

DEPARTMENT OF EDUCATION  
OFFICE OF POSTSECONDARY EDUCATION  
AFFORDABILITY AND STUDENT LOANS COMMITTEE  
SESSION 2, DAY 2, AFTERNOON  
November 2, 2021

On the 2nd day of November, 2021, the following meeting was held virtually, from 1:00 p.m. to 4:00 p.m., before Jamie Young, Shorthand Reporter in the state of New Jersey.

P R O C E E D I N G S

MR. ROBERTS: Good afternoon, everyone. My name is Brady Roberts, and I'll be facilitating this afternoon. I'm looking forward to picking back up the great discussion on PSLF. But first we have a presentation from Professor Rajeev Darolia on interest capitalization. So with that, Raj, I'll turn it over to you.

MR. DAROLIA: Thanks, Brady. So just for the folks now watching online, what I'm going to present today is just an explainer about interest capitalization. A couple notes on some things that have been discussed already this morning, so I'll be able to actually be able to present some information on close schools and some descriptive statistics on that tomorrow. I will refer folks to the presentation that I did the first couple of slides at the October 5th presentation from the first session, and that should be available on the Department of Education website. That just pulls some highlights from the GAO report that was discussed I think both orally and in the chat earlier this morning, and I will say that that GAO report is going to be the best source of information for borrowers at close schools because that data that report is going to have data with bars at their schools. Whereas what I can present

tomorrow is going to be just more about the broad student bodies, some of these schools for where we have data. Another thing I wanted to mention because this was this was brought up this morning and it was a request actually tried to, it came from last time for me as well, it's just about trying to find information on faculty workloads, things like travel times and Dixie might have talked about this as well. I did actually try to find information about this. What I would say is that information was not available in the circles that I could look for. I did reach out to a number of researchers who are experts in the space, and most of them pointed to policies that are in either university or state or sometimes healthcare policy documents. So that's what we're looking for right now in that but didn't try to find some kind of systematic information on the average travel time and things like that; I cannot find that data existing at scale to really inform policy. So with that said, let me go ahead and take you guys through some examples with interest capitalization. These are going to be general examples. Again, I don't think there's a lot of points of contention among the group about some the policy levers. But please feel free to stop me at any time if there's any questions. I'm trying to think here where I'm going to write on my laptop to be able to pull,

sort of draw attention to certain things on the slides. So just some term definitions. Again, I think most folks in this call understand this, but what we're talking about when we talk about interest capitalization is when there is unpaid interest that accrues over time and is added to the principal amount of the loan. Some common reasons we're going to have unpaid interest in student loans are periods of nonpayment. So, for example, periods of deferment or forbearance, and some of this is going to depend on the loan type. And then something that's come up a fair amount is just the payments being less than the amount of interest accrued on an IDR plan. I'm going to show just some special examples from both of these things here in a moment. Some examples of things that can lead to interest capitalization currently listed out, you're not going to read through. And again, I know there's a number of proposed changes that I've not included on here. And then in some plans, unpaid interest is subsidized by the Department of Education for some time. Some plans the types of loans it's for the entire period of (inaudible). So this first chart is an example of a capitalization chart. This is actually from the economic hardship deferment request that the U.S. Department of Education puts out. So the first row here you're going to see is just interest repaid in total or sorry, the

interest is paid with no capitalization. So that's just first row here. The loan amount in all three scenarios is thirty thousand dollars. As you can see here in this first row, there's zero dollars in capitalization. Because of that, we can think about the outstanding principal never exceeding that in which it started out because there was no interest added on to that. Monthly payment of three hundred and thirty-three dollars per month, in this in this scenario, 120 payments for 10 years, total repaid forty one thousand seven hundred. Now we can also think of a scenario in which interest is capitalized at the end. In this case, you can see that that capitalized interest is eighteen hundred dollars now. How they got to this \$1,800 in this document, six percent interest rate assumed, and there was a deferment or forbearance at the beginning of repayment. So we can think about that unpaid interest is really that first 12 months in this in this in this scenario. Take that \$30,000 principal, multiply it by a six percent interest rate, you get \$1,800 in unpaid interest, which then in this second scenario is added on to that principal. So that's how you get to the \$31,800, as you can see that. And what it does is that increases the monthly payment and the total amount repaid. So these are both in addition-- or larger than in a scenario without interest.

(Inaudible). And then this final scenario here, where interest is capitalized quarterly and at the end, what we're going to see here is when we have more capitalizing events and when we have them earlier, we're going to see a larger amount of capitalized interest, a larger, outstanding principal, larger monthly payment, the number of payments is going to stay the same. We're also going to have a total nonpayment. So what are the intuitions just to think about here that you might think about is kind of the more number of capitalizing events, especially the earlier they are the kind of more that a borrower will pay over the life of their loan. All else. So just to show this in a little bit more detail and an example more closer to IVR type plans, create another fictional example, this time her name is Charlotte, and I'll show you first without interest capitalization. What I'm going to show you is kind of for each period what the payment looks like with these different sort of pictures of capitalization scenarios. I want to be clear, I'm not modeling any specific IVR plan right now, but this is in spirit like an IVR. So this borrower has an income of two thousand per month, income-protected at 150% of the poverty line. \$1,610 a month, which means that discretionary income is \$390 a month. We're going to put an income share assessment on there of 10%, which is kind

of the standard right now, which means that every month, Charlotte is going to pay \$39 under a sort of an IVR type. Now, if we look at kind of how much interest would be due in that period, we take the principle at the beginning of the period, we're going to assume it's \$28,000 in this in this scenario, we're going to multiply that times the interest rate, which in this case is 3.73% the current interest rate annually. We're going to divide that by 12 to have that monthly amount, and we're going to say that multiplying these two things together, Charlotte is going to owe \$87 in interest for this period, but she's only paying \$39, so that would mean that her principal paid that month is \$0. She's got \$48 of unpaid interest. Alright. So then if we look at the principal at the end of that period, it's unchanged from before because Charlotte didn't pay down any of her principal. All of that payment went to interest, and there's even some interest unpaid in this year. In the scenario, we're going to assume that there's no interest capitalization. So because of that, we may extend this to the rest of these 12 periods. What we're going to see, is that down through this whole time period, Charlotte's principle is never going to increase. She's also never making a payment to principal, and so every month she has \$48 that are in interest that's unpaid in each month. But

without capitalization, that never gets that added onto the principal. So because of that, her principal will continue to be \$28,000 throughout this period. And if she continued to never make payments that exceeded sort of interest due, then she would never reduce that principal throughout the (inaudible). So this is just the kind of set up an example without interest capitalization. Now let's assume instead, that Charlotte has monthly interest capitalization. And again, this is just a fictional scenario that to demonstrate what can happen. So in this case, her monthly payment is going to be the same as it was in the prior scenario. She's going to pay \$39 per month. But in interest capitalization, that forty eight dollars in unpaid interest, accrued interest, gets added, gets added to the principal. So at the end of first period, she'll owe \$28,048. Now, as you can see here, this is where sort of interest compounding really starts to lead to balances increasing because then if we come over here to period two Charlotte's starting principle is going to be that \$28,000 plus that \$48, again multiplied by that same interest rate. You can see then over time as we go down the time period, her monthly payment, or sorry, her monthly interest due, sort of implied interest due is going to increase, even though her monthly payment is staying the same. Still during this period, not



covering principle. But because the payment implied due increases, the unpaid interest is also going to increase over time. And as you can see then, the principal is also increasing. So again, sort of the intuition that you can think about is that earlier capitalization events and more frequent events, all else equal, are going to increase principles over time. Now we can see some other basic examples here. I'm just doing interest capitalization of period six and twelve instead. In this case, you can see that interest is added or capitalized at the end of period six, and so for the first six periods, we see basically a similar scenario to what we saw with without interest capitalization. But then at the end of that sixth period, it's added on and then you can see that interest payments due are larger from that point on as are unpaid interest amounts well. And then here added more interest. And so even though this does increase the principal and increased payments for unpaid interest over time, relative to the slide before where it was capitalized on a more frequent frequency, you're seeing that this dollar amount, the principal at the end of this period is actually lower. It seems like a small amount because we're only doing a year here, but obviously over time, this can really add up. And then similarly, if we just had interest capitalized at the end

of the period at the end of this whole period, in this case period twelve, the overpayment in this example, we could see that again with fewer capitalizing events and later we keep for longer the unpaid interest constant and keep the longer, the principal constant and the amount of interest. So this was just a quick and simple explanation of how we might think about interest capitalization. But I do not have access to and I'm not sure if there was a data request put in for this, is really kind of detailed data raise on thinking about who owns what types of interest, who's getting interest capitalized or not? That's just data that I don't have access to, but hopefully this provides a little bit more of an explainer for those of you trying to think about the difference between interest capitalization and accrued interest or how we think about capitalizing events. Hoping this provides some information to help. So I'm happy to answer any questions that folks have. I know I probably went through that quickly, but again was trying to move very quickly, given that I'm not sure if there's any points of contention with it.

MR. ROBERTS: Yeah, Daniel.

MR. BARKOWITZ: So just a question, Raj, I know earlier, I don't remember who said this. It may have been someone from the FFEL side. I know

typically loans are set up so that interest is paid before principal and this is a question for the Department as well as for you, Raj, do we know of any examples where the counter takes place, where a principal is paid in a monthly payment prior to interest? And is that application of payment statutory or is there, I'm seeing you shake your head yes, Jennifer. So it is statutory in definition?

MS. HONG: Yes.

MR. BARKOWITZ: It is.

MR. DAROLIA: I can say more broadly, this is the common way that lenders apply payments to loans, I can't say off the top of my head if this never exist in other cases. But I think in cases where that would exist, it would be something where basically interest is waived or not.

MR. BARKOWITZ: Alright so even in your first example, that borrower would still at the end of 12 months, have outstanding interest unpaid, which at some point needs to be dealt with. So while it's not on your chart per say, right, as part of addition to principle, there is still outstanding interest of whatever, you know, whatever the \$48 times 12 is, it still needs to be addressed at some point in the borrower's repayment.

MR. DAROLIA: That's exactly right. So

you can think of it as, you know, in a situation where the borrower never makes a payment to principal and has uncredited interest kind of accruing over time, one way to think about that is part of the loan forgiveness at the end of the period, right, if we kind of extend it back to two hundred and forty periods, one way to think about that, if they never kind of reduce that sort of an unpaid interest amount at the end, that would be implicitly forgiven as well. I don't know the tax implications, frankly, of that or not, if that's taxed or not. But yes, that would be sort of an implicit forgiveness or subsidy whatever's on pay. (Inaudible).

MR. ROBERTS: Any other questions? There was one in the chapter, I think it actually got answered mid-presentation, so. Misty, yeah.

MS. SABOUNEH: This was brought up earlier, but I just wanted to revisit. Is it possible to cap the total amount of interest accrued based on the original loan amount, either Secretarially or I couldn't say 'it could never grow more than the original amount' or '40% of the original amount.' I think the example earlier was the \$6,000 loan debt that turned into \$22,000. The protection said it never grew higher than the original, it'd only be 12, but it would still be a lot lower than twenty two. But I think there may have

been discussions in the past about this, but wanted to see my thoughts on that.

MS. HONG: Yeah, I think I touched on this earlier. We brought it up in terms of, you know, having a basis for justifying any sort of cap. So I think we did explore that. So I, we're open to ideas in terms of the discussion for ICR, if and maybe we could explore that further then.

MR. DAROLIA: I will say that one of the scenarios I'll show you for IDR is with the interest cap of the 10 year standard repayment plan, so that was just something that I'll, they'll have later for you when we talk.

MR. BARKOWITZ: And this speaks to what I was going to raise. The other the other question is, is it possible to reduce the interest rate if in fact the borrower is not paying the total amount of interest? Is it possible in that IDR period to actually lower or reduce the interest rate to zero so that payments applied during that period would apply directly to principal?

MS. HONG: Let me take that back, Daniel.

MR. ROBERTS: Anything else for Raj or Jennifer on this topic, otherwise we'll resume with where we left off prior to lunch, which was issue papers four

and five proposed reg text on PSLF. Alright. Thank you again Raj for that presentation. Appreciate it. So with that, I'll turn it over to you, do you want to reshare the screen again just to refresh folks what we were discussing or do we do folks want to jump right in and we actually didn't have any hands right, prior to lunch, but we can jump back in on that topic if we still have discussion there.

MS. LILLY: Can I ask a clarifying question? My understanding was with for the first section, we were just discussing the definitions section that seemed to be as far as Jen got us. So we're going to discuss the rest of it going forward, right?

MS. HONG: Yes, yeah.

MS. LILLY: I just wanted to make sure I understood the parameters.

MS. HONG: Yep, so we'll queue, we'll queue the right text. Oh, I see Carol's hand, which reminded me that's where I think, Carol was a final comment.

MR. ROBERTS: Yeah, you were our final comment too but Carol, go ahead.

MS. HONG: Yes.

DR. COLVIN: I actually have a request for Raj before he takes off? If, can he make sure that in

the information that he provides later this week on, I think it's on closed full disclosures that both the public and nonprofit institutions are included at the eight digit O.P.I.D. number, not just the six digit, so that we could have that information.

MR. DAROLIA: Yeah, I'll be restricted to what I have in the data, but I'll do it at the kind of (inaudible).

MR. ROBERTS: And Jen, if you wouldn't mind just dropping that in a chat for the for the record, and then I'm seeing also a few other requests coming in there, if you just want to take a look at that, Raj, before you have to hop off. So unless anyone has any final thoughts on interest capitalization, I think Carol and then we have the right text to refer back to for PSLF.

MS. HONG: Yeah, if we could cue the right text, thank you. I think, big thank you to Raj for preparing these presentations, I think these examples are very helpful to my question regarding the attestation by employers for their contractual employees. I think Daniel provided a very concrete example of how that would look on a college campus, for example, but the question was really meant to be broader than that. So if anybody has further feedback or thoughts on it? Thank you, Daniel.

That was that was helpful to know that there may be some barriers there. Well, I see some hands going up so I'll go on mute.

MR. ROBERTS: Alright, yeah, I see Bethany and Persis, I just want to make sure we didn't forget Carol so I have you written down as well. Bethany, go ahead.

MS. LILLY: I just want to add on that point, I mean, I think one of the other proposals that was made was to allow individual borrowers to certify, and I think that addresses the concerns that Daniel raised. I think that addresses other things. I, as Heather said, they are going to certify under penalty of perjury that this is in fact what's going on. So I feel like this would be a very good, compromised position that would allow, you know, address those problems and allow folks to kind of certify, so just mentioning that again.

MR. ROBERTS: Thanks Bethany. Persis.

MS. YU: So this is something I was doing on a little bit over lunch, but I was thinking back to the enumerated categories of types of employment that were discussed before. And I'm wondering if there is a way for the Department to provide more of a catchall category. I'm a little concerned about the people who were missing just because we're not thinking of them as



we're enumerating lists and whether or not there can be some kind of broader public service category that can be included, maybe at a sub-regulatory level or through Department guidance, as these things arise, as opposed to limiting ourselves to these very specific categories that that are listed in the statute.

MR. ROBERTS: Thanks Persis. Carol, I saw you added something in chat, but did you want to, did you want to ask that as well?

DR. COLVIN: No, that was just the request that I made earlier.

MR. ROBERTS: Understood, thank you. Alright, thank you.

MS. HONG: Okay. Any further questions about or comments regarding the employer attestation under subparagraph three at the bottom of Page Three? Well, if not, we can move forward. On Page Four, there's been no changes there since the last iteration. However, on the top of Page Five, you'll see an addition of the phrase of 'will be considered to have made' under subparagraph two. Just to loop back on one of the issues that was raised regarding counting rehab payments. We were unable to incorporate that suggestion because the statute does not allow us to count payments made while in default. However, we have captured the issue regarding

accounting forbearance as well, switching between repayment plans and have included that (inaudible) as well.

MR. ROBERTS: Jennifer I'm seeing Carol's hand, is that okay?

MS. HONG: Of course.

MR. ROBERTS: Go ahead Carol, and then Marjorie.

MS. HONG: I'll pause there.

DR. COLVIN: I did have a concern when it comes to certain repayment plans not being included for PSLF consideration. I know that the requirement is the equivalent of 10 years or 120 payments at the 10 year standard rate. But when borrowers leave school a lot of times when they're going through exit counseling, they are advised to consider graduated repayment plans or income driven or income based outside of those that are allowed. Is there some mechanism to alert them that this is going to greatly affect their eligibility for public student loan forgiveness? Public Service Loan Forgiveness? Or is that something that could be considered that before they accept that type of repayment plan that that would be clearly notated and defined for them?

MS. HONG: I mean that's certainly

something that the institution can do.

DR. COLVIN: But that's that would be depending on the institution to do it, and we would want to make sure that before every student borrower accepts that, that there would be maybe as part of exit counseling or when they're contacting their loan servicer, make sure that it's a requirement that that be disclosed to them before they choose those loan repayment options.

MS. HONG: Right, so remember, we have a disclosure piece for lenders for guarantee agencies at the end that we had proposed, we changed it slightly to make it actually put a finer point on it. And I'll get that, I'll get to that. That's at the very end. But thank you for raising that, Carol.

MR. ROBERTS: Alright. Marjorie.

DR. DORIME-WILLIAMS: So this is about sort of just this section generally and more of a question. And Jennifer, I understand that you said sort of due to statute, there are things that you can't change. And so what I'm trying to understand is we have all of these different plans that bars are part of, some qualify and some don't. And it's not based on the amount that they're paying. And so I guess it's not clear to me why we can't just have a standard ten years of payments,

120 payments, however they were made, would count towards this. And I guess I'm just not understanding why we can't do that.

MS. HONG: We are. Yeah, no, that's absolutely something that we're proposing to change right here. So we've actually, so the eligible repayment plans are at the beginning of the proposed--but if you are on page, under the payment counting, yes, on Page Five. Everything that came under that, remember, that's proposed right text that we came into session one with and that is opening up counting, being able to make multiple installments that equal the full schedule, full schedule amounts due for a monthly payment, that's all new language. Everything in red is all new language that we're proposing. And we put this forward in session one, we haven't changed that. So there's romanette one, just paying the full amount, right. Romanette two you can pay multiple installments that equal the full scheduled amount due for a monthly payment under the qualifying repayment plan. The current regulations don't allow for that. Three, you can pay a lump sum or monthly payment amount equal to or greater than the full scheduled amount in advance of the borrowing scheduled payment due date for a period of months not to exceed the period from the Secretary's receipt of the payment until the borrower's

next annual payment restart date under the Qualifying Repayment Plan in which the borrower is enrolled. So to your point, Marjorie, that is something that we're proposing to change and we're expanding that for borrowers through this language.

MR. ROBERTS: Alright. I just want to make a brief note that Alyssa is joining the table on behalf of Financial Aid Administrators at Post-secondary Institutions and Persis, go ahead. I think you're still muted.

MS. YU: Thank you. Sorry about that. So this goes back a bit to both Marjorie and Carol's points a little bit, and that's, you know, one of the issues that we've seen is that borrowers get steered by their servicers into forbearances or into extended repayment plans. And so borrowers don't realize that they are not in qualifying repayment plans. And so I think we have many documented instances of this ,right. We have the CFPD lawsuit, we have a number of attorneys general lawsuits on this point, and it would be good to see language that would allow for borrowers to get credit for time when due to the malfeasance of somebody else, they have not been in qualifying repayment. I think, we'll point again to the regulatory language that Suzanne introduced earlier from the Student Borrower Protection

Center, which has proposes some language to address this particular issue. But I think it's really important to know that borrowers don't know what's qualifying and when their servicers steer them wrong. They shouldn't be punished for that time.

MR. ROBERTS: Thanks, Persis. Bethany, Dixie, and Alyssa, I see your hands, but actually, I think, Heather, just being as this, she's (inaudible) is it okay? Okay, Heather, go ahead.

MS. JARVIS: Thank you, I'd like to reiterate what folks are saying right now, which is that the counting of individual payments towards the 120 is set out in the statute in order to capture a 10 year period of public service. Congress wrote the statute and declared that the Secretary shall cancel the debt of people who have been in public service for 10 years and then set out the statutory scheme of counting 120 payments as a proxy for that service, and it is meant to be driven by service. So while I appreciate that the language we're looking at now certainly is much more expansive and includes far more payments than what had previously been allowed, it still creates this it's still the same problem that FSA and the servicers have been dealing with since the program was first enacted, and that if you are looking at the weeds the whole time and

every single payment, then you're not looking at the term of service and giving that as much credit as it should be given in order to effectuate the statutory intent. I also wanted to ask why the Department takes the position that payments made under a rehabilitation plan are not permitted to be counted by the statute. So my reading of the statute is that the Department and the Secretary may not forgive loans that are in a default status. Loans must not be in default if they are to be forgiven, but there's nothing in the statute that I see, and if I'm missing it, please direct to it, that shows that that indicates that payments made on a defaulted loan cannot be counted.

MS. HONG: So, yeah, I believe that provision is how we're interpreting counting the payments toward forgiveness programs so that it is counting toward forgiveness, but I can let our Exchange Council weigh in on this a little bit later. But I do believe that that is the interpretation that we're taking because the payments apply toward a forgiveness program.

MS. JARVIS: Appreciate that.

MR. ROBERTS: Thanks, Heather. Bethany, go ahead.

MS. LILLY: So I'm going to build off of Heather's point a little bit here because, and the

points that Persis and others have made previously, because I, reading over the statutory the regulatory text that you're proposing, can you tell I usually deal with statutes and not regs? So for instance, the very, very first bullet here, paying the full schedule amount due for a monthly payment under the qualifying income, a circumstance that I am very well aware of is a payment not getting counted because somebody at the beginning of the month was employed by one public service organization and by the end of the month was employed by a different public service employment employer. But when their payment was made, they were not employed. And so the person is not counting this this month, where you have qualifying employment on both sides of the month as a qualifying payment. And so we're getting into these very wonky little things where I would really like to see something about making sure and I can propose some, some regulatory text here, but something that specifically says, getting at what Heather was raising, you know, the point of this is we're trying to verify that you've been in public service, you know, employment for 10 years and we want to, you know, so long as I don't want to miss those cases, I don't want to get so technical that we're missing those cases. And so I really would like to see some kind of catchall language. And again, I can think



about how to propose that. It sounds like Heather might have some ideas, but I just want to echo that I think we need that because I don't want folks to get caught in these technicalities when they're really doing everything that we're asking them to do.

MR. ROBERTS: Jen, did you want to respond? Otherwise I see Dixie your hand.

MS. HONG: Yeah, no, we'd be happy to see. I just want to be clear that you don't see the current proposed tax, the proposed tax before you as capturing those scenarios.

MS. LILLY: I don't because you're not, it's so, this is the problem when you have any type of regulatory language, right? Like, I know that the Department or at least the servicers position on this payment is that it doesn't count. Perhaps that's different than the Department that the services are serving as representatives of the Department in these contexts. So if that's not the Department's position, that's great. But the regs are the way the Department expresses that position. And I don't, you know, I would have that question about this the very first bullet here like paying the full schedule a month due for a monthly payment under the qualifying repayment plan. Great. Does that include payments made when an individual is not

technically employed at that time by public service employer, but will be during that month? Like and that's it's very technical, it's very wonky. I think you're trying to get the language to cover those circumstances. That's very clear that the Department wants to be generous with this, but I just don't know that it captures that without some type of catchall. Does that make sense?

MS. HONG: Yes, and yeah, if you could get us some language that you feel is more encompassing, that would be helpful. Also, I just wanted to point out, we're going to get there, but at the top of Page Six is the language that we brought to session one regarding the quest for the number of months under this section that the borrower would have been obligated to make had the borrower not received a deferment of forbearance. I just want to make sure that you have that language in terms of getting credit for those. -

MS. LILLY: It must be somebody who's normally in a payment like who's regularly in a normal payment plan isn't in forbearance or default, like is just making their monthly payments and they're transitioning.

MS. HONG: Yeah, no. I'm sorry. This is separate from the issue you (inaudible) but it was raised

earlier and I just wanted to point it out in terms of switching. If a borrower is put into forbearance, we're still trying to catch and count those as payments.

MR. ROBERTS: Thanks, Jennifer. Dixie, go ahead.

MS. SAMANIEGO: Yeah, so I just wanted to hear from Jennifer or anyone from the Department what the goal is with the changes that have been made to the tax we've seen right now, what's the Department like what is the goal? Which folks are you trying to impact the most? Because from the tax and from what people have been saying, I don't want to repeat every single thing, but there are going to be a lot of people on this list with these cases, and so I want Jennifer and the Department of Education to articulate clearly what the intention is with these changes. Who are you going to impact the most and who will you miss? So I just I want to make that clear. I want the Department to answer that just so that we all know that the Department knows who they're impacting the most and who they will a thousand percent miss.

MS. HONG: I'm happy to answer that, Dixie, I mean, this entire I mean, I can talk about the rule making generally, but certainly for PSLF because I mean the idea about serving the borrower and the student

is a major tenant of this rule making generally for all the issues that we have on the table. All the discharge issues, trying to automate where we can automate, try to make it easier, remove barriers for the borrower and for PSLF, making it more accessible, being clear on who and what is eligible, trying to streamline the process, trying to make it an easier, clear process for the borrower. This is about the borrower. This is about the students and making sure that if you're eligible, if you work these 10 years in public service. That you will get your forgiveness on your loans. That is the intent behind this rulemaking. That is the intent behind the changes that we're making for PSLF. The intent is to remove any barriers that borrowers are facing and to really ensure that if you are entitled to this forgiveness that you receive it and you receive it in a timely way. That's what we're trying to streamline and we have to balance that against what the statute provides. We have to ensure that it is in fact a public service-- that role that they're working full time, as we define it. We've tried to define that and ways to ensure that it reaches all different kinds of areas, jobs, professions. We want to be inclusive of contractors. We want to make sure we consider the full scope of jobs and people that are working in public service, and we want to be sure that we

adhere to the statute while providing this benefit for students. That is the intent. That's been the intent as we've put our minds into this.

MS. SAMANIEGO: Brady, if I can answer that, it wasn't a question, but I have thoughts. I appreciate that and I appreciate the intention of the Department. However, the impact is what is important here. Your intention can be as pure as you want it to be. Can your intention be to (inaudible) students but an impact? It's not happening, unfortunately. And you mentioned in a timely manner. Ten years, ten years is not a timely manner, right? Like you go from one period of your life into another one in 10 years. Like for me, in 10 years, I could possibly be a parent and I can have an entire career in 10 years, and I could possibly be buying a house or not be buying a house because I'm most likely going to go into public service. And I would not, it would be a while before I would have my loans forgiven. And so, the Department wants to lessen barriers for folks, but doesn't realize that all of these little itty bitty like exceptions and you know, these rules and the regulatory language that we're looking over, it itself poses a barrier to people. And the Department, and I will continue saying it, has not focused enough in my own opinion as a student enough on the challenges it faces on

communication. Yes, the Department wants to do, wants to service the borrower in a timely manner, right? Wants to center them, and it still fails in communication time and time again, over and over again. And even folks who are experienced in public service have said this to me and PSLF, right? I work with folks who are like in loan forgiveness, right? They're making their payments and they're all like, I still don't understand it. And these are seasoned professionals. These are people with multiple degrees, right? Like, they're not like. So, there are some there is a disconnect, a large disconnect that the Department of Education says it recognizes but won't do anything to change. Thank you. Won't do anything to change. And so yes, you want to. You want to give loan forgiveness to borrowers in a timely manner. But 10 years will never be a timely manner. It will never be 10 years of a life. You are in a different point in your life in a decade. And so that's not a timely manner, and the Department has not valued enough communication. And so these folks who are literally servicing this entire nation in different capacities, they're not being serviced. And so, intentions or well and all, but the impact actually matters. And so I appreciate your comments, but I want the Department to do more than just recognizing that there is an issue, right? You can't just

recognize a barrier and not want to actually dismantle it.

MS. HONG: So real quickly, Dixie. Yes. You know, we are on board and we're trying, we're here today. We're here for the second session. We were very intentional about who we have on this committee in terms of student borrower representation, the one hundred and twenty months to 10 years as stipulated by Congress. We can't do anything about that. But everything that we can do something about, I feel like we have already executed in terms of the PSLF waiver, the temporary waiver, that is under way in terms of operations and communications that's underway. So yes, sometimes the government takes time because of this, because we want to make sure that we have the input of everybody at the table. We want your input. We want your voice. And that's why we go through this process. And that's why the statute requires this process of negotiations and we embrace this process. We really do. And I realize it may take a while, but we've already executed, at least on the PSLF front. We've we are providing relief, really unprecedented relief. Again, people have been encountering these barriers, we've attempted to remove them and we want to make some of these changes permanent. Back to Bethany's point, I just want to point you to Page Four in the middle-- paragraph

A-- during the month for which I want to have you look at that and let me know if that kind of captures the issue you that you were concerned about. Thank you. Thank you for your comment Dixie.

MR. ROBERTS: Alright and Alyssa I see you, but I just to reiterate, I mean, any ideas and solutions as it relates to this process, please don't hesitate to put those in chat, raise your hand and say them and then obviously send them to us so we can communicate them out. We do want to deliberate those, but thank you for that conversation. Alyssa, please.

MS. DOBSON: Sure. And I apologize for my end, this looks wonky with my camera. I'm in the office today and have borrowed technology, so sorry if it looks weird to you as well. I just wanted to bring up something that hasn't been mentioned yet, but I think is really important as far as the structure and difficulty with which students had achieving PSLF. If you remember, I want to say it was about 10 years ago, maybe 2011 or so that we moved to the three year cohort default rate and that put institutions into some institutions into a bit of a panic. And numerous default management companies came onto the scene and their intent while kind of seemed like it was helping the students, their main goal was helping the schools and their main goal was stopping the



default and many times and again, because they were growing so rapidly given that that quick transition from one year to three years. A lot of the people who were helping these students weren't properly trained. And so a lot of times the end goal was the easiest goal, which was many times before deferment or forbearance. Rather than taking into any consideration the type of payment plan that the student should go into given future opportunities, it wasn't even a part of the discussion. And I think that's another thing that we do need to keep in mind as we're working towards these more student centric sort of means and ways of counting payments and considering incorrect payment plans and perhaps even no payment at all, if that was the way that they were advised. It does seem as though, no matter who they turn to, whether it was their servicer or if they had a default management company outreaching to them that the available help wasn't necessarily the best, nor was it necessarily in the in the student's interest, but rather the school's interest.

MR. ROBERTS: Thanks, Alyssa. Joe, I think I see your hand next.

MR. SANDERS: Yeah, so I want to pick up on Persis and I'm sorry, the Financial Aid Representative, Alyssa, who just went, their comments

about how students get steered into the wrong repayment plan. First thing you know, I've made a note to myself based on this discussion today to go back and look at ways to just remove consideration of repayment plan because that might just alleviate all these problems. I think the paper that Persis mentioned by Student Borrower Protection Center may have something on this. And maybe that's a way that we can get through these problems, and I'm happy to look for concrete solutions on that front. The other thing I'll put out there is that, you know, State AG's have done extensive work, as everybody knows, on forbearance steering that includes servicing that includes default management. And so to the extent that State AGs have data showing that specific borrowers were steered. Is there a mechanism or a provision similar to like a Borrower Defense Group discharge application where AGs could come to the Department and say, we think these borrowers should have these payments credited?

MR. ROBERTS: Thanks, Joe. So it did the, it swapped around on my screen again so Michaela, I think I had you next, but you're on the bottom of the list, but I'm going to, you got three minutes.

MS. MARTIN: Perfect thank you, I think I'd turned off my camera for a second and I messed up the order. I had just three points to touch on. One was that

the conversation around payments on defaulted loans. There is a letter that I'll put in chat that also came from a series of U.S. Senators and Congress folks that also acknowledges that that the need for those temporary provisions within that waiver surrounding consolidation to be included and not start over that timeline. I'm not sure that that is in this, that we will keep that availability to consolidate with having your timeline start over. That's kind of the first two, and then the third, Suzanne put in a PDF that has some really great regulatory suggestions, including kind of an answer to the issue we're having around during the month for which a payment was made, where we could expand that to look at also the annual hours within a year. So we're not so focused on did you transition jobs or did you do this or were you not actively employed for that particular month? And will it or will not count? When for the whole rest of the year, you've been at full time employment and in that, you know, in the aggregate, you would have reached that, but you're not having particular payments count because of this being really stuck in the month for which that payment was made. And so I really just wanted to highlight that PDF, and there's some other really great suggestions within there that I hope that maybe that can get sent out and considered. And then I'll also put that

waiver. But again, ensuring that some of those temporary things within the waiver are included as permanent changes within this regulation.

MS. HONG: So, Michela, just remember I'm trying to keep all your questions in my head right now. So the first one, remember the consolidation-- you have until October 31st, 2022 to do that. So, so long as the borrower consolidates by next year, they can avail themselves of that benefit.

MS. MARTIN: What about after? And why is that? Why are we not considering that for permanent modification to the regulations?

MS. HONG: I don't believe we can. I think we've done everything that we can in terms of making everything that you see here is making permanent what we can from the waiver. You know, there're some flexibilities with the waiver that we simply don't have normally. We're making that waiver, it's a temporary waiver. So, the things that we're making permanent are the payment counting and then to a lesser extent, the deferments and forbearances. Yeah, and well --

MS. MARTIN: I thought that the waiver couldn't permanent because we were the permanent rulemaking body. Or am I misunderstanding that process? Like the waiver, can't be permanent, but we could make it

permanent by putting it in this.

MS. HONG: Right, but--We're waiving statutory provisions through the PSLF waiver due to COVID to provide that consolidation opportunity for borrowers. That's not something we can do through this rulemaking. But we're pretty much doing mostly everything else that we can. Everything, everything else that we can do, we're doing. Meaning having the authority to do and I see Soren has his hand up, so --

MR. ROBERTS: I was going to say yeah, Soren, if you wanted to jump in.

MR. LAGAARD: Thank you. I just, thanks, Jen. I just wanted to quickly address Michaela, one of Michaela's points on a point made earlier about default and the rehabilitation agreements that unfortunately, just as Jen noted, the statutory text clearly says that we can cancel any eligible federal direct loan not in default and rehabilitation agreements are made and those nine payments are made while you are in default. So just wanted to address that and follow up on that.

MR. ROBERTS: Thanks Soren and thanks Michaela and Joe for dropping those notes in the chat. Carol, go for it.

DR. COLVIN: Two quick questions on,

and this is in regards to default. It's possible that a student, who would be deemed eligible for before, receiving well, if a student made 120 eligible payments, and at the time of making those payments, their organization was not eligible, later, they fall into default. Based on this language, is there a way that they would be eligible to be considered once this rolls out, if their profession is now considered under this guidance, or if their organization were later approved, if they're in default, but they were eligible after making 120 payments, could those be considered? Is that addressed anywhere in this language?

MR. ROBERTS: Jennifer or Soren if you have an immediate response, go ahead and unmute. Otherwise, Carol if you just want to drop those in chat if they need some time to think on that.

MS. HONG: Yeah I just, so, Carol, the borrower is in default when at the time that the borrower is applying for --.

DR. COLVIN: Right, if the borrower were in default at the time that their either their profession or their organization became eligible, but they had already previously made the payments required in order to be eligible.

MS. HONG: It would seem to me that

they would not if they've gone into default, that they would not be eligible, but I don't know if Soren has more to add to that.

MR. LAGAARD: I agree with Jen, but you know, this is something we can take back if you can map out the exact scenario that you're envisioning here and we can take a look at it.

MR. ROBERTS: Alright thanks, Carol. (Inaudible) pop that in the chat. Persis, I see your hand.

MS. YU: Yeah, no, I think this is an excellent point, and I just want to emphasize it some more that, you know, we're making, we're expanding the definitions and the eligibility for Public Service Loan Forgiveness in the ways that people can qualify. But we're doing so in a way that is consistent with a statute that has existed for more than 10 years. And so it seems like, but for the fact that the Department had previously had a very restrictive way of, you know, defining Public Service Loan Forgiveness, these folks would have gotten Public Service Loan Forgiveness and they would have qualified. And I think that's why it's so important. I mean, again, coming back to retroactivity, I think these folks would have qualified. But for the way that the Department previously defined it, which was more

restrictive than the statute required. So I think I would really urge the Department to go back and look to see ways that if someone would have done something, maybe they would not have defaulted, right? And so I think that's a really important thing to consider and to try to find a way to get relief for these borrowers.

MR. ROBERTS: Suzanne?

Suzanne: Yeah, and then another scenario where default could be implicated, where I want to understand why we couldn't extend it. What if someone is in repayment for five years, you know, defaults and does rehab and gets back into good standing? I mean, why, why wouldn't we credit them for that time? Even if you know I'm proposing even just even on a slightly narrower view, I don't see why, if at the time of applying for PSLF, the loan was not in default, I would still think he would be able to count that 10 months that they were in rehab if they actually got out of it at minimum. I also agree with Persis that we should be more expansive, but I wanted to flag that as well.

MR. ROBERTS: Does the Department want to respond?

MS. HONG: No just, we're taking this in.

MR. ROBERTS: So I'm not seeing any



more hands right now, if, Jen I'll turn it back over to introduce the next section of the oh, Joe, I'm sorry I see your hand.

MR. SANDERS: Sorry, just very quickly. To go back to that point, and I'm sorry if I'm repeating stuff other people have said, but now qualifying repayment plans and the problem of forbearance steering, I don't see anything in the statute that would restrict making any kind of payment plan qualifying, and I think that the Department did some of that with the waiver. Could we just either have qualifying repayment plan mean like any repayment plan or just eliminate that term? It looks like we've got a lot of red ink around, on this issue, paper about what qualifying repayment plan means, the term only appears five times. So it seems like. I don't know. It seems like there's room here if I'm missing something, and there's a reason that we can't just eliminate qualifying repayment plan, let me know. Otherwise I'll probably put together some text and send it over and see if maybe it works.

MS. HONG: So, Joe, the statute does define an eligible federal direct loan.

MR. SANDERS: Yeah, but that doesn't mention repayment plan. Let me pull it up again.

MS. HONG: Right. And they do define

repayment plans as well. Under M.

MR. SANDERS: Under M. Okay, I'll take a look at that.

MS. HONG: Ok, yeah, yeah. Have a look.

MR. SANDERS: Thank you. I'll take a look. Yes, thank you.

MR. LAGAARD: Yeah, this is Soren, and we'll we're happy to, yeah if you've got something to send over, take a look. Thanks so much.

MR. ROBERTS: Great, thanks. So, Jen, I'll turn it back over to your team if you want to reshare the reg text.

MS. HONG: Yes. And while we're pulling that up, I just want to be sure I did tag back to Bethany regarding the language in the middle of Page Four under borrower eligibility, but we added this language after hearing from a public commenter during the month for which the borrower satisfied the 120 monthly payments described under paragraph C13I of this section that they (inaudible) I mean you could chew on that Bethany-- just trying to see if that --

MS. LILLY: I was going to follow up with you separately in writing because I think that might be more useful and productive than this discussion. But I will just say, in short, because it's limited to the

month for which the borrower makes (inaudible) satisfied the monthly payments, it seems limited to just folks who are applying for discharge, not to payments that may or may not count. And so that is my short response, but I will give you some more detailed responses in writing because I think that's just more productive than us going back and forth at this point.

MS. HONG: Sounds good, thank you.

Okay, so we left off here on (inaudible) forbearances, Okay, also under page, under deferments on Page Five. I just want to see something happened here. Yes, okay. Deferring or forbearing payments on my copy B accidentally dropped off. You see it here. So this was proposed in session one. I don't know. It accidentally inadvertently got dropped off of my draft, but, so I just want to be sure that that's there's these two deferments captured there. There was a question in session one regarding the cancer deferment. The deferments are statutory, so we would not have the authority to further add to that piece. Well, also, we wanted to address the issue on being improperly placed into a forbearance just to note that we have the inherent authority to make account corrections. So where we identify issues with this, we can make those corrections administratively. In other words, we don't need to include them in the

regulatory text. So subparagraph three at the bottom of the page---

MR. ROBERTS: I'm seeing a few hands Jennifer, if you, so Bethany, I saw your hand go up but it's down. Do you want to?

MS. LILLY: I just realized we maybe we're not waiting, we're getting further down, but specifically on the on the deferring or forbearance payments, just so that I'm clear in my understanding this is limited to just one deferral deferring or forbearance payment for up to 12 months when you're in service? The formatting on this is a little all over the place. So I just I'm trying to make sure that I understand this is. It's that the text is limited of sub sorry, little sub B is limited by the text of sub A below it, right?

MS. HONG: When you say limited, you're so A, yeah, A corresponds to five.

MS. LILLY: Okay, so the aside from the following Department payments that are covered in sub four Sub B is just one type of deferment or forbearance payment, right?

MS. HONG: A is, correct, yeah.

MS. LILLY: Okay. To the discussion that we've all had, I just want to flag, I would support proposals that have been made to just say all deferring

or forbearing payments and default payments, but that's that has been thoroughly discussed at this point. I just wanted to make sure I understood this what the proposal.

MR. ROBERTS: And, Jennifer, if you're able to pause just a brief, I see Joe's hand.

MS. HONG: I'll take Joe's comment.

MR. SANDERS: Thanks, Jennifer. I take your point about having the inherent authority to redo the payment count. I'm wondering and I mentioned this earlier to the extent you can comment on this now. How does a how does a borrower get that in front of the Department? Right, or state AG or anybody else who has evidence of borrowers being improperly placed in forbearance. Right I'm a borrower, my servicer told me, yeah, you're good to go in PSLF no worries. Alright, but I'm in the extended repayment plan. How exactly? The current mechanism for a borrower to address that going through a servicer or, you know, going to the ad ombudsman, you know, are not particularly accessible, although hopefully those things are changing. And maybe this is outside of the scope of the negotiated rulemaking here, but I'm just, yes, you guys have the authority, but borrowers don't have a way to access that right now. So for your consideration.

MS. HONG: Right, so we we're thinking

about that in terms of the reconsideration process, if anywhere. So either in the reconsideration process, or to the extent that the Department is made aware of this or noticed any kind of patterns or practices that we can identify and redress, we will do that. But it seems like the reconsideration process may be a good place for that to arise.

MR. SANDERS: And by reconsideration, you're talking about the limited waiver or something else?

MS. HONG: No, the proposed reconsideration that borrowers can receive on Page Six. So in the event I'm sorry, Page seven under G, which we'll get to. But that was actually what we put forward in session one.

MR. SANDERS: Yeah. Ok, got it. Thank you.

MS. HONG: Mm hmm.

MR. ROBERTS: Jen do you want to just finish walking through the text? Persis, I see your hand, but it might help just to guide the overall discussions if we get to a convenient stopping point in the proposed reg text and then --.

MS. YU: I just had a I just had to follow up on what Joe was saying. Because I think I mean,

I think Joe's point is correct, that it would be very administratively burdensome for a borrower to raise these types of issues, and they are they are widespread, which is why we've seen numerous, you know, state and federal regulators suing for these practices. And borrowers are not in the best position to raise these issues. And the Department is in a much better position to know widespread abuses in this format, which is again, why I think going back to the language that's been proposed by this, (inaudible) Borrower Protection Center, that they have language that would capture when the Department knows of abuses that it could apply time for these forbearances, and so I think it's important to not put the onus onto individual borrowers to prove that malfeasance happens when they're in the worst position to try to prove this.

MS. HONG: Yeah, I mean, I just emphasize again that to the extent that we are able to identify certain practices, the owner of a single borrower, we will redress those issues and take your comment into consideration. So there's not a whole lot more left, but I will keep going forward here. Let's see, a minute. Okay. So, yeah, at the bottom of Page Five, the piece on the service as a member of the U.S. Congress is not qualifying on employment. We just move that from

an earlier place in the regulatory text. So Page Six, and edit to subparagraph two Roman one. We added the clause after suggestion by the negotiators, again to flag the automated process where applicable, and that is under two romanette I, a borrower shall provide information about the bar's employment and employer on a form approved by the Secretary.' And then the language we added was 'which must generally be certified by the employer, except when the Secretary possesses sufficient information to determine the borrower's employment and employer.' And then right under that, we just changed 'signature' to 'certification.' Page Seven. This is again pointing to the reconsideration process, notwithstanding Persis' comment, where we said that a borrower or any other entity could flag the issue about forbearances for us. We changed at the end of paragraph G, we changed 90 to 180 days for those that were denied requesting reconsideration again to give individuals extra time. And then right under that, just right under subparagraph two, just minor technical edits to make that section a bit smoother. From what we provided in session one. And then finally, you see a section on reporting out for the guarantee agency on Page Eight. I want to draw your attention to where we are flagging for guarantee agencies to report more information about the borrower to the



Department through NSLDS. We decided that this was the best way to address improved borrower (inaudible) because it will allow us to conduct direct outreach and minimize additional work for FFEL lenders while ensuring consistency of information sent to borrowers. So we'd appreciate some feedback from Jaye and others on that piece. Originally, we had it under lender disclosures. After further analysis, we found that this would be the actual, more accountable and consistent way from the GAs on the information that they're providing.

MR. ROBERTS: And that that covers all the reg text, four issues four and five, right, Jennifer?

MS. HONG: Yes, that brings us to the end of the reg text.

MR. ROBERTS: So in that case, Justin, go ahead.

MR. HAUSCHILD: Yeah thanks so much. So I want to talk a little bit about the application, not required language, I understand there's no changes to that, but just want to take a second to underscore a point I think I've made a bit yesterday that I think we need to be more intentional when we're talking about automation here and forward thinking. I think here I would love to see Shell forgive rather than made. But to the extent that Department is uncomfortable with Shell,

at least match it with the other language it's using in the application not required kind of provisions in CSD, for example. And just say the Secretary forgives alone under the section without an application to the borrower. I mean, we already had if the Secretary has sufficient information, I would love there to be language that would ensure and encourage the Department to obtain that information and continue improving its processes for making sure an application is not required, but that that might take some additional creativity. But I would just encourage the (inaudible) match other similar language and other regulatory requirements. Thanks.

MR. ROBERTS: Thanks Justin. Joe.

MR. SANDERS: Sorry, it took me a second to get to my mute. Okay. Two things. One, I like this idea of the Department doing the outreach on the FFEL loans, is the idea here that instead of the FFEL servicer being required to tell the student, hey, you're in the wrong one for PSLF now the Departments going to do it. Is that correct? Or am I missing that?

MS. HONG: That is not quite correct, we originally had put this under their notification, but frankly, there's no good way to enforce that and to ensure that they're providing good quality information. So the idea is that they're reporting back to us what

they provided to the borrower.

MR. SANDERS: They're - okay.

MS. HONG: And NSLDS.

MR. SANDERS: Okay, and so after the limited waiver opportunity, and maybe I'm in the wrong place again here, so bear with me. After the limited waiver opportunity is over, the previous version of this said like, oh, they have to tell them you're in the wrong loan. But now they have to tell you if the borrowers, they have to give you a bunch of information that would that you could use to determine whether the borrower is in the wrong loan.

MS. HONG: Correct, so, so currently there's nothing currently there (inaudible) then in session one, we say what about we're going to notify them about the PSLF, direct them to the website. But after further analysis, our Office of Federal Student Aid said, hey, actually, they're more accountable to us if we do it this way and we can ensure that the information they're providing is more consistent.

MR. SANDERS: Okay, and (inaudible). But there's no require they just have to tell, and we're at the very bottom of the last page, number four is what we're talking about, is that right?

MS. HONG: Very end of Page Eight.

MR. SANDERS: Very end of page eight, yeah, right, yes, okay, that's right. Okay, yeah. And then, what does the Secretary, I mean, is there anything in here that would force the Secretary to do anything with the data that's come in.

MS. HONG: Well, again, remember, we generally don't want to force the Secretary by regulation, but certainly the Secretary has the authority then to follow up on these issues.

MR. ROBERTS: Mm hmm. The limited way of opportunity is great. I think it's awesome. The problem is that it's only a year long, and I know you guys are probably constrained by statutes that you can't necessarily extend that forever. But I'm just wondering what happens to FFEL borrowers after that. And, you know, where, so I like the idea of reporting to you guys, I think I need to do a little more thinking and I'm interested to hear what other people think about this, like what should happen to FFEL borrowers that don't make the waiver? So and with that, I've been going on forever, so I'll stop.

MS. HONG: Yeah, I think it's a good question, Joe, but we're hopeful, we're hoping that some borrowers avail themselves of this opportunity within this year.

MR. ROBERTS: Thanks, Joe. Jaye, you're up.

MS. O'CONNELL: I think I got a little more confused in that conversation, so I think we understood that this change to be in lieu of the disclosure, which we've heard they don't help, people don't read them, not effective that we, as FFEL holders guarantee agencies would have increased data points that we provide to the Department. So then we would you would make changes to NSLDS to accommodate new let's say history-type information. And that would be for the purpose of you making notices? I think that's where I got confused in the earlier conversation with Joe. So you would be looking at data that we provide and saying, Okay, well, this combination or are you using it to evaluate eligibility? Or to hold us accountable? I think I'm just lost in the purpose. Because I was reading off the note that said it was about notices.

MS. HONG: Yes, I think the accountability comes in with the consistency of information. It is, you know, the ability to conduct the outreach that we need to conduct based on the information provided to us through NSLDS. And just like you said, a disclosure that may not be very meaningful for people.

MS. O'CONNELL: Okay, thank you.

MR. ROBERTS: So saw a few hands, but Jeri, you're up next on my screen.

MS. O'BRYAN-LOSEE: I just want to say I have gotten my email from the Department of ED saying I'm one of the 550,000 people that's going to be reevaluated. I've heard nothing from nothing from my fellow people, but I did hear from the Department of ED. But I will tell you, and it speaks a little bit to what Joe was saying. This terrifies me that we have a year to get a hold of all of the FFEL people. I mean, I give student debt clinics every one of our paydays, and I'm getting hundreds of inquiries and hundreds every day ever since the announcement came out and people who were so earnt from their experience while they were in repayment before and trying to do things correctly. Just the emotional burden of trying to get over 'I tried to do this once I was told I was an idiot and I can't do this now. Why do I believe it now?' is huge and like I got my email, I'm looking for it because I know to look for it, but for people who can't look for it or don't look for it, I'd like to see a commercial from the Department of ED after every freaking SoFi commercial where people are going to lose public service loan forgiveness options if they if they go that way. I mean, I'd like to see billboards. I'd like to see the Goodyear Blimp making

rounds. Any way we can get this out because this keeps me up at night for those 550,000 people at least who are going through that. And so any way that any way we can get the word out, I'm happy for my tax dollars to go towards billboards and commercials. I think the more we can get that information out, the better.

MR. ROBERTS: Thanks, Jeri. I think I see Daniel's hand next.

MR. BARKOWITZ: Thank you. Yup. And this speaks to I again, I would love and I know I imagine Jennifer, you're looking for this from your colleagues and the Department, I'd love an update on where we are in terms of the waiver and what the process has been and what our status is, so.

MS. HONG: Can you put that in the chat? And I meant to loop back with you we're trying to get that information --

MR. BARKOWITZ: Great thank you. The other question I have, and again, I'm just I'm reading the statute for the enabling law, for what is the text is the College Cost Reduction and Access Act. I'm wondering about the consolidation issue and specifically if the clock reset that occurs in consolidation. I believe that is not statutory because again, looking at the way it's laid out, it's 120 payments. But it doesn't say anywhere

in statute that as long as the original payment and the follow on repayment both categorize or classify as eligible repayment periods, I wouldn't necessarily see a need to start the clock again. So I wonder if that is an issue that can be addressed that if it's possible for us to ignore the clock restart for consolidation where the payment period, the payment plan before and the payment period after payment plan after both qualify.

MS. HONG: So I mean, we've explored our authority to do this. So yeah we'll take your comment and continue to explore but we've really, what we're presenting here is, you know, everything that we've been able to do to date and have explored our legal authority to be able to do.

MR. BARKOWITZ: Okay, and again, I'm just I'm trying to see where in statute again, what I see is a need to be in one of the payment plans and need to make one hundred and twenty payments, but not any mention of consolidation as a reset. So that would be that would be a strong suggestion on my on my part. I think that would go far to alleviate some of the concerns. Not all, certainly, but some of the concerns of the temporary waiver.

MR. ROBERTS: Thanks, Daniel, so I see Misty's hand and then after that, I think we're just



going to have a quick 10 minute break. Justin, keep your hand up (inaudible) after the break but then once we're through with the discussion, we'll do a quick temperature check on four and five as well as your ideas and solutions and suggested text for the Department and then move to the next issue. So Misty, three minutes and then we'll go on break.

MS. SABOUNEH: I just wanted to add to the need for communication from the Department of Education around this PSLF waiver. I was listening to a call with a student recently who was scammed by a company saying that the student qualifies for Public Service Loan Forgiveness and the student was paying auto debit into an account over a year-long period that was really going nowhere, and so increasingly, with this one year waiver, students are very confused. They're getting scam calls all the time. And unless I've missed this, I don't think we know who the actual federal servicer is going to be who'll be servicing this program, which is one additional kind of ambiguous pieces to this. So the more communication, the better, the more consistence. And we as institutions, I think, would also want to partner whenever possible to get communications out from brands that they trust and that they know it's their school, maybe there's a joint effort in that because we don't

want anyone to miss the opportunity where they qualify for this.

MR. ROBERTS: Alright, thank you, Misty. We're just going to a quick 10 minute break, so if we just want to be back at 2:40, sorry, I was a bit overdue on that one. And then Justin, we'll get to you and then we'll pick back up at 2:40. Alright, welcome back, everyone. It is 2:40 right now, so we're about 50 minutes out from public comment. So if you if you did get a confirmation email to speak, feel free to log on a little bit early just so we can get you all set up, but we'll start that promptly at 3:30. So I saw Justin's hand, but Jennifer, I know that you wanted to return to a previous question, so, go ahead.

MS. HONG: Yeah, I just want to put a finer point on Daniel's question about restarting the clock after consolidation. I want to make it clear that we are doing that through these proposed regulations so long as underlying loans are eligible. We can't do it for FFEL. So, that's the limitation-- is the eligible loans for PSLF. So that is the limitation we're facing. That's why we're providing it through the temporary waiver through next year. But we are stopping the restart on the consolidation clock through these proposed regulations for other qualifying loans. So, just want to make sure

you have the right answer on that one.

MR. BARKOWITZ: Thank you for that clarification. I appreciate that.

MR. ROBERTS: Thank you. Justin, go ahead.

MR. HAUSCHILD: Yeah, thanks. Jennifer I appreciate that it's actually part of the question that I one of the points that I want to ask about here. And I guess is it is there a is there something statutorily that is preventing the Department from chaining together what would otherwise be qualifying payments? I guess irrespective of the fact that, you know, a loan was consolidated into a qualifying loan at a certain point, I guess. Does that question make sense?

MS. HONG: Could you talk more about that-- chaining together payments? (Inaudible) your question.

MR. HAUSCHILD: Sure. I guess I'm wondering, you know, for payments made on a loan that's eventually consolidated to a direct loan, for instance? Is there a reason the Department can't essentially count the full string of qualifying payments? And maybe if I misunderstood Daniel's question.

MS. HONG: Oh, so long as those underlying loans qualify, we are counting those through

these proposed regulations.

MR. ROBERTS: Okay, the last point, this was my own negligence. I forgot to circle back prior. But Jennifer, you had asked, I think asked about this. I had raised a point that there are certain Veterans Serving Organizations that we believe are still currently embedded, even with this proposed regulatory text. And just to make clear the basis for that under, under our understanding, it's because most Veterans Serving Organizations are considered 501C3s and they we don't believe that they would fall under kind of the other organization provision I'll call it here because there's still a stipulation that it needs to be public service work as defined in the regulatory text here. And when we look there on the definition of public service, you know, we don't see a way for, you know, the services provided by a veteran service organizations. We're not seeing that included. So that's kind of the basis for why we think organizations that might be 501C19 Veterans Serving Organizations, for instance, aren't included here, but we'd be happy to submit language. But again, I think we just want to be clear on where the Department would prefer to see this fixed in the regulatory text so that we can provide helpful language. So apologies that we're a little out of order on that, but.

MS. HONG: No apologies. I actually want to be clear as well in my guidance to you regarding the definition of military service, because I think that this definition applies to those non-C3 organizations that serve the military and veteran organizations. If you could take a look at that again to see whether that definition may encompass those organizations that you're referring to. And if not, we can put something forward.

MR. ROBERTS: Okay yeah, and that was one of our potential understandings of that language. And so, you know, to the extent that that's what we're trying to do there, we might just you might offer an alternative language and I'm going to sub in my alternative who I think would like to speak on this quickly as well, thanks.

MR. ROBERTS: And just for folks who are tuning in, it's Emily DeVito. But first, Jaye I see your hand.

MS. O'CONNELL: So, just a couple of things, so going back to the NSLDS data, this may be a little bit in the weeds, but in terms of for us all to be successful in getting you the data that we have available, it would be great if we could be consulted as part of the development of how that how that happens, how we report and such. The other thing I wanted to just

follow up on Misty's comment about scams, and just as a pretty small FFEL (inaudible), we are getting some calls from borrowers where they're asking, they're asking us if we've contacted them or people in their family. And we have we are not. We have no record of contacts, so we're not exactly sure what the form of this scam is. But something seems to be happening since the announcement of PSLF. So they're getting calls from a third party that is not VSAC who's saying they're VSAC. And it's around this topic, so I think in light of the comments, the communication, in the absence, some of the bad actors tend to pop up in these situations, and we're starting to get a sense that that could be happening.

MS. HONG: Thank you for that flag Jaye --we'll definitely make note of that.

MR. ROBERTS: Thanks Jaye. Joe, go ahead.

MR. SANDERS: I just want to return to Page Five and again thinking about forbearance steering. I went back and I looked at M and I see what you're talking about, where am defines M of the in the statute 1087 defines the repayment plans. And I'm wondering on Page Five of the current issue paper you have, you have some deferments that are listed there. Cancer deferment, Peace Corps service deferment. And I'm wondering what

authority you have to include those deferments and how broad that authority is or isn't? So that may be a question for Soren or Jennifer, I guess.

MS. HONG: So those are, and Soren please jump in, those are lifted from the statute, so.

MR. LAGAARD: Yeah. Just when I was going to say, Jennifer. That's correct.

MR. SANDERS: And are those in M or are those somewhere else?

MS. HONG: I believe they're elsewhere, we can dig that up for you.

MR. LAGAARD: Yeah, we could get that.

MR. SANDERS: That's fine. It's in the same, it's in the --

MR. LAGAARD: (Inaudible) 455, yeah, but not maybe M.

MR. SANDERS: 20USC 1087E?

MR. LAGAARD: Oh yeah. Yeah, I think that's the equivalent in the code.

MR. SANDERS: Yeah, yeah, yeah. Yeah, right, Okay. Are there have you considered in that where you pull those from, are there other forbearances or deferments that you could include here?

MS. HONG: Not so much deferments. Possibly forbearance. Did you have something that you had

(inaudible)?

MR. SANDERS: Yeah, so, you know, I mean, I'm thinking about like, OK, like how can we fix forbearance steering with like without having to dig into, like, you know, review all the phone calls and like see what the borrower was told and make it easier, right? So I had suggested earlier getting repayment plans. Okay, that doesn't work. You've got those repayment plans that you have to consider there. Is there a way to add in more forbearances and deferment so that if people had gotten steered into these things, it wouldn't matter? And I can do more research on this, but I wanted to, you know, pick your brain.

MS. HONG: Yeah, we did our analysis of this and this is where we landed in the proposed language. If there's something else that you're aware of or --

MR. SANDERS: I'm just thinking you've got a lot of people out there that have a lot of time spent in forbearances because the servicers gave them bad information, and so I'm trying to correct for that. What about the Department's, you guys have the authority and I'm going to get the terminology wrong to like to settle any loan that you want to. Settlement and compromise authority or something like that. Is there any way that



that could be leveraged to account for forbearance steering in an administratively streamlined fashion.

MR. LAGAARD: That's an interesting question, we can take it under consideration. I don't know if Jen had anything else to add to that.

MS. HONG: Yeah, I think if we count all forbearances equally... can create a large loophole in the program, so we landed here on these to reflect when someone gets put into forbearance automatically, or they're doing something that we think aligns with PSLF. So, for example, economic hardship, you'd have a zero payment on IDR anyway and military service you're doing PSLF-eligible work. So again, this is where we landed. These are the ones that we think are most pertinent and relevant to this program.

MR. SANDERS: Right, and I can give you guys something concrete, but what about something along the lines of moving away from forbearances to talk about repayment plans, right? Somebody is in an extent, you have TEPSLF but there's a question there on appropriations, correct? So if no more money is appropriate, that will eventually run out. And would it be possible to leverage a compromise authority to say, cover all repayment plans? Anyhow, I'm putting that out there, let me do a little more thinking on that and see

if I can get you guys something more concrete.

MR. ROBERTS: Yeah, thanks, Joe, you just want to, if you wouldn't mind, I know there's a few unanswered questions. I just want to populate the chat with those just so we can have a record of those. Thanks, Emily, go ahead.

MS. DEVITO: Hi, good afternoon, and I appreciate your patience with us, Jennifer, as we really just try and nail down as intense so we can best provide insight into what would define separately military active service that's long qualified and also what would capture military service organizations and veterans service organizations. So circling back to that, the definition provided for military service that first covers active duty, I'm sorry, U.S. Armed Forces and National Guard, and then goes on to divi- to define veterans of those organizations. So long as such, services are provided because of the individual status as being a member. Could you share what is that trying to capture? What would a veteran of the armed services or National Guard, what service would that be, is that intended to capture a VSO employee or VSOs that are not otherwise captured in the 501C3 definition? And what in general is this trying to capture outside of the qualified employer of US-based federal, state, local government organization or agency?

MS. HONG: Right, so this is really-- and we could do some wordsmithing on it further. This is really intended to capture those VSOs as nonprofits serving the armed forces or veterans, even if they aren't C3's. Do you have, yeah, specific organizations in mind that you want to share? I mean, because that might be helpful.

MS. DEVITO: Yes. And so particularly and as I shared last session, this please understand this is not exhaustive, but the two that I'll just name happened to be some of the largest. They encompass a large number of employees in the VSO space, being Veterans of Foreign Wars (VFW) and Disabled American Veterans (DAV) who also both are some of the primary VSOs responsible for working with the VA directly, as with accredited representatives who process VA, or claims for veterans. And also, what I would want to share is also these employees, like any VSO 501C3s that are already captured are largely we employ veterans but are not entirely. So, these are these are employees, a lot of military spouses, military family members who are employees of these organizations. So that was the first red flag in this verbiage if it's intended, only to apply to veterans who are working for these organizations. But I think you already provided clarity where I think if we

could provide some recommended language to capture VA-recognized Veteran Service Organizations that are 501C3s separately from active-duty service and the eligibility that's acquired there.

MS. HONG: Yes, that was the intent here.

MS. DEVITO: Okay, well, great, so we'll look forward to that.

MS. HONG: Thank you.

MR. ROBERTS: Thanks, Emily. Bethany, go ahead.

MS. LILLY: Hi, I wanted to go back to Joe's questions about specifically the forbearance payments, because you mentioned that you wanted to include circumstances in which people are forced into forbearance effectively. And one of the circumstances we discussed in the last session that I don't see on this is when folks are transitioning from one payment plan to another. I'm not sure if I'm missing it, but it seems like it should be under that sub V on Page Five, since that's where you're trying to capture those. So I just I wanted to flag again that that's something we'd like to see included. And I would just again urge the Department. I understand you've done your analysis. I'm really looking forward to seeing Joe's and Joe's suggested

revisions. But I this is one of those things where I really think any type of flexibility you can give here, I mean by definition of folks are going into forbearance, they're probably not in the best circumstances. And so flexibilities that we can provide there are really important. And so just flagging again, that that is something where anything the Department can do to expand that authority, I think, would be really important.

MR. ROBERTS: Thanks, Bethany, so I see Persis and Michaela, I'm just keeping my eye on the clock. Right now, it is three o'clock, so I think we'll likely move into just a quick temperature check after those two comments unless any other folks have some final words. And then I just want to again encourage folks who are signed up for public comment to log on early just so we can transition right into that and get as many of those as we can. So with that, Persis, go ahead.

MS. YU: Thank you. So I again want to speak to support Joe's comment using I like his idea of using settlements and compromise authority to create this broader exception so that we can include forbearance time and extended repayment time. I think we have a lot of examples. I mean, the entire purpose of the TEPSELF program and of the waiver is because we know that these problems exist. And so then to go back to Jennifer's

comments, this creates a big loophole. I think the way that you solve that loophole is through better servicing contracts. And I think you can use accountability through the servicing metrics in order to ensure that that --

MR. ROBERTS: Persis I think you might have muted yourself just halfway through.

MS. YU: Ah, I'm sorry about that. So hopefully where I left, where I got muted was in saying, Jennifer mentioned that there she was concerned about loopholes, right? And so I think the way that you ensure that loophole that doesn't become a loophole is that you have better servicing and you have better you have better enforcement of your servicing contracts. We know that there's a lot of problems and it comes back to accountability. So I think it's okay to provide this wide flexibility if you both have servicing contracts that provide for accountability of the servicers, but also not to be a broken record, but this comes back to Income Driven Repayment, right? Make Income Driven Repayment the most accessible, easily accessible, affordable repayment plan so that borrowers don't need to use the extended repayment plan, so it's easy to get borrowers into Income Driven Repayment instead of getting them into forbearance. I think that's the way that you solve that problem of loopholes is making the things that borrowers

should go into more functional.

MR. ROBERTS: Thanks, Persis. So, Michaela you're going to be our last comment on this issue and then do a quick temperature check.

MS. MARTIN: Yes. Of course, I want to echo what (inaudible) just said, but also what Jennifer is describing that if folks run an IDR, then they had a zero payment and so like essentially they could just do that instead. If they're functionally like the same, I'm not sure why we couldn't just include the forbearances (inaudible). All that I wanted to add there, so thank you.

MR. ROBERTS: And feel free to populate that in the chat as well. So there's obviously a great deal for the Department to consider right now. So again, just the thumbs is just a really read of how people are feeling in the room. And then again, just to remind everyone: thumbs down serious reservations. And we just ask, people, if you haven't shared a serious reservation that might be an idea or a solution or proposed regulatory text to feel free to go off of mute and just quickly voice that. And then anything you want to send along or put in chat would be super helpful. Jennifer go ahead.

MS. HONG: Well, I was just going to

suggest that maybe we should do the temperature check, split it up in terms of like the application --

MR. ROBERTS: Because yeah, because this is involving two issues. So we're going to start, we're going to do it twice, right? So everyone (inaudible). The first will be to issue Paper Four, which is regulatory text as it relates to improving the PSLF process. And then again, we're going to do it for issue Paper Number Five, which is PSLF eligibility. So as much as you can tailor any suggestions and thoughts to a particular issue paper is very appreciated. Yeah Joe, go ahead.

MR. SANDERS: Sorry, I'm just where the division of the two papers I only have one PDF this time is that am I totally off base here?

MS. HONG: So, no, you're absolutely right, and I don't mean to further confuse, but so since we can't split up the regulatory text, we presented the concepts in session one. We put them in regulatory text for session two. But I know that there was kind of more discussion on the eligibility piece. Just I think in order to stay organized here, if we could take up the concepts that are encompassed under issue four, which is more about improving the application process and take a temperature check on that, and then take a temperature



check on the employer eligibility piece. That would be helpful if that makes sense for people. Does that make sense to you Joe? Like --

MR. SANDERS: There's employer eligi --  
. Oh, sorry.

MS. HONG: We took it all together, but we didn't really like the employer attestation-- all that is new to session two. So I just kind of wanted to pull that apart and see how folks are feeling on that.

MR. SANDERS: Okay, so we've got employer. Eligibility, right, the sort of the for-profit questions, all those questions around your employment and then you've got everything else.

MS. HONG: Yeah, improving the application process, payment counting, stopping the clock restart, all those issues are in issue four which has to do with streamlining the application process.

MR. SANDERS: Okay, I got it.

MR. ROBERTS: And Susan, I see your hand.

Suzanne: Yeah, I don't get it, so I'm just going to be candid about this. So I know now when we're in session one and we're in concept mode, that's one thing. But now we have text. So if we're going to do temperature checks, I think we should be tracking a

particular we should have the text up on the screen so we really know what we're temperature checking. Otherwise I think we may not be all on the same page.

MR. ROBERTS: Yeah, I think so, so it's really just if you can basically, given the proposed regulatory text that is in that PDF-- as it relates to issue paper four, which is improving the application process. And then five, which is employer eligibility. Necessarily, it's not going to be a complete kind of separation of the two. But if you can just tailor those ideas and solutions and suggestions-- if you do have serious reservations-- to one of those two tracks.

MS. LILLY: Okay, I'm sorry, I'm with Suzanne on this, I'm just confused, like if you can, Joe helped out with the big picture concepts in terms of so what is what like, I'm happy to do a temperature check on the whole thing. I'm happy to do a temperature check kind of working through the text. I just I'm with Suzanne on this. I'm sorry.

MS. HONG: We could do a temperature check on the whole thing. I think for me, just coming away from this, I just want to be really clear on where people are on the reg text, if there are things that are holding them back and what those issues are. So if we could articulate that at the end, I think that we could

do it--take it up as a whole on the proposed regulatory text that's before you.

MR. ROBERTS: And Carol I see your hand, but that's the (inaudible) your question, but I think we'll go with that if it's okay with that.

DR. COLVIN: Would it be possible to just pull up the document and walk through the sections and do the temp checks that way so that we know this section, this is what we're temp checking.

MS. HONG: Well, I think so, I think Jen, we can do it either way, but we can do one for the entire document and then folks can add suggestions or, and Jennifer I'll defer to you on this, if it's more helpful for the Department to go section by section.

MS. HONG: If that's more helpful to people we can do it section by section, sections of the reg text.

MR. ROBERTS: Vanessa if you want to scroll to the top, oh no okay you're at the top. Great, thank you. And Jennifer, again, I'll defer to you to tee up the exact section that you want to solicit a temperature check on.

MS. HONG: Sure. Let's take a temperature check on definitions, everything from the beginning on Page One through School Library Services,

and then let's stop there at qualifying employer.

MR. ROBERTS: And if you wouldn't mind unsharing the document for a few seconds, just so I can see everyone's thumbs, if they wouldn't mind. Alright, so for those folks who currently have their thumbs down, if you just wouldn't mind coming off of mute or raising your hands for us to get the order of people speaking. And just briefly share if it's anything new or anything to add potential solutions or ideas for the Department. So Justin, we'll start with you.

MR. HAUSCHILD: Yeah, I won't belabor the point. Our concern is around the definition of military service, and so we'll follow up with additional regulatory text (inaudible) thanks.

MR. ROBERTS: Thanks, Justin. Marjorie.

DR. DORIME-WILLIAMS: So for this section, it was just the language about non-(inaudible) employment, and so the 2.5 credit hours, if we could find another way to do that or just remove the language altogether.

MR. ROBERTS: And I'll just reemphasize just putting that in chat as well is super helpful, just so we have it on the transcript. Daniel, go ahead, sorry.

MR. BARKOWITZ: I'm just going to ditto Marjorie, I'm going to plus one.

MR. ROBERTS: Alright. Jennifer, you good for the next section?

MS. HONG: Yes. How about we take everything from the qualifying employer through our eligibility, and we can start on Page Six, or D as forgiveness (inaudible). So again, the new language on employer attestation, under qualifying employer, and then, you know, not much has changed from session one under borrower eligibility. So actually, you take it.

MS. LILLY: Just to clarify, we're doing it until C, borrower eligibility right?

MS. HONG: Through, through C, to D.

MR. ROBERTS: Alright, thank you, Vanessa. And then again, if people just want to quickly do a show of thumbs with thumbs down indicating serious reservations about that second session section. Alright, and if folks wouldn't mind coming off, raising your hand and coming off of mute, and then again, just as before, sharing how they could go from reservations to living with this this section with any ideas, modified text, anything. Justin, go ahead.

MR. HAUSCHILD: Yeah, I'll probably be quick here because there's plenty, I think, and there's lots of the people that need to talk, but again, this is somewhat in conjunction with our concerns about the

definition of military service to the extent that we're not going to cover VSOs there. We would want them potentially somehow included in the language encompassed here. I think we I also have some, we also have some concerns about just generally missing groups of folks that should be included. Again, we talked about VA caregivers in a program at VA. We are aware of other groups that that I think people are looking to have included as well. And so I kind of all of that's at play for us, but I'll let other folks speak to what I would imagine be of the same concerns.

MR. ROBERTS: Thanks, Justin. Bethany, go ahead.

MS. LILLY: Ditto on Justin's concerns. I mean, I think it's all stemming from the same place. I would like to see the elimination of the for-profit restriction in the qualified employer definition. I'd like to see, as I mentioned, some catchall terms in terms of payments counting, and I'm happy to follow up with reg texts, proposed reg texts after this because I think that's the most useful here.

MR. ROBERTS: Thanks, Stephanie. Persis, go ahead.

MS. YU: Mostly ditto Bethany. Strike is a is not a business organized for-profit and include

time counted for forbearances and extended repayment, especially where we have evidence of steering.

MR. ROBERTS: Alright, and Joe.

MR. SANDERS: Same as Persis. Any place where we have evidence of forbearance steering, bad service information of repayment plans, there needs to be some way to consider those borrowers. And consider that time as qualified.

MR. ROBERTS: Alright. Jennifer, do you have everything you need for the second session? Section, sorry I keep saying that.

MS. HONG: Yes, thank you, Brady.

(Inaudible) everything from D again, not a whole lot of changes from the first session. D at the top of Page Six-- forgiveness amount all the way to the end. Again, with the new change right there-- is really about the FFEL and the outreach and the FFEL reporting.

MR. ROBERTS: Alright. One more time. I'm seeing it. I think I'm missing one or two. Alright, great. Thank you, everyone. Alright, well, Justin, thank you for putting your hand up again. Anyone who has serious reservations feel free to raise your hand and then come off of mute, and then we'll give you a chance to voice some. So Justin, go ahead.

MR. HAUSCHILD: Yeah, thanks. Apologize

if you guys hear the train in the background. But here just talked about some concerns regarding the application, not required language. I think that that should be we should be consistent in how we're using that language across regulatory provisions here. And it should be the Secretary forgives alone, if not Shell, so thanks.

MR. ROBERTS: Thanks, Justin. Joe.

MR. SANDERS: Yeah, I'd like to move away from making the FFEL lenders disclose, because I think traditionally they haven't done a good job of it and it's not necessarily effective, so I think that's good. I like the Department getting more information. I think that's good. But then I want to see like what kind of follow up is going to happen for these borrowers? How are we going to do something for the barbers, I understand the Secretary wanting to keep discretion, but you know, from the borrower perspective, having them get some sort of, some way of letting them know, hey, you're in the wrong loan if you want PSLF. So I think they're positive developments, but that I still don't see a fix on that last piece.

MR. ROBERTS: Thanks, Joe. And Alyssa.

MS. DOBSON: I, yeah, I did put some comments in the chat that sort of also defined the concern here, but I think that we do need to consider all



periods of forbearance. I know people have expressed where there's evidence of students being led, but that's not always going to be apparent to these students. These students feel like they were helped. They avoided an issue, right? They couldn't make their payments. And so they were led towards forbearance as the easiest, achievable good outcome for seemingly all parties. And I think without including all periods of forbearance, you're going to miss out on a lot of students who didn't necessarily make that choice on their own and weren't properly counseled and ended up there. Additionally, you know, if you capture some people who weren't led to forbearance maybe landed there intentionally, there's usually generally underlying issue that that made them go there anyway. And so that's my concern in a nutshell. I think we should include them all.

MR. ROBERTS: Alright. Thank you, Alyssa. So we have only about 15 minutes left, so I wanted to give the Department an opportunity if they wanted to just cue up the PDF for Borrower Defense. I know that's another one that encompasses multiple issues, but again, I just wanted to remind folks who are logging on for public comment. Try to log on sooner just so we can have naming conventions and all that worked out. And we'll transition right into that at 3:30.

MS. HONG: So let me, before we queue anything up, let me tell you what you have before you. You have three documents related to Borrower Defense repayment. The first document is concept suggestions with input from Joe and the state AGs. There's also language there from 2016 and then also language from the Consumer Financial Protection Bureau. These are just concepts that we are embedding within or considering with regard to aggressive and deceptive recruitment. The second document that you have is actually proposed regulatory text, and I think we'll start there by way of introduction. So that okay, so put a pin in that and then the third document you have is proposed language on misrepresentation and proposed language specifically to amend the general-provisions section of our regulations, which are separate in part from Borrower Defense, but we would have a cross-reference in Borrower Defense referring back to those regulations as they are, as we've already defined in this reg. And so those are the three documents that you have. Why don't we start and we can just go over the major headings of how we've organized it so you can have a taste of that, and that is for Vanessa queuing up the document that says proposed regulatory text for issue Paper Six, Seven, and Eight Borrower Defense to Repayment. We could start having a look at that. Perhaps

you guys can digest it overnight and you can have a fruitful discussion in the morning. Perfect. Okay, so this section lays out the different subparts of Borrower Defense. You see an amendment in subpart D, and specifically we've changed it to specifically reflect Borrower Defense Repayment in the direct loan program. So that's one page, if you turn the next page, 206, is existing language. Now, we are still contemplating how the introduction of this new set of regulations will affect existing Borrower Defense to Repayment regulations from 2019 and 2016. While we would want to replace that language, we e don't know that we can do that yet. So this applicability, we're just adjusting the applicability for the 2019 regulations-- for those loans first dispersed on or after July 1st, 2020 and before July 1st, 2023. Oh. Again, because the section that follows the new section that we're proposing in the next page on Page Three is the new text. So this lays out (inaudible) for Borrower Defense to repayment. And this is Subpart D, a new Section 685-400. And just to be sure, these provisions for Borrower Defense to repayment, may be (inaudible) applies to Borrower Defense applications received on or after July 1st, 2023 and to applications pending with the Secretary on July 1st, 2023. So if we plan to effectuate these regulations on July 1st, 2023,

anything, any loans that are in the queue before the Secretary and any applications received. So we're moving away from loan disbursement to any applications received on or after July 1st, 2023, and applications pending with the Secretary on July 1st, 2023 are subject to these regulations. Maybe I'll pause there because I see Josh's hand's up.

MR. ROVENGER: Just a quick technical, very technical question slash point. So, so very much appreciate the idea that the new regs will kick in with all applications pending as of July 1st, 2023. I think there needs to be to the extent the Department feels that it can't go further with just having the regulations apply to all Borrower Defenses. I think there needs to be an additional clause in 685-206 E, because as of right now, I think alone, that was dispersed between 20, July 2020 and July 2023, and that is subject to a Borrower Defense application after July 1st, 2023 would technically be governed by both of these provisions. And so I think there needs to be some sort of additional clause in 685-206 E, essentially saying unless there's an application, unless an application for such a loan is submitted after July 1st, 2023.

MS. HONG: I understand your point, Josh, I think that's okay though, because I think the

idea here is so long as the new regs apply to those loans, the idea is that a borrower would be able to avail themselves of the proposed regulations.

MR. ROVENGER: Yeah, I guess I guess I'm just concerned about the potential for confusion in the future of somebody alleging that the old regulations apply to those loans, if 206 E is saying that because of the loan disbursement date, the old regulations would apply. And so I guess I think so to the extent 206 E is not intended to apply to any loan that is then subject to a Borrower Defense application after 2023, I think that should also be clear in 685-206 E, just so there's not that confusion.

MS. HONG: Right, if you have suggested amendments, please drop them in the chat.

MR. ROBERTS: Well, Jennifer, I'm seeing I'm seeing Jessica's hand up, and I just want to ask you how you look in the last five minutes, if you want to just jump into Q&A on this first issue paper or this first, sorry, this first paper that was sent or do you want to finish just queuing up the other two for jumping into discussion tomorrow?

MS. HONG: Well, maybe we take Jessica's and then we can just put a pin in everything.

MR. ROBERTS: Sounds good, yeah.

Jessica, go ahead. I think you're still muted right now, Jessica, sorry.

MS. BARRY: Oh, thank you, getting towards the end of the day. Thank you for taking my question and this might be a bigger discussion for tomorrow, but I'm just confused and maybe it's just me, but when we started the conversation, you were talking about retroactivity and being able to apply this to claims before July 1st, 2023. Do pending claims fit into that category since that conduct happened well before July 1st, 2023, or they were filed before July 1st, 2023?. Does the Department have authority to do that?

MS. HONG: Yes, you have the authority to do that, and those are the applications that we want to encompass in this new process, those that are currently before the Secretary. Ok, great, Brady if you're okay, I can keep going for another minute or so until, or did you want to, wait at 3:30 is when the public comments begin?

MR. ROBERTS: Yeah, I was going to say, we have three minutes left, so if you want to, if there's anything you want to tee up in 180 seconds, go for it. Otherwise --

MS. HONG: I can do a real quick overview. So, Page Three--the scope and purpose pending

and received applications as of July 1st, 2023. The next page, I'll just go over the general headings. You can have that in your brain tonight. Page four, this is the Borrower Defense general requirements. We're going to get to Page Five tomorrow, and then that's when the other documents will become relevant. So if we could spend the morning talking about this representation and what we're doing here on Page Five. Page Six is a group process for Borrower Defense. This is how we laid it out. So the general group process for Borrower Defense on Page Six and Seven. Page Eight is an individual process, or Borrower Defense eight and nine. Page Ten is a new process that we've proposed, you might recall from Session one, using information that the Secretary has in his possession, group process based on prior Secretarial final action. Page Eleven, a process for institutional response for institutions that want to take a look at that. Page Twelve, the adjudication process is outlined. Twelve, Page Twelve and Thirteen. Fourteen, Page Fourteen, sorry, Vanessa, thank you for manning the document, reconsideration process. Page Fifteen is released. And then on Page Sixteen and Seventeen at the very end we've laid out some examples there and we will get into this more. Page Eighteen, recovery from the institution. And Page Nineteen is just you know standard

language regarding cooperation from the borrower. Page Twenty, transfer to the Secretary Borrower (inaudible) recovery and Twenty-one's severability. So that's the overview. I look forward to working with you tomorrow.

MR. ROBERTS: Thank you, and I appreciate you teeing that up so quickly. I hate to eat into the public comment period, so I appreciate that and we'll jump right into that at 10:00 a.m. tomorrow. But I think we are just about on time. So if someone would mind, could you let in the first public commenter? And again, for folks who are watching the livestream, feel free to keep logging in. I know that we have some folks in the waiting room, but you can log into more time and we can get to your comment.

MS. MACK: Brady, I have admitted Mr. Chris Aldridge representing himself.

MR. ROBERTS: Hey, good afternoon, Mr. Aldridge. Can you hear me?

MR. ALDRIDGE: I can.

MR. ROBERTS: Great. If you're comfortable, feel free to come off a video. Otherwise, feel free, you have three minutes.

MR. ALDRIDGE: Okay, give me just a moment to see if I can get the video moving and grooving here. Share, I can share screen or --



MR. ROBERTS: It should be in the lower left, but don't worry about it, it's not, it's not working. There we go. Perfect, we can see you.

MR. ALDRIDGE: Very good, very good. Okay, thank you. I'll foreshadow my comments, paraphrasing a recent quote from Secretary Cardona. Borrowers, who devote a decade of their lives to public service, should be able to rely on the promise of public service loan forgiveness. The system is not delivered that promise for public service workers who had our back during the pandemic. The Biden Administration is showing that we have their backs too, but in practice, PSLF has absolutely no integrity if its policies, procedures and acknowledgments divide public services public servants into categories by loan type. Even under the current waiver, my FFEL spousal consolidation loan does not qualify to be consolidated into direct loan. The current waiver picks what it will forgive by administrative convenience, not by the merits of public service or sacrifice. Further, the committee's policy documents deplete of this topic despite spousal consolidation appeals presented among the 480,000 responses to DOE's public RFI to guide this committee. Secretary Cordova, President Biden and this committee can make the PSLF program whole for myself, my family and other spousal

loan holders. The department estimates 120,000 loans of this type, some short term solutions. During this waiver window purchase our federally grant guaranteed loans and forgive the balances or bypass consolidation blockers for FFEL spousal consolidations by utilizing the groundwork proposed for FFEL treatment in Borrower Defense Document Six, Page Five under the treatment of FFELP, come to terms with FFEL constituents and striking a chord before the waiver ends. Please. Or purchase our federally guaranteed loans and loan history and transfer us to a direct loan counterpart. Some long term solutions The Department should urge the President to work with the Legislature to move two 2021 companion bills: Senate HR 10-98 and the 117th Congress HR 24-60, which seek to right the wrong of the 109th Congress who abandoned us. Separate spousal consolidations allow for reconsolidation to direct the program and therefore eligibility to PSLF. These bills have true bipartisan sponsorship, and they've died in the Education of Labor Committee for the last four years. The iron is hot for a win by this administration. And last, please ensure inclusion in PSLF policy and procedures of factoring FFEL, including spousals, as truly federally-guaranteed loan programs for services of debtors. Be remembered as the administration who threw an undisputed touchdown for PSLF and not the

one that died at the one-yard line because they didn't pay attention to detail and execute. My name is Chris Aldridge. My wife and I have been qualifying public servants for 20 years. I have recently been denied PSLF. I will again under this waiver. Our experience is identical to the experience of Bridget Kennedy, who you'll get to, you will speak here, speak today at the conclusion of the session. The current waiver --

MR. ROBERTS: That's 3 minutes, Mr. Aldridge.

MR. ALDRIDGE: Thank you for your time.

MR. ROBERTS: Thank you for your comment.

MS. MACK: Brady, I have now admitted Ms. Laura Mlyniec.

MR. ROBERTS: Good afternoon, Ms. Mlyniec, how are you?

MS. MLYNIEC: I am good, how are you?

MR. ROBERTS: Good. Well, you have three minutes for public comment.

MS. MLYNIEC: Thank you so much. My name is Laura Mlyniec. I am an actually I was a first generation college student and I was a beneficiary of the Pell Grant system. I currently work in higher education as an academic advisor. So I work with students every

single day discussing and dealing with financial struggles of financing their education. Back when I graduated high school, I was one of the millions who believed that education would help me move beyond my parents' paycheck to paycheck lifestyle. However, when I graduated, my first paid position in education was a \$20,000 a year job in Downtown Philadelphia in 2004. By the end of that year, that position--with a master's degree level required-- a position with no pay raise. Therefore, I enrolled in a master's program while working full time with a different institution. After graduating with an additional \$450, \$45,000 in loans, I learned about the public service loan program and luckily knew that my employer qualified as a nonprofit. My FFEL loans (inaudible). At that point, I asked (inaudible) an email through their online portal and over the phone what I need to do, anything, to qualify for PSLF program. I was told to just enroll in the income driven program, which ended up making me pay a higher percentage of my monthly income, which was very low at the time. And while watching my balances rise (inaudible) the interest rates. In 2017, I submitted my first PSLF paperwork. And months later, I learned that I did not qualify as my loans were not in the right type of loan. Upon further conversation (inaudible) I consolidated my loans to a direct loan,

increasing the balance and losing over seven years of on-time payments. Sixty days ago, I submitted my final TEPSLF application, which was finally accepted and my loans transferred to fed service, fed loan servicing. The timeline for my payment is to actually be reviewed and (inaudible) my payments through, it's a mystery, I don't know. That's just my in-progress story. That doesn't include the fact that life happens around your loan forgiveness or your loans that you take out. I've married, I've divorced, I switched jobs, working at two Ivy League institutions as well as other very highly recognized education institutions. I've remarried, I've dealt with chronic illness and infertility, funded my own IVF journey and dealt with spousal unemployment.

MR. ROBERTS: I'm sorry, we need to move on to the next commenter.

MS. MLYNIEC: Thank you.

MR. ROBERTS: Thank you for your comment.

MR. DAROLIA: I am now admitting Mr. John Hawkins from the Texas Hospital Association.

MR. ROBERTS: Good afternoon, Mr. Hawkins. Can you hear me? Hey, good afternoon, can you hear me? Mr. Hawkins?

MS. MACK: Audio is connected.

MR. ROBERTS: Yeah, Mr. Hopkins, can you hear me? Do you want to let in the next? Thank you.

MR. DAROLIA: Yeah. I will admit now Ms. Darcy Gray representing herself and I will try to message Mr. Hawkins.

MR. ROBERTS: So, Mr. Hawkins it looks like we've got you set up, we'll come back to you, but Ms. Gray Can you hear me?

MS. GRAY: Yes. Can you hear me?

MR. ROBERTS: I can hear you just fine. You have three minutes for public comment.

MS. GRAY: So my name's Darcy Gray. I was a previous student of Brooks Institute of Photography. I filed for Borrower's Defense in November of 2016, and I'm still waiting to get any kind of answer on my application. It's been very difficult. I tried to buy a house a couple of years ago and wasn't allowed to or couldn't get financing because of the status of my loans, and I've had a hard time finding housing. I had to live with my parents for a while. The apartments I can get, I have to pay a very high deposit and they're not in the best areas of town, but I just it would be a great a great relief to finally get some answers on my loans after waiting for going on five years now. I know we've been working really hard on it, it just would be nice to

have an answer. Thank you so much for your time.

MR. ROBERTS: Thank you so much for your comment. Mr. Hawkins, if you are ready, are you able to hear me still?

MR. HAWKINS: Yeah, can you, can you hear me?

MR. ROBERTS: I can hear you just fine. You have three minutes, go ahead.

MR. HAWKINS: Great. Good afternoon. My name is John Hawkins. I'm here on behalf of the Texas Hospital Association, representing more than 500 hospitals in Texas. I'm here to testify about an issue with the Public Service Loan Forgiveness Program that is specific only to California and Texas physicians. Although California and Texas physicians should be able to participate in the program under the statutory language passed by Congress, the Department unintentionally narrowed the program when the implementing regulations were written to require participants, and in our case, that would be physicians, to be hired and paid by a nonprofit hospital. So the regulation, unlike the law, actually requires this direct employment. California and Texas have long standing state statutes, known as prohibitions on the corporate practice of medicine, that prohibit hospitals from directly

employing physicians. So as such, these physicians are not W-2 employees. In Texas, the most common arrangement is that physicians are employed by independent non-profit entities under state law that are certified by each hospital's physician medical staff governing board to provide care in the hospital. We believe Congress has been clear about the intent of the program and the need to fix it. The California and Texas congressional delegations have sent letters to the Department asking for this fix. Legislation has been negotiations led by Congressman Harder, Senators Feinstein and Cornyn, and we would submit to you that that legislative language is the regulatory fix for proposing to the Department. We want to close by saying that physician counterparts in all other 48 states are able to access this program, and physicians in Texas and California shouldn't be disqualified because of the unique state prohibitions and studies show that California and Texas will experience two of the largest shortages of physicians over the next decade, and this program would be very helpful to address that gap. We urge you to consider our proposed solution and thank you for your time.

MR. ROBERTS: Thank you, Mr. Hawkins,  
for your comment.

MS. MACK: Brady, I'm now admitting Ms.



Amanda Martinez, Unidos, U.S.

MR. ROBERTS: Good afternoon, Ms. Martinez, can you hear me? Ms. Martinez, are you able to hear me?

MS. MARTINEZ: Yes, I can hear you.

MR. ROBERTS: Great. If you're comfortable, feel free to put on your video, but otherwise you have three minutes for public comment.

MS. MARTINEZ: Starting now?

MR. ROBERTS: Yeah, whenever you begin speaking.

MS. MARTINEZ: Okay, sorry, here we go. Good afternoon. My name is Amanda Martinez. I'm representing Unidos U.S., which is the nation's largest Latino civil rights and advocacy organization. As leading advocate on education policy, we represent the perspectives of Latino students, specifically in higher education. And so we're hoping that you take all of our comments in consideration as you discuss specifically students and borrowers. When you're discussing borrowers with some college and no degree, Latinos are often likely to fall into this group due to facing a widening college completion gap. Latino struggle to complete as they contend with environmental and institutional barriers. And so for students who don't complete their degree,

often, repayment can be more difficult. One analysis showed that about almost half of Latino undergraduates who did not finish their degree had defaulted on their loans within 12 years of graduating. This is at a higher rate than their white counterparts. We see really the worst outcomes at for-profit colleges. Latino students continue to be overrepresented in the sector, and they tend to hold the most debt from these institutions, experience the worst outcomes in college completion and student loan repayment. Any change to making the Borrower Defense to loan repayment rule easier for borrowers will definitely help Latino students and borrowers. So we were especially pleased by the committee's discussion on this topic and supports as efforts to adjudicate Borrower Defense claims by groups. Regarding the Public Service Loan Forgiveness program. The Department of Education should make the program simple and easy to enroll in and receive forgiveness. Latinos make up about 18% of the U.S. workforce and are more likely to be public service workers: about 9% make up teachers, 29% make up medical professionals, 15% are frontline workers and 16% of are active duty military. When they may be eligible for PSLF, many are not aware of the program's eligibility requirements due to barriers and student loan repayment. Borrower outreach and poor counseling by loan servicers.

When borrowers are aware of PSLF, this could provide direct relief to the community. So Unidos supports as proposed changes to PSLF application process, and we want to lift up the following changes. We really supported the borrower's ability to appeal the Secretary of Education's decision to deny their loan forgiveness and the Secretary's ability to certify our borrowers employment with internal information to simplify the application process. Lastly, 30 seconds great. Lastly, on Income Driven Repayment program, which is intended to expand borrowers repayment options and support lower income borrowers, it's just not reaching Latinos. We found in recent data that in those enrolled in the 2011-2012 academic year who began repayment within five years, only about 18 percent of Latinos Latino borrowers were able to uptake this program. While being enrolled in the program can afford affordable payments and also lead to higher debt, --

MR. ROBERTS: That's three minutes, (inaudible) I'm sorry.

MS. MARTINEZ: I'm out? Okay, thank you.

MR. ROBERTS: Thank you for your public comment.

MS. MARTINEZ: Thank you.

MS. MACK: Brady, I've now admitted Ms. Brigid Kennedy representing herself.

MR. ROBERTS: Hey, good afternoon, Ms. Kennedy. Can you hear us? Looks like she's still, great. Can you hear us, Ms. Kennedy?

MS. KENNEDY: Yes, I can.

MR. ROBERTS: Great. You have three minutes.

MR. DAROLIA: Starting now, huh? Good afternoon. My name is Brigid Kennedy. As Mr. Charles Aldridge, who spoke before me, I'm assuming he was right before me, I'll be addressing spousal consolidation loans. About 2004, my husband and I were encouraged by lenders, our lenders to consolidate our direct loans into one large joint spousal consolidation loan. We were advised our payments would go down as would our interest rate. We quickly found out that payment increased and interest rate went to 7.8%. Our loans then became FFEL loans. As both of us are public servants, the moment the program began in 2007, we enrolled. Our loan debt is a crushing \$170,000 with a monthly payment of about \$1,500, which we overpay every month. We've always felt that paying the principal was fair, but we can never seem to rise above the capitalizing interest. About 2012, after faithfully paying for almost six years, we were

told we did not qualify for PSLF, as our loans were FFEL loans and made us ineligible. At no time or we ever told that we would not qualify for the program until that point. We were crushed, but we continued to make timely payments to the exclusion of helping to pay for our children's education, forcing them to take out many student loans of their own. We prayed that something would change and because we believed in the PSLF program, both chose to stay in public service forgoing other, potentially more lucrative positions. In the past few years, we were advised to consolidate our fall loan into a direct loan, thereby making itself eligible. But of course, our clock would reset to zero. Then we were told we couldn't do that because our spousal consolidation FFEL loan made us ineligible for direct loan consolidation. We've trusted the fed and our many servicers to guide us, but over the last 22 years, we've gotten nothing but misinformation every single time that we call. We trusted the Department of Education and FFEL would honor the PSLF for everyone who faithfully follow the rules. But we've been left behind again. We've unable to have our FFEL spousal consolidation loan forgiven even after 16 years of faithful payments and overpayment. We're beseeching you to please make the FFEL spousal consolidation loans PSLF eligible. Thank you for your

time today.

MR. ROBERTS: Thank you, Ms. Kennedy, for your comment.

MS. MACK: Brady, I am now admitting Representative Frank Mrvan from Indiana's 1st Congressional District.

MR. ROBERTS: Hey, good afternoon, Congressman Mrvan, can you hear us?

MR. MRVAN: I can. Good afternoon. How does this sound coming back to you guys?

MR. ROBERTS: You're coming in very clear. You have three minutes for public comment.

MR. MRVAN: Am I ready to go right now?

MR. ROBERTS: As soon as you begin, yep.

MR. MRVAN: Okay, I am Frank J. Mrvan. I'm representative for the 1st Congressional District of Indiana. First, I want to thank all of you for your commitment to public service and for your conducting this hearing. I'm grateful for the opportunity to speak with you and provide testimony as a member of the House Education and Labor Committee and the need to improve the borrowing experience. The financial burden of higher education continues to be a barrier for many individuals pursuing post-secondary and advanced degrees. This is why

I support the Department of Education's proposal to temporarily waive constricting requirements in the Public Service Loan Forgiveness Program, which will provide immediate eligibility for 22,000 borrowers.

Unfortunately, just 2% of current applicants have been approved for the PSLF program. That is why I also support reforms on this form of on this reforms on this from the Department, such as automatic enrollment, which would ensure greater access and flexibility to loan forgiveness for individuals who often are misled, hindered by complicated requirements or denied this benefit from public service. Additionally, as the suspension of student loan payments comes to an end on January 31st, I firmly believe that Department must take steps to address frequent barriers to repayment by making Income Driven Repayment simpler and more impactful. Income Driven Repayment plans are a viable option to avoid default on loan payments. However, I remain concerned that borrowers of color and low-income individuals enrolled in this program are more likely to struggle with the unaffordable payments, complicated procedures, and a lack of guidance from the servicers. To help to help low income borrowers make payments, I support a new Income Driven Repayment plan that continues to cap payments at 10% of a borrower's income for no more than 20 years. Further, a

new plan should protect 250% of the poverty line that is applicable to the borrower's family size. This will allow low-income borrowers to better prioritize the challenges of paying their student loan debt and also budgeting for essential food, housing and care needs. In conclusion, I again appreciate your dedicated work, and as you continue to consider improvements to the PSLF in the ID, IDR program, I would encourage you to continue to ensure that the challenges experiences by most vulnerable in our communities are not overlooked. Thank you again for the opportunity to testify today.

MR. ROBERTS: Thank you, Representative Mrvan, for your comment.

MS. MACK: I have now added Mr. Mike Litt, from consumer campaign, he's the consumer campaign director of U.S. PIRG.

MR. ROBERTS: Good afternoon, Mr. Litt, can you hear me?

MR. LITT: Yes, I can.

MR. ROBERTS: Great, you have three minutes for public comment.

MR. LITT: Great, thank you. My name is Mike Litt. I am the consumer campaign director for PIRG, also known as the Public Interest Research Group. We are a federation of state-based, citizen-funded consumer and



student groups. I'd like to voice support for a number of solutions that the Department and negotiators are considering related to PSLF. Colleagues from my organization have been negotiators before, so they do appreciate the hard work that you're all doing. It's good to see the Department 's proposal for requiring notifications about PSLF eligibility to FFEL. We'd like to also suggest requiring eligibility and reliable progress notifications to borrowers of all federally backed and held loans, including direct loans. It has been well documented both in the news and by the CFPB that federal servicers routinely misrepresent progress towards PSLF. The special waiver period that will address problems faced by borrowers is much needed, but the problems go beyond FFEL guaranty agencies. Additionally, we agree that the clock for loan forgiveness should not be reset when borrowers consolidate their loans, that payments made prior to loan consolidation should be counted towards forgiveness, and that a formal appeals process should be created for students when their applications are denied. Finally, I'd like to speak to the issue of eligibility. You've already heard public comments from a number of people, such as those employed by contractors and health care services, speak to the need for expanded eligibility, which we support. We ask

that you please consider opening up eligibility beyond 501C3 organizations and government entities to a broader range of organizations doing critically important work to serve the American public. Many nonprofit organizations have multiple tax statuses and staff payrolls through which they accomplish their public service missions. We do much of our public education work out of our national and state 501C4s, including through our publications and community outreach, such as our door to door canvasses, where we educate the public on issues related to public health, safety and well-being, and pass out consumer tips such as on how to prevent identity theft. We don't believe that the benefit of PSLF should be limited to only those who do public education in the classroom. Another example many of our student-run and funded chapters are C4 organizations that get their colleges to address student hunger and tackle the climate crisis and are training students to be lifelong engaged citizens. All work that should be recognized as public service. The organizers (inaudible) prior to serve the campus community, do largely similar work to those in college student life departments or community nonprofits. The lack of the same recognition of their service, fixing problems with applying for the left program and expanding eligibility would help many people who choose to serve

our society by pursuing work in the public service and the public interest. Thank you for all your work during these negotiations and thank you for considering their comments.

MR. ROBERTS: Thank you for your comment Mr. Litt.

MS. MACK: Next, we are admitting Mr. Brandon Clifford, who is representing himself.

MR. ROBERTS: Good afternoon, Mr. Clifford, can you hear me? It looks like they aren't connected to audio or video, do you want to admit and we can work on their settings?

MS. MACK: Sure. Next up, I'm admitting Mr. Winston Berkman-Breen who is Deputy Director of Advocacy and Policy Counsel.

MR. ROBERTS: Good afternoon, Mr. Berkman-Breen, can you hear me?

MR. BERKMAN-BREEN: Yes, can you hear me?

MR. ROBERTS: I can. You have, oh great your video is working great. You have three minutes for public comment.

MR. BERKMAN-BREEN: Great. Thank you so much and thank you to all the negotiators for your time. So I'll be very brief. My name is Winston Berkman-Breen

and I'm the Policy Counsel of the Student Borrower Protection Center. Our organization published a memo that Suzanne submitted for the record, and several other negotiators have signed it. So I hope that folks take a look at that, but I do want to briefly speak to what it covers, and I won't go into too much detail. I think it's important for us. I'll take a moment and remind ourselves that under the statute, both the spirit and the letter, if someone has worked in public service for 10 years, there's a way for their loans to be forgiven, whether it's the direct path and the statute, or using other tools in the Secretary toolkit to make sure that that public service worker and borrower has the remainder of their debt forgiven after 10 years. In the memo that's submitted to the record, we break down sort of three sections. The first are regulatory changes that the Department can make to fix earlier regulatory narrowing of the statute in a way that will maximize forgiveness for folks. So the most notable that's been discussed today is the employer definition. The statute points to public service jobs and the regulations point to public service qualifying employers and narrowed around non-for-profit employers. To maximize the folks who have the right under the statute to have access to Public Service Loan Forgiveness, we strongly support emphasizing, as

Persis mentioned, taking away the nonprofit limitation and just emphasizing employers who are engaged in public service. I'm putting the onus, keeping the onus, I should say, on the employer, rather than having individuals jump through additional hoops to prove their qualification. The second bucket that we discussed in the in the memo are something that Joe's spoken to, as well as some others about industry steering or other malfeasance that has resulted in folks being ineligible because they're on the wrong loan type or on the wrong payment plan for no fault of their own. The Secretary has broad authority under the Higher Education Act under the (inaudible) provisions, as well as general authority to compromise set of loans. And I think that can be brought to bear where there's documented industry misconduct that results in borrower harm. And then the final is procedural and some of that's been addressed here, but others have not been. And then the regulations, the proposed regulations be attached to the memo. This is spelled out that there are opportunities to clarify and the procedure as folks apply for forgiveness, how they can either raise their hand if they need to, so to speak, if they need to have additional review for additional authority to cancel their debt or if they're rejected, really being very clear and articulate with them about why they're

rejected, the grounds for rejection and how they should request appeal. The proposed appeal language that the Department has already submitted is helpful, but there could be some additional clarifying language. So I encourage the negotiators and the Department to go visit the memo. But I do just want to ground as many folks here have done today, ground the conversation and the idea that individual public service workers have the right to have their loans forgiven after 10 years, and that within the PSLF-enacting statute, as well as all the Higher Education Act, there are broad tools to allow for that. So thanks so much for the time, and I hope that the Department can have an expansive view of its authority here.

MR. ROBERTS: Thank you for your comment, and Mr. Clifford, are you are you still with us? We can see you and you are our final public commenter for the day. So take it away.

MR. CLIFFORD: I was a little bit unprepared. I wasn't sure that I was going to get called on today, but I did want to share just a few comments from the Public Service Loan Forgiveness, you know, being a public service employee, myself and my wife being a public service employee, it's been extremely challenging to work with fed loan servicing to try to get the answers

that we need to be able to earn the debt forgiveness that we've been trying to pursue. The majority of the people that we talked to even at who is supposed to be the expert on public loan servicing or public service loan forgiveness servicing, a lot of times it's hard to get consistent answers. It led to my wife being on an incorrect payment plan and the wrong type of loan. And hopefully, some of the recent rulemaking guidance that has come out may correct that. Challenges from a borrower's perspective in terms of trying to get the public service. Loan forgiveness is there's just not a lot of information out there as far as people that you can consult with to try to get the answers you need to make sure that you qualify for the program. I've spent my entire working career almost 15 years as a federal firefighter, and even within those circles, it's difficult to get the answers that we need. You know, I'm encouraging the committee to look at some of the recent news that's come out in terms of expanding the types of payments, account for public service, loan forgiveness and helping the get up the approval rate. One thing that's frustrating the people that that participate in the program is when you read in the paper that ninety eight percent of people that have applied for this forgiveness has been denied. So it doesn't really give

that hope to individual borrowers that people are looking out for their best interests and working in public service is a calling that people have. And we just want to make sure that the people that do that good work and sometimes earn lower salaries to serve the public good gets the benefit of this program to the fullest. Just a couple other comments on waiting so long for this forgiveness to happen. It allows you, or sometimes causes you to make personal choices that make it difficult in your regular life. For example, with the pause on student loan payments that's going on now, it's made it more difficult because (inaudible) loan debt to be able to even obtain a mortgage because lenders are hesitant to be able to take that risk. If they don't know that that is really going to be forgiven. So just general comments is opening up the amount of payments that qualify, helping people who are on the wrong payment plans still take advantage of this, and also just a more expeditious processing of applications when you reach 120 payments. I'm really close, I'm at about 102 payments, and I want to see --

MR. ROBERTS: That's three minutes, Mr. Clifford, I'm sorry.

MR. CLIFFORD: Sounds good. No worries.

MR. ROBERTS: Thank you so much for



your public comment. And thank you to everyone who signed up. We actually we were able to get to every person who signed up for public comment today. So sorry to keep you a few minutes after, but we wanted to give space to everyone who requested time. We will pick back up at 10 a.m. tomorrow to continue our discussion on Borrower Defense and thank you so much for all your hard work today.

**Appendix**  
**Department of Education**  
**Office of Postsecondary Education**  
**Zoom Chat Transcript**  
**Affordability and Student Loans Committee**  
**Session 2, Day 2, Afternoon, November 2, 2021**

DISCLAIMER:

Note: The following is the output of transcribing from a recording. Although the transcription is largely accurate; in some cases, it is incomplete or inaccurate due to inaudible passages or transcription errors. It is posted as an aid to understanding the proceedings at the meeting, but should not be treated as an authoritative record.

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

in this context "at the end" refers to the end of the deferment, correct?

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

answered. withdraw the question.

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

and interest is not being accrued on the interest

From Suzanne Martindale (A) state regulators to

Everyone:

+1, that was a point I raised earlier

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

It grew to \$122,000 but your point remains

From David (P) - State hi ed agencies to Everyone:

My alternate, Suzanne Martindale, will step in for this section.

From Michaela [P] Ind. Students to Everyone:

Dixie will be e-mailing this but we have a couple proposed regulatory suggestions for closed school

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

Thought / suggestion: it is possible that if a student's calculated IDR payment does not cover the interest assessed that we could reduce the interest rate to 0% during the period when the payment amount is less than the interest assessed.

From Carol- Proprietary (A) to Everyone:

raj,, can you pull the csd information based on the 8 digit OPE-id level are included in whatever data is provided as opposed to the 6 digit OPEID

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

+1 to Persis

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

Switching out with my Alternate...

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

Alyssa will be logging on...

From Joe; P, State AGs to Everyone:

+1 Persis

From Suzanne Martindale (A) state regulators to  
Everyone:

+1 persis

From Marjorie (P), Four Yr Publics (she/her) to  
Everyone:

Thank you Persis. That clarifies my question.

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

+1 Persis

From Heather - PSLF Advisor to Everyone:

And "payment" does not require that any money be sent

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

Strongly support that!

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

@Heather - when you say "payment does not require that  
any money be sent" does that mean if a borrower is in  
forbearance/deferment and working in public service,  
that month will count towards the 120?

From Heather - PSLF Advisor to Everyone:

Kudos to ED for the PSLF Limited Waiver!

From Dixie (P) Dependent Students (Ella/She) to  
Everyone:

I haven't heard anything in specific for the PSLF  
limited waiver. It would be helpful to have ED go over  
it with us + ways the ED will connect with borrowers.  
ty

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

Sorry, can you give the citation again?

From Heather - PSLF Advisor to Everyone:

@Noelia - not under current rules, no. What I'm referring to is that IDR plan "payments" can count even when calculated payments due are zero

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

Thanks Heather!

From Heather - PSLF Advisor to Everyone:

So no actual money need be sent

From Joe; P, State AGs to Everyone:

+1 Alyssa - default management is a problem for borrowers

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

@Dixie info is here on PSL Waiver  
<https://studentaid.gov/announcements-events/pslf-limited-waiver>

From Jennifer - ED negotiator to Everyone:

p. 4 (c) (ii) (A)

From Jennifer - ED negotiator to Everyone:

under borrower eligibility

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

And that is what I have asked for an update on - where we are with the temporary waiver.

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

Alyssa is back in for me.

From Joe; P, State AGs to Everyone:

GAO on default management and forbearance steering:  
<https://www.gao.gov/assets/gao-18-163.pdf>

From Dixie (P) Dependent Students (Ella/She) to Everyone:

For ED: Are there plans in place to communicate with students about PSLF and the limited waiver? If so, please share that with the committee so we can give feedback on how effective the information being given out is.

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

Back in for Fin Aid Admins

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

+1 to Persis

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

+1 to Persis

From Heather - PSLF Advisor to Everyone:

+Suzanne

From Heather - PSLF Advisor to Everyone:

+1 Joe

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

+1 to Joe

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

+1 Joe!!

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

+1 Joe

From Michaela [P] Ind. Students to Everyone:

+1

From Jeri (P) Student Borrower (she/her) to Everyone:

+1 Joe

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

+1 Joe

From Carol- Proprietary (A) to Everyone:

For ED: with the new definition of those professions that would qualify for PSLF, for those students that made 120 eligible payments and would have been eligible at the time of that last payment, under the new definition, but the student is now in default, requesting for ED to review to consider the student eligible for PSLF in spite of the current defaulted status.

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

+1 to Joe and Persis

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

I share Joe's concern

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

Yeah, also share Joe's concern

From Marjorie (P), Four Yr Publics (she/her) to Everyone:

I think this also speaks to the concerns Dixie shared about communication from the department or what the department is requiring others to communicate to borrowers.

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

+1 Jeri

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

+1 Jeri

From Suzanne Martindale (A) state regulators to  
Everyone:

+1

From Dixie (P) Dependent Students (Ella/She) to  
Everyone:

For ED: What are you doing to prepare the institutions  
who handle the loans in these programs to communicate  
and equip borrowers with useful and digestible  
information? Overall, communication plans to connect  
with students.

From Dixie (P) Dependent Students (Ella/She) to  
Everyone:

+1 Jeri

From Marjorie (P), Four Yr Publics (she/her) to  
Everyone:

Still waiting for mine...

From Joe; P, State AGs to Everyone:

+1 Jeri on messaging from ED

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

(and mine)...

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

+ Jeri

From Heather - PSLF Advisor to Everyone:

+ 1 Jeri on staying up at night

From Dixie (P) Dependent Students (Ella/She) to  
Everyone:



jeri I'm with u!!! be innovative and try new ways to connect with folks to have the biggest impact.

From Joe; P, State AGs to Everyone:

Blimps on Sunday at NFL games advertising LWO would be awesome

From Jeri (P) Student Borrower (she/her) to Everyone:

+1 Joe!

From Suzanne Martindale (A) state regulators to Everyone:

+1 Misty, our Dept has been investigating student debt relief companies

From Will (A) FFEL Agencies to Everyone:

Scamming is a huge issue - Joe spoke to this earlier as did I - during week 1

From Suzanne Martindale (A) state regulators to Everyone:

+1 Jaye, we've been monitoring these companies!  
<https://dfpi.ca.gov/2021/08/09/california-dfpi-requires-student-loan-debt-relief-company-to-pay-more-than-1-million-in-penalties-restitution/>

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

I've also received these scam calls...

From Marjorie (P), Four Yr Publics (she/her) to Everyone:

And scam text messages.

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

using settlement and compromise authority is a good idea for solving this problem

From Alyssa (A) Fin Aid Administrators to Everyone:

It seems like we need to include all periods of forbearances in order to capture folks who were led there. Between institutions, servicers, and default managers many student don't even know they are on forbearance. And if someone is intentionally on forbearance that should indicate some other underlying issue that I don't think they should be penalized for. Counting this as payments just makes sense.

From Joe; P, State AGs to Everyone:

+1 Bethany

From Suzanne Martindale (A) state regulators to Everyone:

+1

From Joe; P, State AGs to Everyone:

payment plan switch forbearance should count toward PSLF

From Jeri (P) Student Borrower (she/her) to Everyone:

+ 1

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

I with Joe on this

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

I'm confused about the parameters

From Heather - PSLF Advisor to Everyone:

+1 Michaela regarding functionally the same as payments -- ED has proposed regulatory language such as "equivalent of payments"

From Suzanne Martindale (A) state regulators to Everyone:

Point us to a section of the reg text to check

From Marjorie (P), Four Yr Publics (she/her) to  
Everyone:

Could we do checks by section?

From Dixie (P) Dependent Students (Ella/She) to  
Everyone:

Carol has her hand raised still

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

Concern about the 2.5 factor.

From Marjorie (P), Four Yr Publics (she/her) to  
Everyone:

Qualifying employment should remove language or change  
the formula for non-tenure track employees.

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

Same issue I brought up earlier on the 2.5.  
Consideration for contact vs. credit hr.

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

+1 Bethany

From Jeri (P) Student Borrower (she/her) to Everyone:

Ditto Bethany.

From Suzanne Martindale (A) state regulators to  
Everyone:

+1 Bethany - focus on job and who is served

From Marjorie (P), Four Yr Publics (she/her) to  
Everyone:

Same with Bethany

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

Ditto Bethany

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

Want to remove the private for profit issue..

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

Alyssa is stepping in for Fin Aid Admin

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

Josh will take the seat for legal aid

From Jessica (P), Proprietary Schools to Everyone:

I am subbing back in. Thanks, Carol!

From Jeri (P) Student Borrower (she/her) to Everyone:

Possible contingent language: C) The equivalent of 30 hours per week as determined by multiplying each credit or contact hour taught per week by 3.35 hours worked each week, in non-tenure track employment.

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

For 685.206(e), could just add on something like, at the end of the clause, "except if a borrower asserts a borrower defense application related to the loan on or after July 1, 2023."