wanted to make the particular point that as to FFEL borrowers, this issue is extremely important. So I think, as most of you know, FFEL loans were disbursed by private banks. So the interest pays on those loans was designed to and often does just make money for private banks that have really nothing to do with the Department or the Government. We stopped that program a long time ago, but there are still many, many, many FFEL borrowers out there who are struggling with the weight of their loans. So that's on the one hand. And then on the other hand, FFEL borrowers are shut out of many of the relief programs. The Department's been making really important strides to help that. But it's not perfect, it can't capture everyone. So I think this issue is really important for everyone. But I just want to point out, especially for FFEL borrowers.

MS. JEFFRIES:

Thank you, Jessica. Richard.

MR. HAASE:

Thank you Cindy. First, in terms of concrete steps and answers and suggestions to respond to the question, I would like to say that I support some of the ideas that were advanced a little bit earlier. I think it was Melissa who shared ideas for applying payments that have been made towards interest or principal, and getting rid of any, you know, interest that continues to compound on the principal of these loans. I think that the Government should not be in the business of making money off of what we're doing. I think that it's important, and someone else alluded to this as well, to do more to improve transparency for borrowers. I know that when my kids go to- you know, start driving in a couple of years, I'll certainly warn them that if they put a $30 tank of gas on a credit card, they're going to pay $60 towards it. I know that when I get a credit card statement in the mail, it tells me if you pay the minimum payment, this is how long it will take you to pay off what you financed here. I think that we need more protections in place than people are sharing here in these 3 to 5 to 7-minute conversations. They've had loan servicers who steered people towards decisions that were not in their best financial interest. You know, and finally, you know, as I think about where we are right now, it reminds me of, you know, what we've learned in history from how the Government responded to housing after the Great Depression, when basically they decided that homeownership was a path towards, you know, building up the American middle class. I think that we're at a crossroads right now in our country, where we're recognizing the same thing about higher education. And I think we need the Government to do like what it did back then when it put guardrails in on the system and supported it so that it could help expand access to people to build up the middle class. Right now, I think we have, you know, the idea that we need higher education, that we want more people going into it, but we haven't yet aligned Government practices towards empowering them to do that. So I think it's really important that the Government, if we really believe this is an important path forward for the American middle class, that it acts swiftly to put guardrails on the system so that people are not harmed by their desire to enter it.

MS. JEFFRIES:

Thank you, Richard. Kyra?

MS. TAYLOR:

I also really appreciate all the comments that have been made thus far. I would like to call the Department's attention to borrowers in default. Many borrowers likely defaulted because of the servicing misconduct, because they were steered to forbearances that increased their balances until those forbearance ran out. In the other circumstance, the borrower may have periodically used forbearances, seen their interest capitalized, and then watch their balance increase year after year, at which point they felt that they would never repay their debt and they may not have had access to legal assistance on their student loans either. There are many borrowers in default who, despite the Government's collection powers, may not be able to repay the principal, meaning that they will be stuck in a cycle of default on their student loan debt. The other point I'd like to raise is that this ballooning debt has collateral consequences for borrowers. We hear from borrowers who cannot get a lease because their debt to income ratio is too high. We hear from borrowers who cannot get car loans, meaning they cannot drive to their job because no one will finance a car loan because of what has happened with their student loan debt. In addition, borrowers may not be able to afford a mortgage, which in some cases may be more affordable for them than renting, again, because their outstanding amount of debt is too much and so no one will provide them with a mortgage. So I strongly encourage the Department to right size borrowers' debts to what they can repay, and to right size borrowers' debts to reflect policy changes and policy corrections that it has engaged in previously.

MS. JEFFRIES:

Thank you, Kyra. I need to make an announcement before we move to Scott Buchanan. Jalil Mustafa Bishop has come in in place of Andrew [Richard] Haase. So, let's move on to Scott Buchanan.

MR. BUCHANAN:

Sure. I know we've had some discussion here and I think this is probably a request for the Department as we move forward here, perhaps for the next session, but I think there's been a lot of discussion about sort of, you know, whether the Government makes money on these loans or not. It'd probably be useful for the negotiators to hear, sort of, and receive a sort of a financial overview of the programs and where there is cost today, where the subsidy goes, particularly on student loans for Stafford and Grad PLUS that might be helpful as we're thinking about the overall direction of where subsidy needs to be applied and where it can be best and most effective in helping borrowers. So financial projections on the profitability of those student loans would be useful.

MS. JEFFRIES:

Thank you, Scott. I'm going to ask you to put that request in the chat so that the Department doesn't lose track of it. And, they will look into a response on that. Hey. Okay, Jalil Mustafa Bishop. Thank you. Go ahead.

DR. BISHOP:

Thank you. So I think it's important for us to just be clear as we are going through this discussion, that the Department has a lot of the lead experts around student loan debt, that when we think about what information is shared with you all, I can look at the research and the professional history of the undersecretary of Higher Ed, James Kovaal, who has spent much of his career helping to refine and introduce arguments and stances around Income Driven Repayment Plans and understanding that those plans, even though they've been tried repeatedly, often leave many borrowers in lifetime debt sentences. I think we can turn to the work of Ben Miller, who since 2017 has highlighted and put out research reports that show that student loan debt was harming or inflicting injuries to borrowers of color more than any other group, despite Black borrowers often enrolling in Income Based Repayment Plan. So again, Ben Miller's work highlighted the racial injustice issue going all the way back to 2017. The senior advisor to the undersecretary, Julie Morgan, highlighted that it was not only about what has happened after you borrow student debt, but it's also was about the idea that credentialization, the idea that if you earn a credential, you can go on to get a market return that will allow you to pay this ever growing student loan balance. And it was Julie's work that showed that that promise was broken from the very beginning. So I think it's important to just already highlight that the Department has the experts and the research and has published this research to show repeatedly that the student loan system is broken and a lot of the issues we're experiencing is from that policy failure, and that from their own evidence, that it may require more than tweaks to really solve some of the issues that we're seeing, especially for our most marginalized groups. So I would like to see us really remember that when someone borrows a student loan, the standard repayment, the standard agreement was not 20 years, it was not 25 years. It was really a ten-year standard repayment plan. So I would like us to move to a point where if we're going to cancel or waive student debt, we start there. That for anyone who has been in repayment for over ten years, we really look at how can we start to cancel some of that debt? For those who have student loan balances that are more than what they originally borrowed, how can we start to cancel that debt? We have a SAVE Plan that has already started to address interest, but how do we make sure we go back and extend that to all borrowers, Parent PLUS borrowers, borrowers who are right now excluded from that type of interest benefit? How do we cancel debt for borrowers? How do we cancel a debt for borrowers as they move along? So rather than making folks wait 10 or 20 years, how do we cancel that debt maybe as they move along in the repayment process? And then again, just including all loans, not having this kind of exclusionary, arbitrary way of what's included, what's not included.

MS. JEFFRIES:

Thank you, Jalil. We appreciate your comments. Kathleen.

MS. DWYER:

Thank you. I want to say that I appreciate all the personal perspectives that I've heard here today. I feel like there's been a lot of very compelling points raised and how it has truly impacted people. And I think that's important for this committee to be considering. Heard some good ideas related to caps on repayment. Definitely understanding negative amortization, that can be very confusing for people. So some good points about how we can make some differences there in addition to reallocating payments on interest. A new question I wanted to add to the debate is I think it would be compelling for us to understand and even visualize what is the percentage of borrowers who have seen their balance grow? We've kind of all talked about it and mentioned instances where we know that's happening. Is there data that exists on that that would really help visualize that to the committee and help us make some decisions about how many people are really impacted by that happening.

MS. JEFFRIES:

Yes. Could I kindly ask you just to drop that question into the chat?

MS. DWYER:

Yes.

MS. JEFFRIES:

Alright. I appreciate it. It looks like India Heckstall is switching with Wisdom Cole at this point, so.

MS. HECKSTALL:

Alright. Thank you. I just also wanted to bring to the conversation that when we're talking about borrowers, student loan borrowers, it not only impacts the students themselves, but it also impacts their family and their ability to build generational wealth. High monthly payments can prevent borrowers from building personal savings accounts, purchasing a home, making a down payment on a home. And we often see that disproportionately Black borrowers are those who are impacted by these disparities. Homeownership is often the primary way for populations earning lower middle incomes to build wealth in this country. And so the current student loan system is not built in a way to support generational wealth, because the debt from pursuing higher education can inhibit Black families from building wealth for future generations. Black borrowers, Black parents are often borrowing Parent PLUS Loans and can have a negative financial impact on not only those students, but also future generations as well. and so the other thing is that in addition, 45 percent of Black college educated households reported also providing financial support to their parents, while only 24 percent received support and only 16 percent of comparable white households reported providing support to parents, while 33 percent received this support. So this means that Black households are more likely to provide financial support to their parents and to provide at greater amounts compared to white households as well. And oftentimes higher education is seen as somewhat of an equalizer for communities of color to be able to get ahead in education and employment opportunities. But a lot of research has shown that that's not always the case, considering that we have more debt, but can also oftentimes make lower wages compared to some of our white peers. And so, ironically, sometimes pursuing higher education can actually negatively impact Black families' wealth due to the burden of student loan debt and unequal employment opportunities and outcomes for Black graduates. And so that's important that we take into consideration interest accrual when thinking through student debt cancellation.

MS. JEFFRIES:

Thank you India. Appreciate it. Richard has come back on in his primary role in Jalil has moved back into his alternate slot off camera. So, Richard, you are up next.

MR. HAASE:

Well, first, yeah, I completely agree with everything that was just shared. It's important that as we look at what we want for our country, for the American middle class, and building it up, that we be mindful of the fact that the student debt program, the way it is right now, is not only perpetuating, but really exacerbating inequities in our society. And I think we have both a financial and a moral responsibility to do something about that. I think that as people dive further into the topic of- because this question originated with the idea of interest. Right? And there have been ideas floated out there about canceling, erasing, applying, whatever it is. You know, I would assume that some people will counter by, you know, worrying about the cost there. And I do think it's important to kind of- back to this idea of investing in the American public that we remember the impact that we get economically from expanding access to higher education. College graduates are going to pay an extra $273,000 in income tax. Even more than that, if they've gone beyond the four-year college education experience. They're going to require $82,000 less in Government expenditures. The reality is, is that it is probably the safest investment that our Government can make in the future of the middle class in this country. So I think it's important then when people consider, you know, any financial impact to adjusting interest and things like that, that we remember the payoff that comes from making higher education accessible to as many people as we can.

MS. JEFFRIES:

Thank you. Richard. Jordan has swapped places with Jada again. So, Jordan.

MR. NELLUMS:

Yes. I also wanted to echo India's point about making sure that we're also bringing into the conversation Parent PLUS Loan borrowers, especially when we talk about the impact that interest has on those types of borrowers, especially because the Century Foundation found that after ten years, the length of a standard Parent PLUS repayment plan, more than half of the initial balance remains after ten years. So I just want to make sure that we're bringing them into the conversation about what we can do about interest payments and the disastrous impact it has on them.

MS. JEFFRIES:

Thank you. Appreciate that. Yael, your next.

MS. SHAVIT:

Thank you. Just a couple of points. One, in an effort to be helpful as there was a request for information. When the Department was promulgating the new IDR regs, it included the following statistic that may be relevant, which is that among borrowers who first entered college in the 2003 to 2004 academic year, more than one-third, 37 percent, had a higher balance in 2015 than what they originally borrowed. And, you know, I think- I hope that that's helpful in the context here. But there is something that I want to kind of, again, zoom out about. I think the conversation about how to- the necessity of and the propriety of eliminating interest is well placed. And I agree with a lot of what's been said so far. But I do also want to note that when you look at ballooning interest and length of loan terms together, I think these are variables that can helpfully be used to identify people who are much more likely to have been steered into forbearance, steered into non-IDR plans, received bad advice from their servicer, not being offered affordable plans and ultimately resulting in, for a lot of people, default and unhelpful deferments that have not been adequately addressed by the efforts the Department has recently undertaken to retroactively correct a lot of these servicing failures and failures of oversight, and that simply wiping out interest, though that is completely appropriate and necessary, is inadequate for these borrowers. And this aligns, again with the interests and principles that the Department has laid out as motivating the Department in the context of its consideration of debt relief right now, both the likelihood that it will be able to collect the debt, the equity around whether or not to collect the debt. And again, I think the conversation in the, you know, the conversation surrounding the effect of these ballooning interest payments is important, but I want to make sure that we're considering broad relief for these individuals and recognizing that this ballooning debt and loan firms is a way to identify cohorts of individuals who should be entitled to full relief of their debt. Thank you.

MS. JEFFRIES:

Thank you. Kyra.

MS. TAYLOR:

I think Yael really hit the nail on the head there by pointing to borrowers' account histories as indicative of whether or not they can- they will ever afford to repay their debt, and whether or not the Department can expect to reasonably pay off the debt within a reasonable amount of time, even via their collection powers. However, I wanted to call attention to something else. Jordan mentioned Parent PLUS borrowers. Parent PLUS borrowers are cut out of many of the Income Driven Repayment Plans. In fact, they are generally only eligible for income contingent repayment, which is the least generous Income Driven Repayment Plan. And as a result, we see in the legal aid community lots of Parent PLUS borrowers who are extremely low income, who cannot afford their ICR payments and thus their only option if they're trying to afford default in many cases are forbearances and default and deferments, which then in turn increase their student loan balance. So I would hope that the Department would consider proposals that will help low income Parent PLUS borrowers again right size the debt before they default, because Parent PLUS borrowers did not have a different employment outcome because they took on the debt, they were simply trying to provide for their children.

MS. JEFFRIES:

Thank you. Jessica?

MS. RANUCCI:

I just want to highlight a comment made by my alternate in the chat. I could let him say it, but if you don't mind, I'll just say it out loud so we don't have to switch. Which is that he'd like to know that student loan borrowers who faced other extreme financial distress and resorted to filing bankruptcy were, until recently, explicitly excluded in contravention of Federal Law from enrolling in or remaining enrolled in an IDR payment plan, which left them facing up to five years of accrued student loans following their bankruptcy case, which often exceeded or released- exceeded or released- ceded or erased any relief they were able to get in the bankruptcy and I think that that's a really important point, and goes to what Yael said, that there are these big categories of borrowers that were cut out from relief for whatever reason, among them the one that Ed raised who could be identified by these cohorts separately. I'd like to make a point, going back to the introductory comments, I think two themes of this rulemaking are going to be sort of administrability and also common waiver standards, both of which were brought up in the introduction. And I just want to say that especially when we're talking about old loans, I think whether there is an accurate recordkeeping of all. You know, historically, I'm not exactly sure what the recordkeeping is, but of the interest and principal, to the extent that there might not be precise record keeping that would allow the Department to look back and unwind, you know, potentially multiple consolidations or something that would allow the Department to really tease out principal and interest, I would just say that that in the- certainly in the private student loan world, and I would think, among other

Federal agencies, is exactly a reason to forgive debt, because it's exactly the kind of case you couldn't bring in court, for example, if you didn't have the paperwork that would show exactly years of payment history, exactly years of transfer, exactly principal, exactly interest. Those are the exact types of cases where I think pursuing the debt is not appropriate. And so I think that I would encourage the Department not to see potential difficulties in recordkeeping here as a barrier to broad scale relief.

MS. JEFFRIES:

Thank you, Jessica. Wisdom?

MR. COLE:

Yeah, I would love to request some specific Parent PLUS data from the Department. Just thinking about how, and this may have said- may have said it before, thinking about, you know, 3.7 million families taking on over 104 billion in Federal Parent PLUS Loans. I think there's considerable need to lean into that. I think has been mentioned in the chat and mentioned here, the exclusion of the SAVE Plan, many of our members, many of the folks who support our youth and college members, our Parent PLUS borrowers, and are feeling the weight and burden of this debt on them.

MS. JEFFRIES:

Okay. If you have that specific data request, you could put it in the chat please, Wisdom. Appreciate it. Alright. Tamy, I am not seeing any other hands. Does the Department feel they've had sufficient input on this or is there additional information or questions you'd like.

MS. ABERNATHY:

I think that we have heard every one of these comments, and we are taking every single thing that you guys are saying very seriously. And part of the reason why you were chosen to serve on the committee is to provide us a wide range of options to look at. One of the things- I want to mention two things. We are not looking at a broad-based debt cancellation, where we are going to wipe off debt in its entirety. We are looking at individual ways that the Secretary can exercise his authority to grant waivers, and the conditions by which the Department can craft regulations that would solidify the actions of wavering- of waiving specific debt. I'd also encourage you to look at the other questions because some of what you're saying is interwoven with the age of the loan and how long borrowers have been repaying the loan, and those types of things, we are looking at those as well. Everything that you're saying is extremely important to us. I do think that in some situations, while we're not looking at broad-based debt cancellation, that doesn't mean that in some cases there would not be cancellation. So we're looking at ways in which we can formulate regulations to- that are in the best interest of our borrowers, which represent much of what you're saying already. So I think we have enough on this question, unless there's any additional comments on that. We thank you so much for what you have given us to consider, and we look forward to creating regulations for the second session with many of the things that you have said today.

MS. JEFFRIES:

Thank you, Tamy. I see one additional hand up. Vincent?

MR. ANDREWS:

Yes, just really quickly. Tamy, I wanted to ask, like, has there been like much data on who the waivers would impact the most because I think, especially considering a lot of consistencies that we've discussed today, individuals who have ballooning debt, who aren't likely to repay debt really aren't going to be that impacted by waivers anyways, because eventually the interest will accrue again. Well, now they have some safeguards. but a lot of them are in the position where they already can't repay the loans. And I see the waivers as mostly impacting people who can already pay their debt and are closer to finishing paying off their debt. But again, like, what about the people who have been paying for 10, 15, 20 years? And they owe 80, $90,000. And you waive 10,000 of it. Like, what good is that really going to do for them?

MS. ABERNATHY:

I think one of the things that I would say is if it's coming to data, we're going to have to put that request in the chat, because we're going to want to come back to the table after the Department has had a chance to pull that data. We crunch numbers all the time for all the various things that we look into. We don't typically crunch numbers on costs and things like that until after we've started to formulate rules. So I'm not sure that we can go as far as what you're asking, Vincent. But if you'll put that in the chat for us, we'll go back and we'll give it a best effort to kind of come to the table with some of the things that I'm sure that we've already identified and addressed. We are looking at the length of loans. We are looking at the length of time borrowers have been in repayment and unsuccessfully making headway. This is one provision. Looking at the interest is just one provision of where we'd like the Secretary to exercise the waiver authority that is granted through regulations. This is not all-inclusive. It is like a one-time clean this part of the loan, you know, the systemic problem as some of you have mentioned, up. And then we're looking at other ways to craft regulations that would additionally waive other aspects of systemic problems or areas that we feel we need to address to help our borrowers go forward with their loan debt. So I think it's more of these are separate provisions that we're looking at. And then of course, any brilliant ideas that we come up with at the table, we'd like to take those back and flesh those out as well. So it's not just- I don't want us to piece and part things because it's kind of a whole process. We would start with interest, and then we would look at other ways in which we could craft regulations to help us waive debt.

MS. JEFFRIES:

Thank you. Tamy. A few more hands have come up. I think we'll take these three questions and then take a break and move to question two, if that's alright.

MS. ABERNATHY:

Actually, there was a question in the chat from Kyra.

MS. JEFFRIES:

Oh, okay.

MS. ABERNATHY:

Also, add that to the list of things that I need to address, please.

MS. JEFFRIES:

Yes. Did you want to address that now or did you want to-

MS. ABERNATHY:

Sure, I can do that.

MS. JEFFRIES:

Okay.

MS. ABERNATHY:

Kyra. No. I am not saying that we are not going to completely cancel borrowers debts and that we're only going to waive a portion of their debts. What I'm saying is that there are many moving pieces and parts of this and the categories for which we are presenting, and we end up crafting those regulations could cancel some borrowers debt completely, but it could not cancel all borrowers debt completely. So thank you for having me clarify that. I certainly don't want us going into our discussions being confused by something that we've said at the table. Did that answer your question? Great. Thank you.

MS. JEFFRIES:

Thanks, Tamy. Alright, we have Ashley and Jessica. Well, Sher, we'll start with you because they called on you, correct? And then do the other two and then take a short break.

MS. GAMMAGE:

Yes. While I appreciate the fact that, the Department is looking at multiple ways in which to provide waivers or approaches to looking at this. I want to tag on to the comment that was last made about the- I am a- both a FFEL borrower, I'm a Department borrower, and I started out- and I'm on an income payment plan that I've been paying for approximately- since 2004. I would hope that out of our discussions and our- and I'm also a borrower who is now over the age of 65 and still paying these loans which have- interest has been capitalized, you know, I've become ill. I've had to take forbearances, those kind of things, that we would look at some way in which we can actually help all borrowers, but especially four-year borrowers and parents who are financing their children's education, be able to deal with this problem of interest because the interest is what is killing people. You know, I'm one of those people who don't mind paying my debt. I took out the loan. I don't mind paying it. However, for me and lots of other BIPOC people, the Department has placed an undue burden on us by making money off of us and making more money off of us each year that the loan continues. So I would hope that we would look at some of these loans that are- who do not- because of the narrow scope of public student loan forgiveness, who do not qualify under what is considered quote, public service now, some of us are in service-oriented occupations. Look at these long-term loans of 20 years or more or 15 plus years, and look at some way to provide relief to that group of borrowers who've attended four-year institutions and graduate programs.

MS. JEFFRIES:

Thank you, Sher. Appreciate your comments. Ashley?

MS. PIZZUTI:

I just want some clarification from the Department. Just around this neg reg meeting of minds. Are we still focusing on the 1020 waiver and trying to find different ways to achieve the original- the waiver and where it stands as far as the different income caps and the amount, are we bringing everything back to the drawing board to allow for an expansion of cancellation for more people included?

MS. ABERNATHY:

So I would like- thank you for asking that question. This is not about the broad-based waiver that- what the Supreme Court, you know, turned down under the HEROES notice. This is something completely different. So there are not caps of if you make certain amounts of money, you'll get $10,000 forgiven or, you know, $20,000 forgiven if you were a Pell Grant recipient. So no, that is not what this particular negotiated rulemaking is about. This negotiated rulemaking is specifically to look at the section in the statute where the Secretary has the authority to waive and compromise, and looking at ways in which we would like to craft regulations to allow that authority to be exercised, to waive and compromise student loan borrowers' debt. So it is totally separate, different things. You know, we did not- our intent here is to look at ways that we can best help our borrowers. We have already instituted through other negotiated rulemaking that interest- you know, interest will no longer capitalize. We have looked at things where we have streamlined many of the application processes to make things easier. We have looked at ways to have the interest benefit in our Income Driven Repayment Plans that we have recently implemented. So what we are trying to do is to build upon what we've already started. In prior negotiations and rules that have been effective this year and some that will, you know, continue to be effective by July 1, 2024. So it is not about just debt cancellation that was proposed under the HEROES waiver, but this is about looking at compromise and waiver authority under a different statute altogether.

MS. JEFFRIES:

Okay. Jessica?

MS. RANUCCI:

Thanks, Tamy, that helps clarify. But just one further clarification. So it sounds like the Department is interested in proposals regarding the specific statutory authority and the HEA, both that would be essentially like immediate and perhaps on an ongoing basis, that would set up a regulatory scheme to effectuate that provision on an ongoing way that could affect both people now and potentially borrowers in the future, that both of those things are on the table here.

MS. ABERNATHY:

Yes. That is 100 percent correct. Thank you, Jessica, for bringing that up. You said it a little bit better than I did.

MS. RANUCCI:

Thank you.

MS. JEFFRIES:

Okay. Thank you. Jessica. Alright. I'm not seeing any further hands. So at this point in time, I'd like to let you all take a break till- is 2:30 sufficient? About 22 minutes or I'm sorry, about 12 minutes. And at which time we would come back and start with the next question. Is that okay? Alright. We'll see you at 2:30. Okay. Welcome back from break. I hope you all had a chance to get a little refreshment or a little outdoor air or something.

At this point, Tamy, I think we're ready to move on to question number two.

MS. ABERNATHY:

Right. Before we jump into question number two, I do want to just take a second to mention that several of the components of the conversation earlier dealt with statutory provisions that we are not able to address through negotiated rulemaking. Those particular changes, such as Ben alluded to earlier, the interest rate charges, those are required by statute, and those would have to be changed through an act of Congress or legislative changes. So it's not that we're not trying to address all of your questions, but some things were just simply not able to do with regulations. And I just wanted to, you know, level the playing field to tell you that we are looking at everything we can look at through the regulations that we can change within our ability. Vanessa, would you put up question number two if you haven't already? Thank you. Traditionally, student loan relief programs require borrowers to understand complex rules and requirements. Borrowers have to figure out which program is best suited for them, determine their eligibility, submit an application, and that can be very overwhelming. Before the pandemic, about a million borrowers defaulted every year, even though many of them would have had a zero payment under IDR. We also believe the number of borrowers who have applied for Public Service Loan Forgiveness is far below the number that appear to be eligible, based on employment data. We have done considerable work to make administrative changes that reduce or eliminate burden on eligible borrowers with positive results. Here are some of the highlights. For years, we've had a data match with the Social Security Administration that indicated which borrowers were eligible for total and permanent disability discharge. In August 2021, we changed the process, and the first time we ran the new process, we found more than 350,000 borrowers who were eligible, but never applied. We've helped hundreds of thousands of borrowers who have attended certain institutions receive relief through group discharges without requiring them to wade through onerous paperwork. When implementing long-term fixes through the income Driven payment account adjustment, we identified over 800,000 borrowers who were eligible for forgiveness. We will discharge loans for those borrowers who do not opt out of this process without an application. We believe regulatory changes that provide flexibility to use other information that identifies an eligible borrower who will qualify for that discharge would provide critical help both now and into the future.

The new SAVE Plan, once implemented, will forgive some loans after ten years of repayment, making up to 2 million borrowers immediately eligible for forgiveness if they enroll in the SAVE Plan. However, because borrowers have historically faced administrative burden, not all of these borrowers are expected to enroll in this plan. These borrowers may miss out on the possibility of loan forgiveness. We welcome the committee's thoughts on how the Department can better assist borrowers who are eligible but do not apply for forgiveness under programs such as an Income Driven Repayment Plan.

MS. JEFFRIES:

Thank you. Tamy. Thank you for stopping the share. So at this point, we will open the floor for discussion on that. Questions? Comments? Ideas? Ashley?

MS. PIZZUTI:

Are we looking at all plans? Public Service Loan Forgiveness, Borrower Defense. Are we focusing mostly on Income Driven Repayment at this point?

MS. JEFFRIES:

I think we are looking at this holistically, but there are going to be like PSLF and some of the other- I think we're looking at the Income Driven Repayment Plan at this moment. But we welcome your comments. Where we can look at it, we certainly want to do so.

MS. JEFFRIES:

Richard?

MR. HAASE:

First, I want to say thank you for again having us, giving us this opportunity to do this. I do think that although we probably want heaven and earth, there are going to be things that you guys can't accomplish in the Department that I do think it's really worth recognizing that the administration is trying to do this and actively trying to help people. So that kind of leads me right into, you know, our- mine and our personal experiences with the program that you did improve, which was the PSLF one you referred to earlier. I think that it's a good example of the Department taking steps towards improving access to forgiveness for people. I think first by expanding the eligibility, the number of people who were able to achieve it. And then towards the end of what was that initial waiver period, expediting the approval and forgiveness processes for people. I think that anything we could do to make things look like that, or better, will help make sure that people don't slip through the cracks. I know that when we did our organizing work, reaching out to members to help them take advantage of PSLF, we helped dozens and dozens of people probably achieve more than $2 million worth of forgiveness just in our district through that work. But I know that we still probably missed a third of the people who were eligible, which is to what you were saying before as well. So I don't know if it's possible, but, you know, I wonder if there are ways to integrate any of this into when taxes are filed. I feel like it creates an opportunity to identify who an employer is. It creates an opportunity to identify what someone's income is. I'm not sure if that's a way to make sure that we prevent people from slipping through the cracks. But again, I do want to thank you for what was done for PSLF. I think it's a good step in the right direction and I hope that we continue to move that way.

MS. JEFFRIES:

Thank you, Richard. Lane?

MS. THOMPSON:

Yeah. So this is also a comment, kind of tangentially related to Public Service Loan Forgiveness. Something that we've been talking about a lot in the state advocate call, the State Student Loan Ombuds call that we have is, the issue of hanging loans. So these are people who did get Public Service Loan Forgiveness but still have a balance. And there's reasons, a range of reasons how that happened. But I think one pretty simple place to start would be to cancel all debt for folks who have had any debt canceled under Public Service Loan Forgiveness. It seems like a pretty simple fix to me. And then the other thing that I'll just add here is that any time that we can automate any of these programs, it really, really lessens the workload for me and all of my colleagues. The amount of time that we spend trying to figure out where applications are in process, what happened, how it got misprocessed is extremely high and extremely onerous. So just wherever we can automate any- anything. Thank you.

MS. JEFFRIES:

Thank you, Lane. Angelika?

MS. WILLIAMS:

Yes, I'm coming at this from a perspective of a financial aid administrator and the information that we report to the Department. For example, we report when the student has withdrawn or graduated and I feel like that piece is significantly important because I think at this point, we can eliminate the borrower's need to apply for these repayment programs, because the FAFSA, which is now changed by the future act, all applicants have to use the IRS data tool to import their income into the FAFSA. So you have their last record of income. And at that point, I think they should be targeted within the six-month grace period to either apply for the loan or automatically enrolled in those repayment plans. I'm sorry, apply for the payment- repayment plan or automatically enroll them in the repayment plan.

MS. JEFFRIES:

Thank you, Angelika. I just want to make note here that- well, now he's gone. I was just gonna say Ed Boltz was in as primary, but it looks like they've swapped so. And John [Jordan] Nellums is back in place of Jada, right? Alright. Appreciate it. Vincent.

MR. ANDREWS:

Yes. So I think Michael, my alternate, had asked a question in the chat right before the break really similar to this question, basically just stating that people oftentimes don't even know where to go to repay their loans. And mirroring off of what some of Angelika just said, a lot of times students will drop out, and if they drop out early in their education, they may assume that they just don't owe anything. And may- maybe they move or things happen and they never get the correspondence to start their payments, but I think, because now that these services that I've seen, they've progressed so much over the last couple of years, there should be a way that they can automatically or as soon as you take out a loan, it should trigger something for your servicers to be able to kind of initiate that process for you, and maybe even put you in a plan that meets your level of employment or however much you're getting paid, because nowadays they can pull- or they work with the Federal administrators, they can identify your employment and how much you're paid. It should be relatively easy to identify which programs would work for the given individuals, either after they drop out of school or right after you leave school. but we need to find ways to automatically do that so people don't find themselves in these situations where 10, 15 years down the road that they still haven't enrolled in something, even though they've been working for a Public Service Loan Forgiveness entity for forever and now they're having to go back and retroactively try to figure out the ins and outs of these programs when their servicer really should have been contacting them and discussing these things with them.

MS. JEFFRIES:

Thank you, Vincent. And I do see Ed Boltz now who is in as alternate in place of Jessica. So welcome, Ed. Wisdom? Wisdom, you are next.

MR. COLE:

Yes. No, I would say just to this question, you know, I think part of it is also increasing the eligibility to the Income Driven Repayment programs. I would like to read an excerpt from a letter that we sent to the Department last week, particularly around Parent PLUS borrowers. I know we've touched on the topic a bit, but I think that it's important for us to really- to understand how increasing the existing authority to fully extend all Income Driven Repayment programs to Parent PLUS borrowers is absolutely necessary. You know, there have been great strides towards student loan equity by launching the new SAVE Income Driven Repayment program that helps borrowers, particularly students of color, to lower their monthly student loan payments to affordable levels. Student borrowers also have access to loan forgiveness options, including Public Service Loan Forgiveness programs and other programs towards repayments, and I want to make sure that we note that, you know, originally Parent PLUS borrowers were left out of the Public Service Loan Forgiveness program, but then included in the permanent adjustment this past July to bring borrowers closer to forgiveness. And so by extending the eligibility, particularly when folks are taking out loans as parents to support their students, those loans also impact those students as well. And so when we increase the eligibility to the parents, we will see more people apply, more people enroll, and more people see the relief that they desperately need.

MS. JEFFRIES:

Thank you, Wisdom. Kyra?

MS. TAYLOR:

I was glad to hear that the Department recognized that these programs- that its existing statutory discharge programs are incredibly complicated to navigate. They have a lot of nuances. And so it is incredibly demoralizing for borrowers who say, I should be eligible for this program. I was defrauded by my school. I attended a closed school, and now I'm struggling with my student loan debt. They apply for statutory discharges. They may fall slightly outside of the eligibility requirements, and then they receive a denial. When they receive that denial because of how complicated those programs are. They may be discouraged from applying for other forms of relief because it tests their faith that the Government is actually going to follow through when they're struggling on providing them with relief. So I would- I wanted to note that. I also wanted to note that broadly, across this country, we do not have enough student loan lawyers to provide folks with legal services to help borrowers navigate these complicated programs and to help them choose the best form of relief for them. I am fully aware that this is a solution that is beyond what the Department can do, but even LSC programs do not have distinct funding just for student loan services, even though we know that many low income borrowers struggle with their student loan payments. In addition, there have been a number of delays in terms of effectuating and implementing these discharge programs and errors that also dissuade people from borrowing. People receive the wrong information from their student loan servicers about the statutory discharge programs or the IDR plans. Currently, borrowers are getting wrong billing information when they're enrolling in the IDR plans and when they get that incorrect bill, it tests their faith that these programs are actually real. In addition, borrowers who are eligible for relief have been told that their loans are going to get discharged, are receiving bills now also testing their faith that those statutory discharges actually exist. I would encourage the Department to think about ways that we could streamline relief in this rulemaking to reduce the number of people who still have outstanding debt, to reduce the administrative burdens that are associated with processing these programs. The student loan system is just- the student loan portfolio is just too big, and we need to reduce the number of borrowers in the system.

MS. JEFFRIES:

Thank you, Kyra. Next we have Ashley.

MS. PIZZUTI:

I asked this question in the chat, but I would like to know what the Department is actually doing for outreach for a lot of these programs. What steps have you taken to reach these borrowers? I know from my personal experience, and that's mostly under Borrower Defense, when the Sweet vs Cardona settlement was announced, it was up to the advocacy people and the other class members to spread the information. There was a little bit of media coverage and so many of them, so many people, even to this day, it's been a year and a half, I've never even heard of this program. I didn't know that I had this option. You know, I've been struggling under my school that closed in 2016, and I had no idea that I could apply for this program. So I would like to know what the Department is doing, taking steps as of now that we can maybe fill in, and then. Yeah, go from there.

MS. ABERNATHY:

There are a number of ways that the Department communicates with our borrowers. We have Studentaid.gov, which is a plethora of information. We have worked on creating help tools within Studentaid.gov. Ways to evaluate which repayment plan is better. Streamlining the information to give real-time, not real-time access, but the ability to engage in the process and ask specific questions related to your specific- the borrower's specific financial circumstances. And it kind of aids you and gives you a cross reference of which payment plan might better serve you. That's one way. There are numerous communications that are sent out, numerous emails. We use social media platforms as much as we can, because we know we have a rising population that looks to those social media platforms for information. We are doing every effort that we possibly can to get out the message for these borrowers. I have seen in the numerous years that I have been doing loan work, that more communication is readily available now than it ever has been before. I think this administration has done remarkable with setting priorities for communicating, for setting up borrowers for success, for holding our servicers accountable, and for fixing problems when- for past issues with our servicers. We can do all that we can to communicate with our borrowers. We know our schools are doing excellent jobs with this as well. At the end of the day, we don't know how to make borrowers read what we put out there, even if it is easily understandable. And we appreciate the community that works diligently with our borrowers to help them understand a very complex process. Again, we welcome suggestions on ways that you think we could communicate better. I'm not saying we have it 100 percent correct because we're doing the very best that we can within the parameters of working with our servicers, on our social media platforms, with the communications that are sent out. I think here we are simply trying to make sure that we can get the information to the borrower so they don't have to figure it out. We want to find ways that we say the message in the most succinct way possible, and communicate on the level that we are reaching borrowers. So where you can help us with that, we welcome your suggestions.

MS. JEFFRIES:

Thank you. Tamy. Next up is Yael.

MS. SHAVIT:

Thank you. So I first wanted to thank the Department for acknowledging this challenge and looking for opportunities to help borrowers who would otherwise fall through the cracks. It was very heartening to see that focus. I have two quick thoughts to share. First, I just want to reinforce the Department's focus on automating application processes, State's experience trying to help borrowers confirms the Department's observations that many eligible borrowers, particularly those in greatest need, will not be able to access available relief if they need to take affirmative, often confusing steps to do so. So whatever the Department can do to automate this process should be done, including putting any necessary authorizations in borrowers promissory notes to allow borrowers who become delinquent, for example, to automatically be placed in IDR plans which the new regs contemplate requiring servicers to maintain information in a manner that will facilitate these processes is also appropriate. And while it may fall somewhat outside the scope of this rulemaking, but also ensuring inter-agency information sharing to the greatest extent that will allow the automation of some of these processes, I think, will be critical. I also want to note that a few of the issues that other negotiators have raised, like the hanging loan problem and Parent PLUS problems, are related to challenges surrounding loan consolidation, where borrowers who would otherwise have been eligible for relief or for better outcomes didn't access it because they failed to consolidate or apply for a program like the limited PSLF waiver within a certain timeframe. And you know, one thing that I think the Department could do in the context of this neg reg would be to remedy the kind of inequitable outcome that arises in these scenarios by creating avenues for those borrowers to access relief who would have otherwise been entitled to it, were it not for failure to consolidate timely or failure to apply timely. And I would note, as Ed knows, that borrowers have received incorrect and confusing information and advice about consolidation for years, but specifically recently related to the one-time adjustment and limited PSLF waiver, there's been a lot of well-documented confusion about consolidation. So whatever can be done to sort of remedy that through this neg reg would be great.

MS. JEFFRIES:

Thank you for that. Ed Boltz, you are up next.

MR. BOLTZ:

Thank you. I want to reiterate what Kyra said is that while there are insufficient numbers of student loan lawyers throughout the country, that number is growing, however, and while there certainly is the need for the Department of Education, along with other Federal agencies and state agencies to keep a close eye on student loan debt scam relief companies, one of the obstacles that it has been- remains for regarding borrowers getting assistance from lawyers in relief is that currently, the Department of Education does not allow third party representatives of those borrowers, again specifically private attorneys, but also arguably legal aid attorneys as well, to access the borrowers NSLDS files and other student loan information directly. This is actually in contravention, I believe, of the Stop

Student Debt Relief Act, which required that the Department provide that access, and in conversations with other parts of the Department, it appears that this is not a technical issue, but a priority issue. And if more- if that was made more feasible for borrowers to get assistance from legitimate, competent and ethical third parties, then I think more people would be- would have success in navigating what are admittedly complicated and interlocking programs.

MS. JEFFRIES:

Thank you. Okay. Thank you. So, Ed has gone back and Jessica has come back in. Next up is Jalil, who is in place of the primary, Richard, so, Jalil.

DR. BISHOP: Thank you. So I really just have a question for the Department of ED. I wanted to get some clarification. So with the SAVE Plan and some of the other income-based repayment plans we have seen, can you just give clarification or context of why Parent PLUS borrowers weren't included? Why certain type of loans that we know are where some of our most struggling borrowers, some of our students of color borrowers are often concentrated, why those particular loans weren't included in the SAVE Plan. Just so we have that context and understanding limitations or other barriers that may exist.

MR. MILLER:

Hey, this is Ben. I'm going to step in for a second for Tamy here. So, we discussed this issue at length in the SAVE final regulation. We'll get that around to you in the chat. We'll get you the page numbers where you can see it, but sort of as I noted at the top of this exercise, we're not going to be opening the Income Driven Repayment regulations here, and we're not going to be opening the PSLF regulations and other ones here, because we want to focus on the use of the authorities under 432a so we're happy to sort of discuss ways to deal with Parent PLUS borrowers and things of that nature with regard to the questions we're raising, but we're not looking at changing the parameters of those other discharge programs. So this, for example, is about finding ways to basically say if we find somebody is automatically eligible for any discharge program, instead of making them apply, we get to them automatically. But the actual terms of the discharge programs exist elsewhere, and we're not looking to amend those today.

MS. JEFFRIES:

Thank you. Ben.

DR. BISHOP:

Thank you.

MS. JEFFRIES:

Next is Sarah.

MS. BUTTS:

Hi, thank you for the opportunity to contribute to this discussion. I want to highlight some issues or barriers that I'm advocating on behalf of the social work profession and our workforce have surfaced to the National Association of Social Workers that really, I think, impact all four-year and graduate borrowers. When applying for the Public Service Loan Forgiveness program, if you have multiple jobs and change jobs or positions frequently, which is the case for many of our social service workers, social workers, other health care providers, the system of application is arduous. So I would also support automation and looking at predicating Public Service Loan Forgiveness eligibility on the actual public service and not the tax status of employers. We have many individuals who we know are providing a public service, who are a healthcare provider, for example, but are working for for-profit or nonprofits that are not currently eligible. This is extremely confusing for the workforce because they may not understand why they are not- they're not qualifying and this discourages applications. One example is an individual who was working in a skilled nursing facility was PSLF eligible.

The facility was sold to a for-profit entity. And then they were no longer eligible. We should be able to look at this and remedy these examples. I also would just want to highlight that servicers do not always know how to advise borrowers. They may not understand the details of the programs available, and they may actually misadvise. This is definitely the case when it comes to consolidation and the Public Service Loan Forgiveness program. Regarding Income Driven Repayment, we should try to help prevent default. In the case of social workers or social service professionals, child welfare workers, we may have bouts where we're having difficulty paying bills, and we only need some kind of help for a couple of months, so asking the borrower, what can you pay to avoid default and giving them some options. Helping folks to get back on track is just critical for our workforce, many of whom do not make a lot of money and are working more than one job. And finally, say that we should give consideration to the cost of living and the location of these workers. Because it's much more expensive to live in some parts of our country than others. And this impacts what borrowers can pay. Thank you.

MS. JEFFRIES:

Thank you, Sarah. John Whitelaw.

MR. WHITELAW:

Good afternoon and thank you. A couple of points I want to make, and I will probably say this a number of times automation, automation, automation. I think the experience with total and permanent disability has shown that the only way to get folks into the programs they qualify is through automation. And to put it really bluntly, to give folks who on this negotiated rulemaking who may not have been aware of the nitty gritty details of that, even where people were sent- this is people with disabilities, who were sent specific letters telling them they were eligible, but they needed to apply, a huge number did not. And I think that, again, it doesn't matter why, it's irrelevant to me why. But the point again is, look, the only way to get actual appropriate relief to people is to change the default from opt in to opt out. Again, obviously people can opt out of it, but it changes the entire game. And again, it may- this may not be- there may not be a specific regulation about automation other than a general sort of requirement that the Department should consider automation wherever it is reasonably feasible. I cannot tell you in my work how important automation is to relief. And then I just want to reiterate what some other folks have said. Confusion, misinformation, lack of information. If you think that that all is a problem for students who do not have disabilities, it is significantly worse for students who have disabilities, especially those mental impairments, cognitive disabilities. Navigating this process is- I'm not going to say it's always impossible, but it is often- it is just- it's not on. It is not happening. It's not going to happen. Which is also why advocates need to be given, with appropriate releases, better access, because the only way many people with disabilities can get access is through an advocate. And if it is made difficult for that to happen, it's not going to happen. And with that, I'll be done for right now. Thank you.

MS. JEFFRIES:

Thank you, John. Appreciate it. Lane?

MS. THOMPSON:

Yeah, I just want to speak for a second to people who were mistakenly rejected from these programs. I have folks that I work with, borrowers who have called me to file complaints because they are eligible for Borrower Defense to Repayment, Total Permanent Disability Discharge, Public Service Loan Forgiveness, whatever it may be. They applied, got rejected, and it was because of an error. Right? So now there's a PSLF reconsideration process, seems to be pretty bumpy. But if you think about somebody who graduated from college, let's say ten years ago and works in public service, they have had this debt growing. In most cases, it's impacting their debt to income ratio. They have been earning less income because they're working in public service. They've been told to never consolidate because consolidating loses all of your eligible months. And then they've been told you have to consolidate. They've been told they have to submit employer certifications that cannot be electronically signed. Now we have the electronic signature process, which is awesome. But these are all things that have just changed. So I guess just really want to bring forward the perspective of somebody who meets all the criteria for one of these types of forgiveness and is rejected anyway.

MS. JEFFRIES:

Thank you. Lane. Tamy, we did see your hand briefly go up? Did I overlook you?

MS. ABERNATHY:

You did not overlook me. But yes, I did. We wrote as much as we can automate, and as much as we can create processes that pull borrowers into things and find ways, new ways that we can automate our processes and streamline our processes, we've done that. We've done that with PSLF. We have done that with closed school. It's not everywhere, but we are working to expand that in any instance that we can. So your comments are very well received. We understand that it is difficult to manage a very complex loan program and, and all of the moving pieces and parts and where we're able to we like to streamline our processes and bring uniformity to that so that we can be more transparent when we communicate to our borrowers and have paths that are easier to, you know, to access and ways for us to, you know, do things automatically as well. So I wanted to make sure that I just kind of said where we've been able to do that, we have done it with recent rulemaking where we can explore ways to do that through this rulemaking. It's completely appropriate for us to do so, as it relates to the waiver authority that we are looking at implementing. We are not, again, looking to change PSLF. We are not looking to do- to change IDR. Those rules were published through, you know, good faith negotiations, much like this negotiation. And they're kind of solidified in the processes. Rest assured, anywhere where we were able to automate, we've been able to do so or that's slated for implementation at some later date.

MS. JEFFRIES:

Thank you, Tamy. Jordan.

MR. NELLUMS:

Yes, thank you. And on that note, A, I wanted to offer a possible idea in that when students immediately- when they have to sign their master promissory note, students can be immediately made aware of or they have the opportunity to enroll in an IDR plan. So just as much as we're required- we let them know about their upcoming payments, giving them the opportunity to enroll as soon as they sign that master promissory note is important. And then also possibly considering regarding Parent PLUS Loan borrowers and automatically enrolling them in some type of IDR plan if they are at risk of defaulting on a loan, the Parent PLUS Loan and could possibly have some of their Social Security benefits withheld.

MS. JEFFRIES:

Thank you. Jordan. Wisdom.

MR. COLE:

I'm thinking about the 26 million people who had applied or were automatically eligible for the one-time student debt relief, and what communication has been given to them about programs and enrollment in programs. I think making sure that the folks who were interested in seeing their debt canceled, or believed that their debt was going to be canceled should be supported, and making sure that they are able to achieve it through whatever program is most accessible to them. And so I think that's definitely an idea and just interested in hearing if there has been any further communication with that population, with that group. I know myself as somebody who applied after the Supreme Court didn't really receive communications besides getting ready to return to repayment.

MS. JEFFRIES:

Thank you. If you could put that question in the chat, we would greatly appreciate it. Wisdom? I'm sorry, Wisdom, you just spoke. Jessica.

MS. RANUCCI:

Thanks, Cindy. I want to echo the calls for automation. I think that that's a really important piece here, whichever way the Department decides to go. Also, with respect to the waiver authority that we're talking about in this negotiation, I think that it would be very appropriate to use that waiver authority to apply debt cancellation to people who would be eligible for specific categories of relief, but for something that was either totally or partially outside of their control. So I think that the PSLF waiver and the use of the Department's authority there is a really good example of how the Department has authority to apply forgiveness to people who- you know, you can't control if you've got a direct or FFEL loan. And I would say that a huge set of things that are outside of borrowers' control, it's been referred to, but just to really put a fine point on our servicing problems. You know, much earlier, Tamy, you said something like, we don't know how to make borrowers read what we put out there. And I was just thinking in my head like, oh my gosh, you know, there are just so many times where borrowers are really trying to do the right thing and they're stymied, you know, many times that they're not. But think from the consumer point of view, like, look, this is a little embarrassing, but just myself I accidentally paid my loans twice in September because I actually just couldn't figure out how to do it on my servicer website. And like, I tend to be someone who's, you know, relatively in touch with student loans. You know, people get communications in their online servicer inbox and then a message that says you have an important message. People are getting spam calls. I'm sure many of you get them. Many of us get them. Spam calls, spam emails, lots of people who are signed up with third parties, essentially scammers, student loan debt relief companies that are trying to get their business that sort of compete with legitimate servicers, that makes people skeptical of communications from the Government. Even when people are able to get through to the servicer, sometimes there are real problems in the way servicers handle things. You know, everybody makes mistakes. I think there's a tremendous burden on servicers right now, and they basically have to do an impossible job. But, you know, I have seen individuals get- you know, it's been referred to applications rejected in a way that's demoralizing and makes them sort of lose faith in the system. And, you know, I think it's important to think that for borrowers, we're really not just talking about these kinds of issues happening now in 2023, but really over a period of, you know, what, 40 years, 50 years? There are borrowers who've had loans for decades. And we're looking at servicing problems going back many, many years. So think I would encourage the Department [audio] Yes, to use its authority to look at those problems and use its authority to remedy them.

MS. JEFFRIES:

Thank you, Jessica. I do want to point out that Valerie from the Department has posted a link to the Parent PLUS discussion and SAVE regulations in the chat for those of you who are interested in accessing that. Kathleen?

MS. DWYER:

Thank you. You know, I wanted to comment on the fact that I agree with so many of the suggestions that have been brought up here today. I feel like a lot of good strategies were outlined for finding and addressing borrowers in a proactive way. But most particularly, John's comments really resonated with me regarding being able to automatically identify and opt people into the best programs for them. So, you know, we've really heard you all say we're not here to create new regulation on some of the existing programs, but just given what programs exist today, the Department should have the resources available to implement this program at scale, given the volume of borrowers that participate in the program. So there should be programmers that could apply a set of rules out of the database of borrowers that you have that you could just even see again, with respect to the programs that are offered today, or they could require servicers to apply that same kind of technology to be able to just go ahead and see under the exact programs we have today, without even adopting any additional suggestions from this committee, how could we find those borrowers who have not availed themselves to these programs and then automatically put them in? I just think the resources may exist, and they may just need to be pointed in the direction of working on this particular project or initiative.

MS. JEFFRIES:

Thank you. There we go. Ashley?

MS. PIZZUTI:

I want to circle back just quickly to the social media outreach that the Department of Education is doing. So it looks like somebody posted one Instagram account that the

Department uses. And it looks like that is possibly- just covers all education. It covers everybody from preschool through, you know, college. Are there specific outreach things that the Department is doing or accounts that deal specifically with student loans?

MS. ABERNATHY:

Ashley, I am trying to get somebody working on that to provide that to the committee. So if you- I saw your question in the chat, there are. I don't have them off the top of my head and I wouldn't even- I don't know what else is in my head at the moment. I'm trying to focus on all of this at the same time, but we are working on that for you, so if you could stay tuned, we'll try to get you something as soon as possible.

MS. PIZZUTI:

That was kind of two-fold. Would the Department consider an advertising budget within some of these social media platforms, namely Instagram? I don't know if anybody's even on Twitter anymore.

MS. ABERNATHY:

We'll be happy to take that back if you put that in the chat. I can't speak to our advertising budget, I'm sorry.

MS. JEFFRIES:

Thanks, Ashley. I'm not seeing any other hands. We have approximately 15 minutes before public comment begins. Is there anything that anyone wants to add, either on question one or question two? Well, let's go back. Okay. Sarah's got her hand up now.

MS. BUTTS:

So, I actually think that the Department needs to make this information about these programs available to the servicers and their staff, because it's at that point when individuals think they qualify, and then the servicers misguide them. And so- and then there's no process for them to be assured of what they should or shouldn't be doing, particularly around big decisions like consolidation, individuals that have been in the system for a long time were required to consolidate initially, sometimes at much higher interest rates. So there's a whole, history for some folks of distrust with these systems and it makes- it's intimidating.

MS. JEFFRIES:

Thank you, Sarah. Other questions, comments, ideas?

MR. FRANCZAK:

[Inaudible] coming back as primary, and Sarah going back as alternate.

MS. JEFFRIES:

Okay. Thank you, Mike. Ashley? You're on mute.

MS. PIZZUTI:

Are the services required to tell the borrowers different programs that they are eligible for?

MS. ABERNATHY:

There are a number of deliverables. There are a number of deliverables that servicers are required to communicate to the borrowers. So without going into specificity right now, because I am not on the operations side, there are a number of oversight provisions that the Department has in place to make sure that the servicers are providing that-you know, the right information to our borrowers. But that is really handled through our Office of Federal Student Aid. They deal with our servicers. So I don't have all the specificity around that.

MS. JEFFRIES:

Lane?

MS. THOMPSON:

I wanted to speak a little bit more to a topic that I think has come up from a few folks, which is, who has access to the NSLDS reports? As a state regulator, I'm not able to access the NSLDS system, and that makes my job just so much more difficult. And the reason I'm bringing that up is that we are expecting folks to do this all on their own, right? We can't even really help them because we have to help them from logging into studentaid.gov, like starting there. So I really think that there's a lot to be said for where we can share information with folks who might be supporting borrowers. I know it's a little in the weeds, but it's just something that is a really, really long running theme where the fact that attorneys, state advocates aren't able to access that information just adds kind of a whole new barrier.

MS. JEFFRIES:

Thank you. Sher?

MS. GAMMAGE:

Yes. I have a question and a comment. One is, could the- and answer the question too, to better assist borrowers and deal with some of the misinformation that servicers have to the Department provides services a list of job types. I mean, we know teachers, firefighters, those kind of things. That's sort of in the public knowledge. But the- it's my understanding that the Department just opened that up, for example, to adjunct faculty who may be eligible. Could you provide that to servicers who also- so that they can better help and inform their borrowers of who is eligible for public student loan forgiveness? And also on the Department website, could there be some place where that list is updated as folks are added to that group, going back again, for example, adjunct faculty?

MS. JEFFRIES:

Thank you.

MS. ABERNATHY:

Cindy, could I take a stab at that?

MS. JEFFRIES:

You sure can.

MS. ABERNATHY:

We have a database on Studentaid.gov that lists eligible employers. When the Department identifies eligible employers not listed, they add to it. So it is updated on a regular basis. It is very easy to navigate to that respective section for PSLF. We have one PSLF servicer who is well versed on the types of jobs that qualify. So I think we have done all of the efforts that we can to streamline that process since the new regs have come into play. But if you have additional suggestions, please let us know because right now we do have all of those things available to our borrowers.

MS. JEFFRIES:

Okay. Thank you, Tamy. Kyra?

MS. TAYLOR:

I think with our remaining time, it would be really helpful to hear from the Department some clarity around how this question fits within the relief that the Department is planning on, or considering providing to student loan borrowers, because I'm sensitive to the fact that we cannot change the regulation regarding the existing statutory discharge programs. But many of the suggestions here sound sub regulatory, would take budgetary items, etcetera that may be beyond the scope of this negotiation.

MS. JEFFRIES:

Thank you. Go ahead, Tamy.

MS. ABERNATHY:

Kyra, thank you for that. At this time, we're going to take all that we are hearing back and discuss it. We are not really able at this point- I mean, there's been so much information that you guys have given us and ways for us to really look at. These are just the first two questions on our issue paper. I'd like for us to take that back and give you a better answer when we've had a little bit of time to discuss it as a group.

MS. JEFFRIES:

Thank you. Okay. I'm not seeing- oh, Sher?

MS. GAMMAGE:

Yes. While I appreciate the DOE's response to the point that I raised, it- what I was getting at is the problem is, is that it is based on employers, not the borrower's job and role, especially those who work in public service-oriented occupations.

MS. JEFFRIES:

Thank you for that clarification. I'm not seeing any more hands. We have approximately 20 minutes before the start of- or 10 minutes. Why do I keep turning 10 into 20? I don't know. Something about that today. We have about ten minutes. How are we coming on the log-in and order of time slots?

MR. FRANCZAK:

So our first two participants who are on the list to speak are in the waiting room. So- and then there's two others. So there's a total of four in the waiting room right now.

MS. JEFFRIES:

Okay. So I'm going to ask the Department and the committee what's their pleasure? You could have the option of starting early and getting through in as many as we possibly could today, or we can adjourn for these 10 minutes and resume promptly at 3:30 with public comments. I don't want to throw the schedule off, and I don't want people to miss their turn.

MS. ABERNATHY:

We could go ahead with public comment for those that are ready. And hopefully the way that I know we deal with public comment is as people come into the area, we would always, you know, adjust and allow them to speak, even if it was a few minutes later.

MS. JEFFRIES:

Okay. We do have three hands up now. Jessica?

MS. RANUCCI:

I think- I just thought Kyra's question was a really good one. And I know as we're turning to questions three, four and five tomorrow, perhaps someone from the Department could, you know, give them maybe a little connection to the waiver authority or the- you know, these questions are a little bit high-level and try and connect them maybe more concretely to the HEA section that we're discussing. I think that that might help guide our conversation tomorrow.

MS. JEFFRIES:

I'm not sure that we would have time to go through all of those before public comment. And I'd hate to stop- have to stop in the middle of it, because we do have to start promptly at 3:30 with our-

MS. RANUCCI:

Sorry, I just meant tomorrow before we start talking about that. I think it would be helpful for the questions. I'm sorry. Once we get there tomorrow.

MS. JEFFRIES:

Thanks, Jessica for that clarification. Because I thought you meant to use the remaining time right now. Wisdom?

MR. COLE:

Yeah, part of the reason I lowered my hand is because I would love to hear that answer from the Department, so looking forward to hearing some more tomorrow. But I think to that second question, I think there is a role that data analytics plays in terms of monitoring and evaluating the effectiveness of outreach efforts and the participation rate in Income Driven Repayment programs and Forgiveness programs. And really like comparing like what is actually working. You know, these are some great ideas that have been thrown out, but I think there's a way to actually see an increased amount through clear, concise data points that can show, like who is actually applying, who is actually engaging, who's actually enrolling, and what areas are we missing, and are we targeting those who are most impacted by the debt?

MS. JEFFRIES:

Okay. I thank you for that. In our opening, we talked about, you know, there can be no expectation of immediate answers. And even many of these more complicated ones where they have to, actually produce- you know, find the documentation and the statistics and get them ready, you know, is going to take some time, right? But they will respond to what they can when they can. And that is why we put it in the chat so that they don't lose track of what has been requested by the negotiators that they feel would be helpful to them for- as we progress through this, okay? Scott?

MR. WATERMAN:

Yeah, I think this is just a general comment, and probably this is related to probably conversations tomorrow, but before the next session, I think it would be- and I can talk about this more tomorrow, but I think it would be useful for the committee to have some guidance from the Department about sort of the legal sort of bumpers that they feel they have in relation to the authority which they're pointing to under the law related to these topics. You know, it's useful for the committee to talk about sort of ideas and suggestions. And I know we've talked about a lot of things today that are statutory in nature, and so not in the scope of the conversation that we can have. And I think for the next discussion, a particular sort of proposals and options would be useful for us to, you know, pare down to things that are within the authority that the Department believes it does have, so that we can have discussion tightly focused on those things so that we're using the time productively on a go forward basis. I realize that's probably not something we can get tomorrow, but for the next session, that would, I think, be incredibly useful for all of the negotiators to know what is the world we're operating in and the Department's view of its authority that it might be asserting here.

MS. ABERNATHY:

Scott, I think you're right. It might be a little over rambunctious for us to try to get that for you for tomorrow. One thing I do want to say, and I want to remind everybody, is I know that PSLF is near and dear to all of our hearts. And working in public service is extremely important to those borrowers. And making sure that when they fulfill those commitments in public service, that they do receive the forgiveness that they so deserve. Again, we're going to have to draw the lines where what's within our control for this negotiated rulemaking and what is not. PSLF is not going to be opened up for additional negotiations to expand on the ways that we have already determined qualifying employers. IDR is not going to be opened up, and we need to kind of set that as a boundary for us. What is within our rights or what is within the realm of this negotiation is how we are going to look at the statutory authority under the Higher Education Act in 432. Toby pointed out in many of her opening statements about what the statutory authority was under HEROES, and now how we're looking at trying to have a regulatory package that outlines the Secretary's authority to waive and compromise student loan debt. The title of this negotiated rulemaking committee is Student Loan Debt Relief. That is what we are trying to accomplish and the questions that we're asking, while they may seem very overarching, you guys are helping us frame what we're going to bring to the table for the second round of negotiations, proposed regulatory text. So it's a little bit hard for- you know, we don't have proposed regulatory text to share with you. And so it's a little bit hard for you to see the value of your conversations with us today. Everything that you're saying to us is well received. And we understand that we do need to- we will come back tomorrow with another attempt at trying to draw the lines of the authority that we're trying to exercise and create regulations on, and maybe give you another little primer on that so that we can have more formidable conversation tomorrow.

MS. JEFFRIES:

Okay. We have about a minute and a half before we must start the public comments. Probably not going to be able to get both to Jalil and Jada. Jalil, do you have something that can be said very quickly?

DR. BISHOP:

Yes. I just want to underscore that I think the Department should really focus on tomorrow, drawing those lines, telling us not only what we can't do, but what we can do so that we can just be clear and we can be a little bit more focused, a little bit more poignant in our energy. So whatever you're able to give us and further guidance, I think that is actually urgent for you to do that tomorrow so that we can engage in this conversation a little bit more productively and not feeling so much like we're shooting [inaudible]

MS. JEFFRIES:

Okay. Thank you. Appreciate it. Jada, I see you took your hand down. Are you good?

MS. SANFORD:

It's very quick. I asked in the chat as well. I know you mentioned about information requests. I was wondering, is the information that's been requested going to be given to us as negotiated on a rolling basis as the Department gets it? Or is it going to be administered at our next session?

MS. JEFFRIES:

I can speak to how it has been done in the past, Jada, that as the Department has information to share, documents, papers, whatever, they send them to us and we forward them to you. And that happens in between sessions as well.

MS. SANFORD:

Okay. Thank you.

MS. JEFFRIES:

Great. It is now- yes, it is now 3:30. And we are going to let our first speaker in. Mike, do you want to-

MR. FRANCZAK:

Yes, I'll do a quick intro. I just admitted the person. It's Kate Maguire Tedrick. She is representing herself.

MS. JEFFRIES:

Okay. Thank you. Kate, can you hear us?

MS. MAGUIRE TEDRICK:

Yes.

MS. JEFFRIES:

Okay, great. Wonderful. Welcome. And we appreciate you taking the time to address the committee today. You will have three minutes for your comments. You will be given a 30-second notice that your three minutes is coming up to an end, and at three minutes, you will be notified your time is up. Alright. With that, you are free to begin.

MS. MAGUIRE TEDRICK:

Okay. Great. Thank you. Good afternoon, everyone. My name is Kate Maguire Tedrick. I'm an attorney. I live in New York. I went to law school. I took out the loans 100 percent on my own, and I took out approximately $160,000 after the- all was said and done when I graduated in 2009. I've been on an Income Contingent Repayment Plan since then, and I've paid around probably about $90,000 back of it so far. But because I wasn't even paying enough- paying the interest, my loan is now $260,000, despite the fact that I've paid all that money. And so my main question is, you know, I'm really planning and looking forward to that forgiveness after 25 years. However, is there anything being done about this being a nontaxable forgiveness? Because if I'm looking at a $200,000 forgiveness after paying back at least $160,000 by that point, so I'll have paid back at least what I owe. I don't know where on earth I'm going to come up with a third of $200,000 to pay a tax bill, when I pay maybe a fifth of that every year towards my student loans based on my income. And then how is that relief in any way if I have a problem with the Federal Government knocking on my door asking for all that money, and I have no way to pay it? It also seems illogical to me, considering the fact that the loan is through the Federal Government, that you're forgiving it, but you're not really forgiving it because you're still asking for a tax bill. So I was just wondering if there's any thoughts about taking care of that. I know it's, you know, 12, 13 years down the line, but as one of the- the first generation and the first year of people who will get that forgiveness in 25 years, I'm very concerned about whether or not I'm going to have to take out a home equity line of credit in order to pay off a tax bill on a loan that I've already been paying for 25 years. Thank you all.

MS. JEFFRIES:

Thank you, Kate. The committee appreciates your comments. Okay. Next, Mike.

MR. FRANCZAK:

Yes. The next person is Joanne Mercedes, representing herself.

MS. JEFFRIES:

Okay. Joanne? Can you hear us?

MS. MERCEDES:

Yeah. Can you see me and hear me? I was trying to get into video, but-

MS. JEFFRIES:

We can hear you, but we can't see you.

MS. MERCEDES:

Oh, okay. So. Alright. I'm sorry.

MS. JEFFRIES:

You will have three minutes to address your comments to the committee, and you will be given a 30-second notice of when that time is about to expire and notice when it does actually expire. So with that, you're free to begin to address the committee.

MS. MERCEDES:

Thank you. I applaud the Department and the negotiators for their devotion to improving the student loan system, including PSLF and IDR. My hope is that the new rulemaking committees, the committee, the rulemaking committee notices the issues that are still prevailing and become evident and solutions that are- and give a solution that provides policies, that are helpful to us. I am a nurse for the past 14 years and I have dedicated my life to service, but due to all the information and confusion over the years, I have not been yet forgiven the PSLF. Proposed change from previous committees. First, hold harmless. And I have emailed Ms. Abernathy about this, so we all hope this measure was going to be retroactive and now we inform if we consolidate it, we are not allowed to pay for our forbearances and deferments. A lot of us consolidated multiple times, especially during the waiver time and our deferments are in what servicers call closed loans, and not direct loans. We are not asking for this time to be given us for free, so don't- and don't limit this for certain statuses. Please include school chapter 13 and default forbearance, which have been left out from all the new changes. Moreover, some of those deferments were placed as errors and we can't do anything to fix it. Some of us may actual payments during these deferments since the loan was on a deferment, it's not being recognized. Prior to 2013, there were no forms to waive, for example, a school deferment. If you requested it by phone, it was useless and the services would place borrowers in whatever leisure and at random. Please review this policy which is failing us. Default in chapter 13 payments. And this is a close for me. I was a defaulted borrower. And we were all left basically defaulted in chapter 13, borrowers were left out of all the waivers with an array of penalty fees that actually increase your loan balance.

Actual note payments, and new loans with no payments at all is consolidated with old ones were forgiven, but us, because we had default or chapter 13 with actual high payments, we're left behind. Learning the chapter 13 and default payments are not going to be counted retroactively after we have all this documentation is cruel. In my case, after a life event, I was suggested by my servicers to actually default on my Federal loans, now telling me that defaulting on my loans were my wages were going to be garnished, $8,000 of my tax was garnished by the Treasury and-

MR. FRANCZAK:

30 seconds remaining.

MS. MERCEDES:

Thank you. I rehabilitated my loan, which were over $500 a month for ten months. And that is not counting either. And we know that it's going to be counted after July 2024, after the new rules for IDR. But budget issues of not counting these retroactively is unacceptable. So I hope that this take into account defaulted borrowers and that a lot of us are still struggling towards PSLF. Also a portion of us- a portion of- [Time] Thank you.

MS. JEFFRIES:

And thank you for your comments. Okay. Next up, Mike.

MR. FRANCZAK:

Yes. Next up is Bobby Patrick, and this person is representing the organization, I believe, Spousal Coordination Do Us Part.

MS. JEFFRIES:

Okay. Bobby, can you hear us? Is it Bobby or Robert?

MR. PATRICK:

Either one will work.

MS. JEFFRIES:

Okay, so you can hear us. Great. Welcome. We appreciate you taking time out of your day to address the committee. You will have three minutes to address them. You will be given a 30-second reminder that your time is about to expire. And then at three minutes, you will be told that your time is up. So with that, you are free to start at any time now.

MR. PATRICK:

Alright. Thank you. Once again, my name is Robert Patrick. I'm part of a group called Spousal Consolidation Do Us Part. It's a grassroots group of about 1000 borrowers that are trapped in spousal consolidation loans. Tomorrow, it'll mark one year since President Biden signed Public Law 117-200. The Joint Consolidation Loan Separation Act, which directed the Department to separate the loans and reconsolidate them into direct loans. As of today, there's been no relevant resolution. As of right now, the Department has said that 2024, at the end of which is the earliest before any possibility of separation of these loans. I'm a 57-year-old first generation college graduate. I've been in public education for 28 years and continue to be, 25 years as a band director and music educator. In 2012, I was awarded the National Band Director of the year. Not shabby for a guy from Mississippi. In 1996, I had $25,000 worth of student loans in hand. I began paying on those in earnest until 2001, when my former wife consolidated them into a joint consolidated loan. My portion was $17,000 in 2001. In 2023, today, 22 years later, my portion is over $40,000. You- and these are FFEL loans. We've brought up- you brought up questions today with the first two points about PSLF. We're not eligible because of the type of loan. Teacher forgiveness, not eligible because my loan started before then. Home ownership. That's a laugh. Retirement. I'll be doing this until I die, which, that's great. I love teaching, but the one thing that I do want- would like to point out to the committee is the total lack of information, or for that matter, misinformation by servicers such as Sallie Mae and Navient in my own personal cases, that have been given to myself and others, there are many of us who are in this boat, we would love to see something happen. And we've talked a lot- you talked a lot today about automation of processes. I remind the committee it took 79 days from the announcement of President Biden's broad forgiveness plan until there was an actual plan and mechanism in place. So we- I ask that the committee and the Department of ED, look at that and please take pity on us poor folks out here who are just trying to do our jobs. Thank you.

MR. FRANCZAK:

Alright. Next up is Melissa Byrne. Melissa Byrne is representing herself.

MS. JEFFRIES:

Melissa, can you hear us? Melissa.

MS. BYRNE:

Yep.

MS. JEFFRIES:

Okay, great. We can't see you. Do you have video? It's okay if you don't.

MS. BYRNE:

I do.

MS. JEFFRIES:

Okay.

MS. BYRNE:

Sorry. Hi.

MS. JEFFRIES:

Hi. Melissa, I'm Cindy Jeffries from FMCS. You- thank you for taking the time today to address the committee. All this information is very important. You will have three minutes to address the committee, and you will be given a 30-second notice before the three minutes expire. Okay? With that, please go ahead.

MS. BYRNE:

Hi, my name is Melissa Byrne. I am an advocate and a defaulted borrower, and I'm here to really talk about the hardships. And I really want everyone here who's serving on the committee and the Department to be as expansive as possible when thinking about hardships. Were you steered to the awful FFEL loans instead of direct loans when you started out your education career? Did you come from a family that didn't know how to use the FAFSA process correctly, so you ended up with more debt instead of grants? Did your family face foreclosure and hardships during the financial collapse, which caused you not to have savings for your parents to be able to pay for your college? This is all very systemic in terms of how we think about where we got here with people having debt. Did they- when they went into repayment, did they have bad servicing? Let's be clear. The servicers care about making a profit. The servicers do not care about actually serving borrowers, and that needs to be thought of at every single step along the way. Servicers don't care about borrowers. And so did you face, you know, eight-hour wait times on hold? Were you not able to get help with your servicing? Did that bad servicing lead you to going into default and then not being eligible for programs? And because generally people want to do the right thing. And did you grow up when people- when the states were cutting education budgets and deciding that we don't want to fund education so people can take it on debt? Meanwhile, there's been no cuts to 529. So rich families have never faced any cuts to their shelters that help them pay for college. But kids who grew up in poverty, kids who are working class, kids from middle class families, have to shoulder the burden of what we've been doing to education over the last 30 years, and those are all hardships. Is it a hard- we should have had our debt canceled, but because the Missouri AG and other people that represent servicers protected their profits that they wanted to make through servicing, that's a hardship for borrowers because it's not our fault that they are greedy and that they care more about their profit than actually servicing people and doing the public what it matters in terms of making education a public good. Education should not be a route for servicers to profit off people who were born poor or working class. The children of the wealthy don't have to sit here and have people decide if they have merit for relief, if they have dignity. And that's, you know-

MR. FRANCZAK:

Melissa, 30 seconds left.

MS. BYRNE:

We have to sit here and listen to see if we're worthy to have dignity. This should be broad-based, and this needs to be understanding what hardships are. And it's not that borrowers don't listen. It's that borrowers can't get through to servicers because servicers don't care about borrowers. And that is a hardship. So everyone who's had to deal with a servicer has faced a hardship and should get relief as much as possible. Thank you so much for doing all your work.

MS. JEFFRIES:

Thank you, Melissa. Mike, who's next?

MR. FRANCZAK:

Next is Chris Alldredge.

MS. JEFFRIES:

Okay.

MR. FRANCZAK:

Is also with Spousal Consolidation Do Us Part.

MS. JEFFRIES:

Alright. Great. Chris, can you hear us? Chris, if you can hear us, you might be muted. Check to see if you're muted. There he comes. Chris, hi, welcome.

MR. ALLDREDGE:

Thank you.

MS. JEFFRIES:

You're welcome. I'm Cindy Jeffries from FMCS. Thank you for taking the time today to address the committee. And you have three minutes to address them. You will be given a 30-second notice of when- just before your time will expire. Okay. With that, please begin.

MR. ALLDREDGE:

Alright. My name is Chris Alldredge, and I'm the founder and executive director of Spousal Consolidation dot Do Us Part. We're a grassroots advocacy representing the interests of over 75,000 joint consolidation loan borrowers, JCLs, comprised of over 1000 active members spanning 47 states and two foreign countries. Tomorrow we will- it will mark 365 days since President Biden signed the Joint Consolidation Loan Separation Act into public law, which amends only one section of the HEA and states it can deliver that law no sooner than the end of 2024, choking off its ability to deliver Congress's restorative promise for two years. Parody and writing, but not inaction. In our case, the executive and legislative can unite to show the American public that true, real, and existing problems should be fixed by utilizing the Secretary's power to discharge. The case of JCL loans is one such issue. Our minority of borrowers are deprioritized because they're not a large voting bloc. If the Secretary's power is leveraged in the true spirit of the HEA, JCL loans would be immediately discharged because it is the right thing to do. The law is most meaningless when it cannot be executed to restore justice at a time when it is so direly needed. Invoking these sections of the HEA to discharge these loans immediately can finally deliver proper justice. Hara [inaudible] changed 29 sections of the HEA in 2006. It instated statutory parity between FFEL and direct loan programs in section 455a1, and it struck JCLs under section 428c. After 296 days of execution, the Department released the final regulations acknowledging the costs to joint borrowers whose unearned benefits would be traded for market equitability and transparency. Despite program termination and statutory parity, existing JCLs continue to be serviced in dual deregulated and discriminatory landscape. The Department has had systematic- has- the Department has systematically maintained, tracked, benefited and enforced about 20 percent of JCLs, leaving 80 percent to the full ownership discretion and deregulation of FFEL institutions. The cost to joint borrowers has been devastating, particularly FFEL borrowers who cannot consolidate direct until they have separated under the law. The average joint borrower has paid for 19.9 years, paid 101 percent of their original balance, and owes 125 percent. First generation graduates, 74 percent qualified for Pell, 37 percent of direct and FFEL borrowers remain shackled to abusive or uncooperative spouses only through these-

MR. FRANCZAK:

30 seconds remaining, Chris.

MR. ALLDREDGE:

71 percent of these cases fall under FFEL. Continued servicing of these loans sustains economic abuse as defined under the Violence Against Women Act Reauthorization of 2022. FFEL borrowers are denied rightful access to COVID payment pause, PSLF, the PSLF waiver IDR adjustment, Borrower Defense, permanent disability, you name it. We had to push a bill up a hill during the COVID pause. Already ravaged by the Great Recession, 26 percent intersect bankruptcy, 23 percent

intersect default, 99 percent are 40 plus.

MR. FRANCZAK:

Times up.

MS. JEFFRIES:

Thank you, Chris. We appreciate it. Alright Mike, who do we have next?

MR. FRANCZAK:

Michael Lopez representing himself.

MS. JEFFRIES:

Okay. Michael, can you hear us?

MR. LOPEZ:

I sure can. Can you hear me?

MS. JEFFRIES:

We can hear you. We cannot see you.

MR. LOPEZ:

That- that's fine. That's intentional.

MS. JEFFRIES:

Alright. Okay. Wonderful. Alright. So I'm Cindy Jeffries with FMCS. Michael, you will have three minutes to address the committee. You will be given a 30-second verbal indication that your time is about to expire. And then when your three minutes are up, you will be so notified. So with that, please feel free to start addressing the committee.

MR. LOPEZ:

Okay. So, hello, everyone. I'd really like to just address two particular areas. One, for borrowers like myself who have seen a huge increase in the original principal owed due to both the interest rates as well as capitalized interest, you know, it's just an exorbitant amount, especially for borrowers who are in PSLF where, you know, by the time I finish, I won't have even made a dent in that capitalized interest. And so it's as if I didn't even pay back any of what I owed on that loan. And it almost seems like it's a useless attempt to try to pay something back. Right? The other consideration I would also ask for is borrowers like my household, you know, the SAVE Plan has been named to be capped at 10 percent of discretionary spending, right? There are households like mine where both my wife and I have taken out loans. And there's no consideration for that. In fact, our combined incomes are utilized for that calculation and it's applied separately. So in effect, my household ends up spending 20 percent of our discretionary income towards our loans every month, which amounts in essentially a double our bills. Right? So, just consideration in those two areas. I think ultimately and I heard this throughout the hearing process as well, if anything is done by any of these comments to also make sure that it's clearly communicated as effectively as possible in as many outlets as possible. And yeah, that sums up my comments and I appreciate y'all giving me the time.

MR. FRANCZAK:

Next up is Chris Fragassi. Chris indicates representing himself.

MS. JEFFRIES:

Alright. Wonderful. Chris, can you hear us?

MS. FRAGASSI:

Yes, I can. Can you hear me?

MS. JEFFRIES:

Yes, and we can see you. Welcome.

MS. FRAGASSI:

Great. Thank you.

MS. JEFFRIES:

I'm Cindy Jeffries from FMCS. I'm want to thank you for taking your time to address the committee today. You will have three minutes to do so. You will receive a 30-second verbal notice that your time is about to expire, and then you will receive a verbal notice that your time has expired. So with that, Chris, we invite you to go ahead and address the committee.

MS. FRAGASSI:

Okay. Great. Thank you. Thank you for letting me speak. And again, I'm Chris Fragassi. I live just outside of Chicago. And my comment is regarding Federal Parent loans, which really have been left out of any kind of discussions of debt relief so far. I- my husband and I have two Parent loans for our two children who graduated with bachelor's degrees back in 2004 and 2009, and we have not even started to climb out of this hole. I had some- I felt hopeful when I heard about President Biden's SAVE payment plan, which at least would have helped with the monthly payment, which, by the way, for the two Parent loans, it's $900 a month, more than our main mortgage. But as I recently discovered, Parent loans are not eligible for the SAVE payment plan. So once again, it just seems like there's an assumption that, you know, parents are not struggling, that we can afford this. I'm happy that there is some relief for the kids because my kids are also affected by this. But I think, you know, maybe, you know, just one suggestion is maybe look at including Parent loans in the SAVE program. The other concern I have is the amount of interest that has accrued over time, because when my husband and I took out these loans, which, by the way, we were advised to do as our only option when our kids were in college. When I lost a job I had for almost 30 years, and we had trouble paying the payment, we contacted the lenders who were Navient and Nelnet at that time, and we were told Parent loans really were not eligible for any, you know, debt relief or any help or even I believe even income contingent loans did not apply to Parent loans back then. And they strongly advised us to just take advantage of forbearances, which we had to do. We had no choice but the multiple forbearances we did take advantage of. During that time, the interest accrued on our original loan, the larger Parent loan on one of our children has almost doubled. That loan was originally around 60,000. It is now almost 110,000 just because of accrued interest. It just seems to-

MR. FRANCZAK:

30 seconds remaining.

MS. FRAGASSI:

Just want to say quickly, for both parents and students, this might be a good option, maybe a reset, and at least just remove this accrued interest that so many people had to do when they couldn't pay the monthly payments. Thank you very much for listening.

MS. JEFFRIES:

Thank you Chris. We appreciate you sharing. Mike, who is next?

MR. FRANCZAK:

Up next is Andi Webb, indicates representing themselves.

MS. JEFFRIES:

Okay. Andi, can you hear us or hear me? Andi. Andi, can you hear me? Oh, it looks like she's still trying to connect. Andi, can you hear me now?

DR. WEBB:

Yes.

MS. JEFFRIES:

Wonderful. Well, wonderful. I'm Cindy Jeffries from FMCS, and I want to thank you for taking your time to address the committee on these very important issues. You will have 30 seconds- 30- 3 minutes. I'm getting confused here. Three minutes to address the committee. You will receive a 30-second verbal notice when your time is about to expire, and then a final verbal notice that your time has expired. So with that, Andi, we- I invite you to please address the committee.

DR. WEBB:

Yes. One moment. I have the Zoom going on in two places, so I'm hearing double.

MS. JEFFRIES:

Yeah, you need to mute the other one if you're on the livestream. Did you get it muted?

DR. WEBB:

Trying.

MS. JEFFRIES:

Mike, don't start her time yet, please.

DR. WEBB:

I'm still hearing the other. And I've closed everything out. Let's see.

MS. JEFFRIES:

You may have to log out of that one for now because-

DR. WEBB:

Yes, I'm trying.

MS. JEFFRIES:

Oh, and it's not letting you get out?

DR. WEBB:

No. Just one moment. I'm so sorry. Finally. Thank you for your patience.

MS. JEFFRIES:

You are so welcome. No worries.

DR. WEBB:

Had to close everything out.

MS. JEFFRIES:

We have no control over technology. Alright. No worries. Thank you. Mike, you want to go ahead and start the time? Andi, please feel free to begin.

DR. WEBB:

Thank you. Thank you again for your patience. I'm Dr. Andi Webb. I'm a public school educator. In 2016, I enrolled in my Doctoral Studies. I did not apply for any additional student loans, as I had a private grant that I had applied for. That's the only way I could go back to school. During that time I was put into involuntary in-school deferment. My MPN states that I would be contacted about the deferment and I was not. I have written documentation that was submitted to Navient and to my university dated in October 2016, requesting to opt out of in-school deferment. And in my request, I noted that I did not want my Public Service Loan Forgiveness negatively affected. That was not done until two years later. So for 24 plus months, I remained in involuntary and school deferment. I have requested repeatedly via Studentaid.gov and MOHELA, now that the Department has made many corrections in the PSLF process to be allowed to correct this error as the Department states that there are opportunities to correct errors. I have requested to be- not to be given those 24 months back, but I have repeatedly requested to be allowed to repay those months that I spent into deferment- in deferment that I was not allowed to pay during that time. I have been told I could not repay my deferment time because I did not make payments during that time when I was involuntarily put into deferment. My request is that with the considerations pertaining to balances continuing to accrue interest during these time periods when errors were made, that the Department- and during these neg regs, that it would be considered to allow opportunities to correct errors regarding involuntary in-school deferment. I'm certain I'm not the only one that this affects. Again, I do not want those months to be given to me. I want to be able to repay those 24 plus months and have those months count toward my PSLF as a public school educator. Thank you for your time and all the work that you're putting into this. Much appreciated.

MS. JEFFRIES:

Thank you Andi.

DR. WEBB:

Thank you. And again, I appreciate your patience.

MS. JEFFRIES: Sure. It is now 4:00 pm, which is our scheduled end time. There is one person from the waitlist that is still in the waiting room. What is your pleasure?

MS. ABERNATHY:

Let's go ahead and have that person.

MS. JEFFRIES:

Okay. Thank you. Mike, you want to let Karen in?

MR. FRANCZAK:

Karen Baker is now being admitted. She is representing herself.

MS. JEFFRIES:

Karen, can you hear me?

MS. BAKER:

I can.

MS. JEFFRIES:

Wonderful. And I can hear you. Yay!

MS. BAKER:

Can you see me? That is the question. Where did you go?

MS. JEFFRIES:

I'm hiding.

MS. BAKER:

There you are.

MS. JEFFRIES:

Okay, Karen, thank you for taking the time to address the committee here today. You- my name is Cindy Jeffries. I'm from FMCS. You will have three minutes to address the committee. You will receive a 30-second verbal notice that your time is about to expire, and at three minutes, you will receive verbal notice that your time has expired. So with that, please feel free to go ahead and address the committee.

MS. BAKER:

Hi, my name is Karen Baker. I've been following along, so I've been listening to what you guys have been saying and actually covered a lot of what have. I have lists over here. So I'm not going to bore you with backstories, but, I think that a way that we can help with not only now, but our future generation. And I know this is something that I believe her name is Tracy had said that they can't do is that it has to be an act of Congress that have a reduction or cap on interest, because as multiple people have said, that the interest is what is causing our loans to compound and double and balloon and get to these extraordinary amounts that a lot of us can't handle, including myself, for a little bit. And luckily I was able to, over multiple years, finally get my interest to a manageable level and consolidate and everything like that. I believe that there should be a mandatory information seminar in high school, because when I entered college I had nothing. When I entered, it was, you go to college or you're going to amount to nothing, you won't be able to get a good job. You won't be able to do anything like that. Trades were considered dirty or bad or just not good. And that's where we actually needed a lot of our people at. And so I think that there should be some sort of mandatory thing in college or before college in high school where it's talks about loans, compounding interest, how to maybe navigate your way into finding grants and scholarships and stuff like that. Because there was none of that for when I went in. Another thing that an actual- another user had made me think of was child care issues, is that I actually stopped working because I've been blessed enough that my husband's been able to make enough to where I can stay home, but my entire paycheck would go to child care. And so I think that there needs to be some sort of consideration for those people who have to deal with that. So it's not in my interest, but maybe in somebody's others' interest that child care cost take effect into how much repayment or income driven or anything like that. Also, I had an idea of counting past income driven payments, so I was on forbearance- or deferment for quite a while because that's what I was told was the best thing for me.

MR. FRANCZAK:

30 seconds remaining, Karen. 30 seconds remaining.

MS. BAKER:

And ended up in forbearance, or ended up in deferment and then went to an income driven. And now I'm not in that. But if it would be beneficial to other people, count past time in an income driven- in the SAVE Plan that you guys have currently. That's all.

MS. JEFFRIES:

Karen, thank you very much for your time this afternoon.

MR. FRANCZAK:

You're muted, Cindy.

MS. JEFFRIES:

No, I'm not. I shouldn't be.

MR. FRANCZAK:

I couldn't hear you there for a moment.

MS. JEFFRIES:

Okay, so with that, we have concluded the public comment portion for today and the entire agenda that we had laid out for today. I want to commend the Committee for digging in diligently and moving through these discussions. I see John Whitelaw has his hand up.

MR. WHITELAW:

Just briefly, we may have an alternate for students with disabilities. Can we- do you want me to get on a few minutes early tomorrow to sort of give you the details of that, or how do you want us to propose it for a vote and so forth? Should we do that first thing before we get started tomorrow? How would you like to handle that?

MS. JEFFRIES:

I'll have to- Tamy, you came off mute.

MS. ABERNATHY:

John, if you could circulate the materials. If you are officially presenting an alternate, we will have to probably take that in the morning.

MR. WHITELAW:

That's what I thought. I wanted to- my proposal was not that we do it this evening. Not now, but we do it in the morning.

MS. ABERNATHY:

What I would like though is if you could get the materials so that the committee could send the name. Well, if you could put the name in the chat now and you could send some materials about this person, much like we did today, that would be very helpful. And that way we could just immediately have this as a- an agenda item first thing, and then proceed.

MR. WHITELAW:

I have to confirm with her after this. So-.

MS. ABERNATHY:

That's great.

MR. WHITELAW:

I'll put it in the- I'll put it in the [inaudible] understanding this is our intent to do it in the morning. But if something falls through in our later conversations this evening, we may not- it may not actually happen.

MS. JEFFRIES:

Or you could just send an email to the team when you do have the confirmation and everything, and then Cindy will circulate it. Cindy, is that correct? You guys would circulate it out to us?

MS. JEFFRIES:

Yes. I would then send it on to you. And John, if you can obtain the person's bio, you can send it to me.

MR. WHITELAW:

That would be great. I just wanted to just sort of see the mechanics of what you want me to do on my end now. And then I'll send you something, and we can deal with it as [inaudible] item of business tomorrow morning. Does that work for you?

MS. ABERNATHY:

And John, it will be an official you're going to request an alternate nominee?

MR. WHITELAW:

Yeah, I will do that. Yes. Wonderful. Thank you so much.

MS. JEFFRIES:

Alright. Thank you so much. With that, I- we have concluded today's session. We will see you all tomorrow. Have a great evening.

Zoom Chat Transcript

Student Loan Debt Relief Committee - Session 1, Day 1, Afternoon, October 10, 2023

***Chat was copied as presented, as a result minor typos or grammatical errors may be present.**

From P-Angelika Williams- Private Nonprofit Institutions to Everyone:

I was able to open the documents.

From A-Jalil Mustaffa Bishop-Student Borrower-Graduate to Everyone:

I just want to make sure the chat is working. I could not see messages towards the end, before break. Can someone send a test message?

From (P) Jada Sanford - Currently Enrolled to Everyone:

I can see your message!

From (P) Richard Haase - Graduate Borrowers to Everyone:

Can you see this Jalil?

From A-Jalil Mustaffa Bishop-Student Borrower-Graduate to Everyone:

Yes. Thank you both

From A-Jalil Mustaffa Bishop-Student Borrower-Graduate to Everyone:

To clarify: we cannot go from 60 months to 30 months because it is a policy in an existing program?

From A - Jordan Nellums - Currently Enrolled Postsecondary Education to Everyone:

Serving as Primary for Currently Enrolled Postsecondary Education Students while Jada logs back in.

From (P) Richard Haase - Graduate Borrowers to Everyone:

I support those ideas

From (P) Jada Sanford - Currently Enrolled to Everyone:

I second that!!

From A-Sarah Butts, 4 year borrowers to Everyone:

I also support those ideas.

From P- Kyra Taylor, Legal Assistance Orgs. to Everyone:

I also support the idea of reallocating payments applied to interest to the principal originally borrowed

From A - India Heckstall, Civil Rights Organizations to Everyone:

I also support those ideas!

From P- Lane Thompson - state officials to Everyone:

I support Ashley's analysis that there is not enough information regarding negative amortization or capitalizing interest available to borrowers

From (P) Jada Sanford - Currently Enrolled to Everyone:

I am back on as primary!

From P- Lane Thompson - state officials to Everyone:

I agree with Richard that student loan statements often lack the type of detail that folks need to understand their financial situation

From A-Jalil Mustaffa Bishop-Student Borrower-Graduate to Everyone:

Now Serving as Primary for Graduate Borrower

From A-Carol Peterson HBCU Langston University to Everyone:

Yes. Yes. Yes. to all the comments.

From A-Sarah Butts, 4 year borrowers to Everyone:

Agree with the points that Kyra is making.

From P-Yael Shavit-State AGs to Everyone:

Agree with Kyra.

From (P) Jada Sanford - Currently Enrolled to Everyone:

Yes Kyra!!

From (A) Michael Jones (he/him/his) Veterans to Everyone:

I agree 100%

From P - Ashley Pizzuti - 2yr Borrower to Everyone:

I personally have never been able to get a mortgage due to my partners and my debt to income ratio due to student loans.

From P- Lane Thompson - state officials to Everyone:

I have also spoken with many borrowers who have debt to income ratios that cause barriers to other financial goals - even folks who are paying, can pay, are negatively impacted by increasing balances.

From P - Ashley Pizzuti - 2yr Borrower to Everyone:

Despite being able to actually being able to afford it.

From P-Sher Gammage-4 Year Borrowers to Everyone:

I, too, support Ashley's analysis and both Kyra and Vincent's ideas

From P - Scott Buchanan - FFEL, Servicers, GAs to Everyone:

There has been discussion of the government supposedly making profits off student loans, so negotiators could benefit for actual financial projects of current subsidy costs including projected profit and loss on Stafford and Grad PLUS loans.

From P - Wisdom Cole, Civil Rights Organization to Everyone:

Switching with India Heckstall

From (P) Richard Haase - Graduate Borrowers to Everyone:

Back on as primary

From (P) Jada Sanford - Currently Enrolled to Everyone:

Jordan Nellums is taking over

From P - Kathleen Dwyer - Proprietary Institutions to Everyone:

Question in the chat as requested: It would be compelling to understand and visualize what percent of borrowers have seen their balance grow as a result of the interest capitalization, and how their current capitalized balance compares to their original balance.

From A-Sarah Butts, 4 year borrowers to Everyone:

Agree with Richard. We should not charge exorbitant interest and should see higher education as a public good.

From A-Jalil Mustaffa Bishop-Student Borrower-Graduate to Everyone:

@Kathleen…these charts show %s of people who owe more than they borrowed and how that is increasingly growing for each borrower cohort: https://www.phenomenalworld.org/analysis/crisis-of-non-repayment/

From P - Kathleen Dwyer - Proprietary Institutions to Everyone:

A-Jalil, thank you

From P- Jessica Ranucci (Consumer Advocates) to Everyone:

+1 to Yael

From (A) Edward Boltz (Consumer Advocate: NACBA/NASLL) to Everyone:

I would like to note that student borrowers who faced other extreme financial distress and resorted to filing bankruptcy, were until recently explicitly excluded (in contravention of federal law) from enrolling or remaining enrolled in any IDR payment plan. This often left them facing up to five years of accrued student loans following their bankruptcy case, often exceeding and erasing any relief they received regarding their other debts.

From A-Jalil Mustaffa Bishop-Student Borrower-Graduate to Everyone:

"An extra $6,000 a year in Pell grants for four years would entirely replace the PLUS loans of about three-quarters of parents who borrowed with incomes below the poverty level (including 85 percent of low-income Black PLUS borrowers)." 4

From P- Lane Thompson - state officials to Everyone:

Agree with Kyra - elders with growing balances is a big issue

From (P) Richard Haase - Graduate Borrowers to Everyone:

agreed!

From (P) Richard Haase - Graduate Borrowers to Everyone:

Stunned by how many people 62+ carrying student loans

From P - Ashley Pizzuti - 2yr Borrower to Everyone:

I believe they have a higher interest rates as well.

From P-Vincent Andrews-Military & Veteran Groups to Everyone:

Individuals on PSLF or other forgiveness plans traditionally have lower salaries, and part of these ballooning balances can be attributed to the fact that individuals are sacrificing large financial gains in order to stick to these plans that may or may not necessarily guarantee that their loans will ever be forgiven.

From P - Melissa Kunes - Public 2 & 4 Yr Institutions to Everyone:

Many elders paying Parent PLUS are now in retirement with lesser incomes. They should also be allowed payment opportunities such as the SAVE plan.

From P-Sher Gammage-4 Year Borrowers to Everyone:

I would like to request from the DOE data on the number of borrowers over the age of 62 who are carrying student loan debt and have been doing so for 15 plus years

From (P) Richard Haase - Graduate Borrowers to Everyone:

I’d like to thank the department for giving us this opportunity.

From A-Carol Peterson HBCU Langston University to Everyone:

I want to mention that those students that are incarcerated are also affected by these issues and unable to communicate with the Lenders.

From P- Kyra Taylor, Legal Assistance Orgs. to Everyone:

Additionally, the Department and student loan servicer should have much of the interest and interest capitalization information for borrowers. 26 CFR 1.6050S requires that lenders report student loan interest on 1098 tax form, including payments that went towards capitalized interest and loan origination fees (at least as to loans issued after Sept. 1, 2004).

From A-Sarah Butts, 4 year borrowers to Everyone:

The Department should look at the full picture of borrowers throughout their life cycle. Some borrowers who were Pell eligible, for example, are now borrowing Parent Plus loans. Maybe we can provide relief for some of these borrowers who are paying their loans and their children's loans.

From P - Wisdom Cole, Civil Rights Organization to Everyone:

Data request from DOE on parent plus loans specifically on balance growth, who has Pell Grants, numbers of HBCUS and MSIs

From P- Kyra Taylor, Legal Assistance Orgs. to Everyone:

Tammy, I am also confused by what the Department is saying. Is it the Department's position that it will not completely cancel any borrowers' debts and will only waive a portion of their debt?

From P- Jessica Ranucci (Consumer Advocates) to Everyone:

+1 to Kyra

From A-Carol Peterson HBCU Langston University to Everyone:

Default should not block someone from receiving Pell Grant.

From P-Vincent Andrews-Military & Veteran Groups to Everyone:

How much data has be conducted on the impact of how waivers will impact individual constituencies? What borrowers will benefit most from waivers?

From P- Kyra Taylor, Legal Assistance Orgs. to Everyone:

Thank you!

From A-Sarah Butts, 4 year borrowers to Everyone:

Agree with Sher.

From P-Vincent Andrews-Military & Veteran Groups to Everyone:

I also had questions regarding how "Public Service" is defined. There are numerous occupations that would easily be defined at public service if it wasn't for the fact that they are funded by private institutions. A nurse, a teacher, a counselor shouldn't have the burden of having to research how an organization is funded if they change jobs but have otherwise always been considered a public servant from previous occupations.

From A-Jalil Mustaffa Bishop-Student Borrower-Graduate to Everyone:

The waive and compromise criteria states: “The debtor is unable to pay the full amount in a reasonable time, based on financial Information; The government is unable to collect the debt in full within a reasonable time by enforced collection proceedings”. This means debt should be waived for the following:

1. Grant a waiver for any borrower who has been in repayment for over 10 years.

2. Grant a waiver for any borrower who has a balance higher than what they originally borrowed, with emphasis on interest capitalization.

3. Grant a waiver to any who has been in repayment for 10 years or more and their income shows they have not made enough money to ever repay in full

4. Grant a waiver for any borrower who is receiving a Social Security check or above 65 yrs old and has been in repayment for over 10 years

5. Grant a waiver to include all student loans issued

or backed by the Dept of Edu in the above waivers

(E.g. Perkins, FFEL, Parent Plus, Consolidated Loans, etc)

From A-Sarah Butts, 4 year borrowers to Everyone:

The Department might consider cost of living. Right now, all borrowers are treated the same without regard to location. The cost of living impacts what borrowers can pay.

From (A) Michael Jones (he/him/his) Veterans to Everyone:

I think something else to keep in mind is that often times student loan borrowers don’t know exactly where to go at to repay student loans. Is there an automatic enrollment into a repayment program so borrowers don’t feel directionless?

From (A) Edward Boltz (Consumer Advocate: NACBA/NASLL) to Everyone:

I would like to comment regarding this question that the Department of Education does not allow third-party representatives of borrowers, specifically most private attorneys and arguably legal aid lawyers as well, to access the borrower's NSLDS file. This is actually in direct contravention of the STOP Act, but ED has deprioritized this adding an additional obstacle to borrower who need assistance in navigating the various programs.

From P - Ashley Pizzuti - 2yr Borrower to Everyone:

What is the Department doing now for outreach?

From John S. Whitelaw (P - Students with Disabilities), (He/Him) to Everyone:

Access for borrowers' advocates is especially important for borrowers with disabilities as depending on the disability, they often have additional difficulties in advocating for themselves.

From P- Jessica Ranucci (Consumer Advocates) to Everyone:

Ed Boltz is subbing in to make a comment

From A-Sarah Butts, 4 year borrowers to Everyone:

Agree with Lane. If a borrower had some loans discharged under PSLF, and completed 10 + years of service already, forgive remaining balances.

From (A) Michael Jones (he/him/his) Veterans to Everyone:

Agree with Angelika. That's what my last question was

From A-Sarah Butts, 4 year borrowers to Everyone:

PSLF should be predicated on public service and not the tax status of employers.

From P-Sher Gammage-4 Year Borrowers to Everyone:

Agree, Sarah B!

From (P) Richard Haase - Graduate Borrowers to

Everyone:

I agree too!

From A-Jalil Mustaffa Bishop-Student Borrower-Graduate to Everyone:

Coming in as Primary for Graduate Borrower

From P - Kathleen Dwyer - Proprietary Institutions to Everyone:

Ashley, good question

From P-Sher Gammage-4 Year Borrowers to Everyone:

Sarah Butts is coming in as Primary

From A-Sarah Butts, 4 year borrowers to Everyone:

I am coming in as Primary for 4 year borrowers.

From A - David Ramirez - Student Loan Borrowers - 2 Years or Less to Everyone:

I just want to mention that as a first generation student who has had to use it very recently studentaid.gov is very very difficult to navigate. Having to access it is a very daunting process.

From (A) Michael Jones (he/him/his) Veterans to Everyone:

^^^ I agree. The student aid.gov is extremely difficult to utilize.

From P - Ashley Pizzuti - 2yr Borrower to Everyone:

It’s overwhelming.

From P- Kyra Taylor, Legal Assistance Orgs. to

Everyone:

100% agreed re: the need for automation where possible

From P- Jessica Ranucci (Consumer Advocates) to Everyone:

+1, agree on automation

From (A) Michael Jones (he/him/his) Veterans to Everyone:

Yes automation!!

From P-Jada Sanford - Currently Enrolled to Everyone:

The same way people know they have to pay is the same they need to know about their options for relief

From P- Lane Thompson - state officials to Everyone:

yes, automation anywhere possible is ideal!

From S-Sher Gammage-4 Year Borrowers to Everyone:

+2 agree, ed.gov is not user friendly, automation would be a better strategy

From P-John S. Whitelaw (Students with Disabilities), (He/Him) to Everyone:

The experience with TPD shows that automation is absolutely essential to eligible folks getting discharges and other relief

From P - Ashley Pizzuti - 2yr Borrower to Everyone:

I know even though I've attended a closed school that is listed on Schedule C of Sweet v. Cardona have never received an email of eligibility. I work with thousands in the same scope and I do not know one person who has received any information email or post about possible eligibility.

From P- Kyra Taylor, Legal Assistance Orgs. to Everyone:

+1 agreed with ED that student loan attorneys need access to borrowers' NSLDS data

From P- Jessica Ranucci (Consumer Advocates) to Everyone:

+1 agree

From P-Angelika Williams- Private Nonprofit Institutions to Everyone:

Agreed as reported by the institutions

From P- Lane Thompson - state officials to Everyone:

+2 agree that more access to NSLDS data for advocates would be extremely valuable

From P-Jada Sanford - Currently Enrolled to Everyone:

Social Media was mentioned as a means that the department has taken to reach a specific borrower population and it seems that there is no significant social interaction with the public. If it is going to be mentioned as something that the department is doing, real resources and research need to be poured into it.

From P-Vincent Andrews-Military & Veteran Groups to

Everyone:

Yes because if you can identify individuals with Total and Permanent Disabilities they shouldn't be receiving a letter to opt in, but be automatically enrolled

From A-Jalil Mustaffa Bishop-Student Borrower-Graduate to Everyone:

Support everything John is saying! It has been an ongoing struggle to get my brother with a cognitive permanent disability his rightful discharge

From P-Jada Sanford - Currently Enrolled to Everyone:

I completely agree. Opt out instead of opt in would make a major difference

From P - Wisdom Cole, Civil Rights Organization to Everyone:

I agree with John

From A-Jalil Mustaffa Bishop-Student Borrower-Graduate to Everyone:

Exactly, Vincent.

From P - Ashley Pizzuti - 2yr Borrower to Everyone:

Can the department share the social media streams they are using so we have links to share these programs with the people we represent?

From A - David Ramirez - Student Loan Borrowers - 2 Years or Less to Everyone:

Is there data on how many borrowers did not enroll despite being notified of their eligibility for relief? What strategies does the Department use, if any, in following up with those individuals?

From P-Jada Sanford - Currently Enrolled to Everyone:

@usedgov is the instagram I believe

From P- Kyra Taylor, Legal Assistance Orgs. to Everyone:

+1 to John. Plus, the statutory discharge eligibility and application information on studentaid.gov is often not provided in line with Plain Language principles (although, we do appreciate the improvements to studentaid.gov!). In addition, borrowers often do not know what kinds of loans they have and struggle to find that information on studentaid.gov (further limiting their ability to understand which programs they are eligible for)

From A-Jalil Mustaffa Bishop-Student Borrower-Graduate to Everyone:

@Ben Miller. Just a reminder to send the Parent Plus borrower discussion from prior negreg?

From P - Melissa Kunes - Public 2 & 4 Yr Institutions to Everyone:

Thanks Tamy and thanks John. Long term, since ED has access to multiple data base information - IRS, NSLDS, School of record, it would be great to further examine the possibility of automatically enrolling the borrower in the appropriate plan instead of asking borrowers to know which program best suites their repayment ability. OPT OUT instead of OPT IN is the way to go!

From P-Yael Shavit-State AGs to Everyone:

I agree with Jessica on this point.

From Valerie Lefor, Department of Education to Everyone:

Here is the Parent Plus discussion in the SAVE regulation: https://www.federalregister.gov/d/2023-13112/p-256

From P- Kyra Taylor, Legal Assistance Orgs. to Everyone:

+1 Jessica

From A-Jalil Mustaffa Bishop-Student Borrower-Graduate to Everyone:

Second Melissa’s suggestion that programs should be opt out rather than opt in

From A-Sher Gammage-4 Year Borrowers to Everyone:

I am ready to assume primary for 4 year borrowers

From P - Ashley Pizzuti - 2yr Borrower to Everyone:

Does the Department have a social media advertising budget to help target the information getting to the right people?

From A-Sher Gammage-4 Year Borrowers to Everyone:

After Sarah finishes her comment

From (A) Edward Boltz (Consumer Advocate: NACBA/NASLL) to Everyone:

Additionally, while the Department, together with the CFPB and State AGs does a good job of warning against and identifying student loan rlef scams, it does not conversely help people find honest, competent and ethical assistance outside of the servicers

From (A) Edward Boltz (Consumer Advocate: NACBA/NASLL) to Everyone:

+1 Lane

From (A) Edward Boltz (Consumer Advocate: NACBA/NASLL) to Everyone:

That is something that could be done very easily according to the Department

From P-Angelika Williams- Private Nonprofit Institutions to Everyone:

Can the exit counseling process formulate a process to direct a repayment plan for certain borrowers?

From P-Sher Gammage-4 Year Borrowers to Everyone:

Could the department provide to servicers a list of job type who is eligible for PSLF

From P-Angelika Williams- Private Nonprofit Institutions to Everyone:

Elaborate: in connection with FAFSA data and income-driven repayment plans

From P-Sher Gammage-4 Year Borrowers to Everyone:

The problem is that it is based on employers, not the borrower's job and role, especially those who work in public service related fields

From P- Jessica Ranucci (Consumer Advocates) to Everyone:

+1 to Kyra's question. It would be helpful to hear clarity from the Department

From P-Vincent Andrews-Military & Veteran Groups to Everyone:

yes, Sher it should be a master list of occupations rather than specific employers

From A-Sarah Butts, 4 year borrowers to Everyone:

Strongly agree with Sher, PSLF should be predicated on public service and not the tax status of employers

From A-Jalil Mustaffa Bishop-Student Borrower-Graduate to Everyone:

Coming on as primary

From P-Jada Sanford - Currently Enrolled to Everyone:

Coming on as primary as well

From P-Jada Sanford - Currently Enrolled to Everyone:

Is the expectation for information requested to be given to negotiators on a rolling basis as the DOE obtains it or is it administered at our next meeting?

From P-Sher Gammage-4 Year Borrowers to Everyone:

Great question Jada!

From A-Sarah Butts, 4 year borrowers to Everyone:

As we are discussing broad based cancellation, waiver, and/or other relief of student debt, it doesn't make sense not to do our best to optimize the existing programs (PSLF, IDR, etc.)

From (A) Michael Jones (he/him/his) Veterans to Everyone:

Taking over as primary now.