



[Introduction Video #1]

[(Music)]

"I'm going to be the first in my family to graduate college."

"I'm going to pass chemistry and I'll take it from there."

"I'm going to do what makes me happy."

"I'm going to work hard."

"Be independent."

"Live large."

"Make the most of every opportunity."

"I knew I wanted to go to college."

"But figuring out how to pay for it – I didn't have a clue."

"The U.S. Department of Education has over \$100 billion dollars."

"Hey, that's a lot of money – to help students pay for college."

". . . and the free application."

"You mean the FAFSA."

"I did it online – it was easy."

"I'm never giving up on my goal."

"I will make a difference."

"I'm going to find out how to pay for college."

"I am going to College.gov."



[(Music)]

“I always thought I was going to college. My mom – she kept at me about my grades. She made me write my spelling words 5 times. Positive male role models? – I didn’t really have any. But my mom is strong. She never relied on anyone. She and my aunt always told me ‘you’ve got to be the one to make it happen.’ Man, I’ve always worked. Yeah, my friends would come into the restaurant where I was working and wanted to hang out but I had to ‘man up’ and say no. Can’t mess around. About student aid, I heard about it at church. Filling out the free application wasn’t easy, especially for a high school kid who didn’t know what a W2 was, but I got it done. What would I tell other kids – I would say sit down and talk to your parents. Just go for it and see what happens. Don’t give up on college because of money. My name is Eric. I’m going to study sports medicine. I’m going to be all right.”

[(Music)]

“I knew I needed help paying for college. My parents divorced when I was 3 and there was no way that they could pay for it all. Ever since I was a little girl, I wanted to be a teacher. I used to put together work sheets and made my friends do them when they came over. After a while, nobody wanted to come over anymore. My guidance counselor was the one who told me about federal student aid. My mom was a big help in filling out the free application. It was a challenge but so worth it when I got the grants and loans that made school possible. What would I tell other kids? I would tell them not to give up – to look for options to go to school. There is a way – you just have to find it. You might have to work and save, but it is what you make it. Life is what you make it. My name is Caitlin. I am going to be a special education teacher. I am going to live my dream.”

[Introduction Video #2]

[(Music)]

“I’m going to be the first in my family to graduate college.”

“I’m going to pass chemistry and I’ll take it from there.”

“I’m going to do what makes me happy.”

“I’m going to work hard.”

“Be independent.”

“Live large.”

“Make the most of every opportunity.”



“I knew I wanted to go to college.”

“But figuring out how to pay for it – I didn’t have a clue.”

“The U.S. Department of Education has over 100 billion dollars.”

“Hey, that’s a lot of money – to help students pay for college.”

“. . . and the free application.”

"You mean the FAFSA."

“I did it online – it was easy.”

“I’m never giving up on my goal.”

“I will make a difference.”

“I’m going to find out how to pay for college.”

“I am going to College.gov.”

[Introduction Video #3]

[(Music)]

“I knew I needed to go to college to get a good job. When I was growing up, my family didn’t have a lot of money. In high school, some of the other kids would drive by in nice cars while I was riding my bike wearing my older brother’s hand-me-down clothes; but I didn’t really mind because my goal was bigger than those things. My family wanted me to go to college, but they didn’t have the money to help, so I talked to my guidance counselor at school, and he told me about federal student aid. They have over \$80 billion dollars to help kids like me go to college. I couldn’t wait to fill out the free application. I mean it took some time, but it was worth every minute because now I’m in college. You can’t ever give up. You gotta have faith and focus on making your life better. My name is Chris. I am going to be a medical assistant. I am going to help people.”

[Spoken in Spanish]

[SPEAKER:] Please rise for the presentation of colors and the National Anthem.

[SPEAKER:] Ladies and Gentlemen, the Department of Education’s Office of Federal Student Aid welcomes you to the 2009 Federal Student Aid Conference. And now,



please welcome to the stage Chief Operating Officer for Federal Student Aid, Bill Taggart.

[TAGGART:] What a wonderful presentation of the colors by the Vanderbilt University Navy ROTC and special thanks to the Belmont University School of Music for their emotion-felt rendition of our National Anthem. Let's give them another round of applause.

Hello, everyone, my name is Bill Taggart, and I have the distinct honor of serving as the Chief Operating Officer of Federal Student Aid, and welcome to our annual fall conference.

It is a very exciting time to be in The Music City. I am pleased to be here with all of you. We have about 6,000 financial aid professionals representing over 2000 schools here today. I might say this is an amazing turnout in what you must admit is an incredible venue. I want to give special welcome to those who are attending this conference for the very first time since I, too, am a neophyte in my first meeting, and I want to make sure that you enjoy yourselves as I plan to do so and hope to meet as many of you throughout the 4-day conference.

Now, before I share some of the conference details with you, and share with you some of my thoughts after completing my first 6 months on the job, I would like to thank all of you and your colleagues across the country for all the work you do in serving the students of our great country, many of whom we just saw here recently. I want to thank you for your hard work, and I appreciate your service to our great nation.

It is your hard work and devotion at the campus level – that's where the real magic happens, at the campus level – that makes it possible for many Americans to attend college who otherwise may not be able to attend. You are the most important partners that FSA has. I will repeat: You are the most important partners that we work with day in and day out; and we understand that our overall effectiveness is a direct result of the collective efforts of financial aid professionals at the 6200 Title IV-eligible schools across the world. Thank you for all you do for us, and thank you so much for what you do for students. Your service to our country is greatly appreciated, and we have to keep up the good work.

The work we perform at the Department and the work you also do at your respective campuses is near and dear to my heart, for I was once a recipient of federal student aid 30 years ago. I had an Afro 30 years ago. I don't have an Afro today. So this work is personal to me. It is also very important. I care about education, and I care about Americans who want to seek a college education to achieve their dreams, for as a young man growing up in Atlanta my dream of college seemed out of reach at times.

I remember the spring of 1979 – remember 1979? – you know, disco? Some things we don't want to remember from 1979. One thing I do remember as a rising senior in high school sitting at a table with my mother trying to figure out how I could come up with the



additional dollars to attend college. Now, this was after receiving an academic scholarship to Howard University and squirreling away my savings from my job working nights at a national fast food chain, which I think many of you may have also been employees at some point in time, and to this day I remember the angst and the despair on my mother's face as we kind of grappled with this major financial roadblock. But, always the optimist, she said, "Let not your heart be troubled. We will figure out a way to get the money." With wonderful advice from a financial aid advisor from Howard University, my own sweat equity, and the help of federal grants and loans, I stand before you today a proud graduate of both Howard University and Harvard Business School. Now, I share this story with you to say that although many things have changed in the last 30 years – music, hairstyles, clothing (you should have seen me with an Afro and a leisure suit--that's a picture my mother won't allow out of the house) -- one thing has not changed over 30 years, and you know this better than I: Students and their families still need financial assistance to make their college dreams a reality. It is not enough for a student to be academically prepared. They must also have the necessary capital to finance their education. Said another way, capability without capital is what the great poet Langston Hughes coined as a dream deferred.

Federal student aid turned my educational dreams into a bridge of opportunity, sending me to places only my grandparents can only hope and pray for, and I want this educational road of promise for every American who desires a college education. The world we live in and that we worked in the last year has changed tremendously – since last year's conference, of course. We've had the credit crisis, record bank failures, economic slowdown, high unemployment rates, job markets deteriorating, and they all have had an impact on our organization and the federal programs that we administer.

Some of the additional changes that have taken place in the last 12 months are as follows:

- A change in the administration back in January with a president and a secretary of education who chose to elevate post-secondary education as a strategic theme of the administration. In February, President Obama released his fiscal 2010 Budget Request that contained major proposals for federal aid, specifically Title IV student aid, which include the proposal to move to 1% direct lending.
- Congress also passed, and the President signed, the Stimulus Bill, which included over \$100 billion for education and more than \$17 billion for Title IV programs. In June, Secretary Duncan announced a streamlined FAFSA for the 2010-2011 award year.
- Also in June, federal student aid awarded contracts for 4 loan servicers to support the FFEL loans that we have purchased, and will purchase going forward, as well as providing the capacity for the expected increases in direct loan volume. And, in July, we and our FFEL colleagues implemented the income-based repayment plans for borrowers; and, phew! before we knew it, it was time



for school to start again and for us to close out what ended up to be a historic year.

Now amidst all these changes, we see that the demand for federal student aid has grown significantly. FAFSA applications are up almost 20% year over year. In addition, disbursed federal student aid rose from \$96 billion to \$113 billion. That's an 18% increase year over year. Through it all, the Department has continued its implementation of the CASLA Loan Purchase Program. Using this authority, the Department purchased more than \$45 billion in FFEL loans, injecting the needed liquidity to our lending partners. In fact, combined with our Direct Loan Program, the Department financed more than 80% of all student loans made in the 2008-2009 school year; and recently, several FFEL lenders have scaled back or announced that they will discontinue their participation in the FFEL Program. More than 2000 schools have begun participating in the Direct Loan Program, and we have many of them here today, and we are prepared to assist all schools who are interested in becoming ready to participate in the program.

Now remember, this does not commit you to joining the Direct Loan Program and I'm not asking you to leave the FFEL Program. It means that you will have the double-barrel capacity to deliver federal student loans next year and assure that your students will have the aid they need to pursue their educations at your institution. Again, this is more of a question of readiness and preparedness than it is discussing the merits of policy being debated on The Hill; and, by the way, policy is not my job – thank goodness. You might be asking, "Well, what's your job, Bill?" Well, it is nothing like having a nice pregnant pause. My job is to implement the law of the land in the most effective and efficient manner possible and also anticipate legislative changes to ensure that all stakeholders involved in the federal student aid ecosystem are positioned well to deliver financial aid to their students when the students need it. Therefore, our focus now is to make sure that you are all ready and have had the opportunity to receive all the training possible so that you are able to administer federal loan programs next year.

You have all received communications from "moi" (yes, you have) and there have been some communications also to your college presidents. The primary point being, being prepared if President Obama's proposal is approved by Congress. To that end, we have dedicated 50% of this year's conference to our sessions focused on the Direct Loan Program. We are also offering weekly webinars on the Direct Loan Program and you probably have received our newsletter, "The Direct Loan Source." We will continue to keep you up to date on training opportunities in the weeks and months to come. Again, we must be fully prepared so that financial aid is not interrupted. When it is all said and done, our students are counting on us.

Now, some people have asked, what is my vision for FSA, and I will gladly share that with you. It is to be the most reliable and trusted source of college financial aid in the world. Students need stability in funding their college educations. We at FSA are very passionate and unwavering in our commitment to assist students and those who help



students with the funding of their dreams, which in turn helps America remain competitive in the global marketplace and also in every field of human endeavor.

Now, I want to share with you our goals for this conference. We offer, at the conference, really a major component of our ongoing comprehensive training program for financial aid professionals. It is our chance to work with you in a number of sessions, to listen to presentations, and have thoughtful dialogue with your colleagues as well as with our staff. You will have time for one-on-one conversations with Department staff, mostly in our PC Labs, but I am sure you will have discussions in the hallways, local bars and establishments – I'm not paid based on any of those endorsements – but I'm sure there will be discussions along the way. It is also time for you and your colleagues to compare notes from across the nation and share your best practices and also develop strong relationships that you can leverage going forward.

In summary, this is a training and networking conference. Now, since I've told you what this conference is all about, let me tell you what this conference is not about. This conference is not about debating the policy matters or merits of legislation that is being discussed on The Hill. What I love most about people who are in the field of education is that they are passionate about everything, not just some things but everything, which is wonderful; and, what I would like to do during these next 4 days is let's channel that positive energy into the things that we need to focus on in terms of the objectives of the conference, which are the following things: Let's make sure that we understand the laws and regulations debated and passed by the Congress. Let's make sure we talk about operations and operational capabilities. Make sure that you feel comfortable with the training on systems and the business processes required to deliver financial aid. And also, let's provide opportunities to resolve some unanswered questions that you may have.

Now, we have a full week ahead of us, and we have a complete schedule of training sessions. We have opportunities to meet one-on-one with our Department staff in something called "Ask a Fed Tables" – I can't wait to experience that – and time with our staff in the PC labs as well. I encourage you to take full advantage of the full sweep of sessions offered here this week. But, I will warn you, we have over 6000 people and we have tried our best to have as many breakout sessions as possible, but you should expect that those sessions will be jam-packed. So we suggest that you schedule 3, not 1, 3 sessions every time slot to ensure flexibility and ensure that you get the training that you need before the end of the conference. There will be sessions on Direct Loans, there will be sessions on new regulations, the Perkins Loans, and many, many other topics. So I, like you, look forward to those informative sessions.

Simply put, since we are in The Music City, let us work in harmony to ensure that we work together – No, now I'm serious (audience laughter). I know – I am very serious. If I was telling a joke, I would try to sing Tom T. Hall or somebody like that up here. But seriously, let's work as harmonious as possible to make sure that we do all we can to protect the integrity of the federal financial aid system. Now with that, I get to introduce our guest speaker.



It is my honor to introduce to you a man I've come to know and admire for his commitment and dedication to education – a consistent track record of engaging educational topics throughout his entire life.

Arne Duncan is a native of Chicago (I figured we would have a few folks from Chicago in the audience), and he has a lifelong involvement in education as mentioned earlier, and I want to take the time to give you highlights of this. Prior to his appointment by President Obama as Secretary of Education, Arne, as he insists that we call him, served as the chief executive officer of the Chicago Public School System from June of 2001 until December of 2008, a position in which he was appointed by Mayor Richard M. Daley, becoming the longest serving big-city education superintendent in the country. Prior to joining the Chicago Public School System, Arne ran the nonprofit education foundation Ariel Education Initiative from 1992 to 1998, which helped fund college education for a class of inner city children under the "I Have A Dream" program. He did not stop there. He was also part of a team that later started a new public elementary school built around a financial literacy curriculum, The Ariel Community Academy, which today rates as one of the top elementary schools in Chicago; and to really show his multifaceted skill set, from 1987 to 1991 Arne played professional basketball in Australia, where he also worked with children who were wards of the state. The Secretary graduated magna cum laude from Harvard University in 1987, majoring in sociology. He was a superior student athlete, and I talked to a lot of young people who were focused on athletics and I stressed, be a student athlete, and I tell them about Arne. Arne was the co-captain of his Harvard basketball team and was also named a 1st-team academic All-American. Ladies and gentlemen, please give a warm Music City welcome to the United States Secretary of Education, Arne Duncan.

[DUNCAN:] Thank you so much. Give another round of applause for Bill Taggart.

Good morning, it is really an honor to be here. Now, my grandfather is from Nashville. I haven't been here in a while since he passed. I have great, great memories of this city and appreciate all of you coming together today to be with us. This is an extraordinary time to be in education. I want us, though, to take a moment to talk through the big picture and why this is both a historic opportunity and a time when I think we have to fundamentally break through and do something dramatically better for our children and for our country as a whole. This is a time of real crisis. This is a time of economic crisis as all of you know, the toughest economy probably since the Depression. This is a time of educational crisis. We have to get dramatically better, and I am convinced that those 2 things are linked, that we have to educate our way to a better economy; and sometimes when times are tough it creates a chance to break through that maybe in better times you couldn't do that. Rahm Emanuel, the President's Chief of Staff, has this great line, "never waste a good crisis." For better or worse, we have a couple on our hands. So, the question is, will we become paralyzed by that crisis or will we find the opportunity and find that nexus between tough times and the chance for dramatic reform, and I'm convinced that we have that opportunity.



All of our work in the Department of Education is focused on one goal: The President has drawn a line in the sand. He said by 2020, we have to again lead the world in the percentage in college graduates. As all of you know, we used to lead the world--you know, 2 or 2-1/2 decades ago--in the percentage of college graduates, but we've flat-lined; we've lost our way. Other countries have passed us by, and we are paying the price. To get there it is a pretty ambitious goal. We have to go from about 40% of our 25- to 34-year-olds with a college degree to 60%. That will mean an additional 3 million young people graduating from 4-year institutions, another 5 million graduating from community colleges. We have to get better every single year, and if we don't do that, I don't know how we get to a better economy. If we don't do it, I don't know how we give our nation's young people a chance to fulfill the American dream, get a good job, own their own home and support a family. So we feel a huge sense of urgency, but that's the north star. That's what we are aiming for every single day, and every step we take has to be about getting to that point.

We have a very ambitious agenda. We've been critiqued, I wouldn't say fairly, but there is a legitimate critique that we are trying to do too much. We are trying to work at every level of education – early childhood, K-12, and higher ed. I would argue that while it would be much easier, I would prefer to just focus on early childhood or K-12 or higher ed. For us to get where we need to go as a country, we have to push a very, very strong reform agenda in all 3 of those levels. I want to walk you through why all 3 are so important to getting to where we need to go as a nation.

Ultimately, I think in education we have to get out of the catch-up business. In so many of your institutions 30%, 40%, 50% of our freshmen come in and they are not truly prepared for college-level work, so they have to take a lot of remedial classes. So many of our high school students are not prepared to do high school work, so they are doing remediation for what did not happen in elementary. You take that all the way back – what's the answer? I think a big piece of the answer is to dramatically improve the quality of early childhood education in our country, that if we can get our 3- and 4-year-olds off to a good start, they can enter kindergarten ready to learn and ready to read. With their literacy and socialization skills intact, they can go on to do great things. If they are not prepared, we are constantly playing catch-up and unfortunately in many places we don't ever really catch up and those students are continually behind. So we are trying to make a massive investment already: \$3 billion in early childhood education to do 2 things, to significantly improve access and to make sure that every child, but particularly every disadvantaged child, has a chance to go to an early childhood program at 3 years old and 4 years old, and then secondly to dramatically improve quality. If this is glorified baby-sitting, we're not truly changing students' lives; but if this can be high-quality work and our students can enter kindergarten ready to learn and ready to read, then we have a chance to set them on a path to being successful long-term and to enter your institutions ultimately not having to take all of those remedial classes. So a massive investment there.

K-12 education, the next step. We think we have to get dramatically better. I will try not to use too many statistics, but the one number that haunts me every single night is we



have a dropout rate of 27% in our country. That 27% equals 1.2 million young children every year leaving our schools and going into our streets. I always tell people that 1.2 million are not all going early to the MBA, Bill Gates isn't coming around saying "Can I recruit your dropouts from 9th and 10th grade from Nashville and New York, Washington, and Chicago, and other places?" We know those students that drop out, that leave our schools for the streets, they are basically condemned to poverty and social failure. There are no good jobs out there. That's really changed. Places like where I'm from, Chicago, 25 to 30 years ago, it really was okay to drop out. That was acceptable. There were lots of good jobs you could get in the stock yards and steel mills, and you could get a good-paying job, buy a home, support a family – that was okay to leave school at 16. As we know today, there are basically no good jobs out there in the legal economy for high school dropouts. There are basically no jobs for someone just with a high school diploma. Everyone has to be thinking about some form of higher education – 4-year institutions, 2-year community colleges, trade, technical-vocational training – whatever it might be, K-12 has to simply be a starting point in the education journey. So we have to get dramatically better.

What we have been blessed with on the K-12 side is unprecedented discretionary resources. Historically, our Department of Education has just funded the status quo, has funded the bureaucracy and, not surprisingly, we haven't seen the kind of breakthroughs we want. Thanks to the President's leadership and vision, and thanks to a bipartisan Congress, we have north of \$10 billion -- \$10 billion dollars -- to invest in states, in districts, in non-profits, in universities that are willing to challenge the status quo and do things in a dramatically better way. Secretary Page, who preceded Margaret Spellings before me, had \$17 million. We have more than \$10 billion, an exponential increase.

What we want to do is use those unprecedented resources over the next 2, 3, and 4 years to drive the kind of fundamental change that will last for the next 2, 3, and 4 decades, but if we just spend the money and it's a short-term gain, that doesn't get us where we need to go. This has to be about fundamentally changing the game for the 4 areas that we are focused on. First, we think we have to dramatically raise the bar. Under No Child Left Behind, we have had 50 different standards, 50 different states doing their own thing, 50 different goalposts, and guess what, in the vast majority of states those standards have been dummed down due to political pressure; and those students that have graduated from high school are not prepared to enter your institutions and be successful. I have been arguing at far too many places that not only are they unprepared, we've actually been lying to children. Let me explain what I mean: When we tell a child or tell a parent that they are "meeting the state standard," the logical assumption, the fair assumption, the rational assumption, is that they are on track to be successful. But in many states, including the one I'm from, from Illinois, if you are "meeting that standard" you are barely able to graduate from high school and you are absolutely inadequately prepared to be successful in higher education. We have to stop lying to children. We have to stop lying to parents. So we need a common bar of high standards. We have talked about college-ready, career-ready, internationally benchmarked standards. Our children aren't competing for jobs in the district or in the



state anymore; they are competing for jobs with children in India and China, and I think if we level the playing field they can compete successfully, but we have to get there.

We've been so pleased to see already 48 states, 48 governors, 48 school chiefs coming together to work on higher standards together. The business community has been crying out for this for a long time. Both national unions, the AFT and the NEA, are absolutely on board and supportive. Great non-profits, like the Gates Foundation, College Board, and others are working together. This was a third rail a couple of years ago, but it is an idea whose time has come. As we continue to raise the bar, I'm convinced many, many more students will enter your institutions – not having the Byrd money and Pell grants and remedial classes – will enter your institutions ready for that real college-level work. So it is still early in the process with a chance to fundamentally break through.

Secondly, we are challenging folks to be much more transparent around data, to really understand where the child is at every point along their educational trajectory. What always used to bother me was students who thought they were doing a good job and were working hard and getting decent grades, they would get to that junior or senior year and get a 15 or a 16 on the ACT and be stunned that they were not prepared to go to a competitive university. So how do we make sure that every 3rd-grader, every 4th-grader, every 8th-grader knows their strengths, knows their weaknesses, and their teachers, parents, principals all working together during the school day, after school, weekends, summers, to help that child be prepared to be successful at that next level in education. We haven't been transparent enough about data. We've been sort of scared of it. I think we need to look at it, the good, the bad, the ugly, really assess what students' strengths and weaknesses are, and help them continue to improve. I want to track not just students' progress over time, but I want to check students back to their teachers, so we understand which teachers are making the biggest difference in our students' lives. I am not interested in absolute test scores, I'm interested in gain and growth and how much a student is improving each year. I want to track students to their teachers and teachers back to their schools of education so we can understand where schools of education are producing the teachers that are producing the students that are learning the most, and we want to continue to improve and create a cycle of continuous improvement, and the only way we do that is by being transparent around data.

Third, and all of you know this, in education talent matters tremendously, and how we get the best and brightest, the hardest working, the most committed teachers and principals to work in our most underserved communities, whether that is rural or inner city urban. We are focused on the achievement gap, which is stubbornly large and a huge, huge challenge for this country; but, I'm convinced that if we close what I call the opportunity gap, if we get the right adults in front of the children who are the most disadvantaged and from the communities that are the most underserved, that achievement gap will basically disappear. We have to close the opportunity gap, and we want to put lots of resources, literally billions of dollars, on the table for states and districts and non-profits that are really willing to think very differently about that and



make a real commitment to getting those teachers that can make the biggest difference in students' lives and finding those communities that historically haven't had those opportunities.

Then, finally, we want to fundamentally turn around schools where they are not working. I put schools in 3 categories: The best schools in any community K-12, the top 10% of schools or might be amongst the top 10% in the world, literally world class, and we need to do a much better job of learning from those schools and sharing those best practices and making sure that more students have those kinds of opportunities. We have a set of schools in the middle that may not be world class yet but are improving every year. We want to continue to support those teachers and principals and help them grow and give them the mentoring, the professional development they need to go to the next level. But, I'm trying to argue around the country that if we took not the 99% of schools, but the bottom 1%, however you want to define them, in a district, in a county, in a state, if you took the bottom 1%, we have to do something fundamentally different. We have to stop tinkering around the edges. We have to challenge the status quo.

I talked about a dropout rate that is unacceptably high, 27%, 1.2 million students dropping out each year. Two thousand high schools, not that many. We have 100,000 schools, roughly, in the country. Two thousand high schools is a pretty contained number. Those 2000 high schools produce 50% of our nation's dropouts, half our nation's dropouts. Two thousand high schools produce 75% of our dropouts from the minority community--our young African-American, Latino, our young boys and girls. That is morally unacceptable and it is economically unsustainable. We have to stop tinkering around the edges. We have to do something dramatically different and be willing to bring in new teams there to fundamentally change the life chances of those children in those communities.

So what we want to do in the years ahead is through Race To The Top funds, which is \$4 billion; through school improvement grants, which is \$3.5 billion; through teacher incentive fund money, which will be hundreds of millions of dollars; through the Investing in Innovation Fund, the i3 fund, which is \$650 million. We want to invest in states, in districts, in universities, in non-profits that are willing to challenge the status quo in all those areas and do 2 things: Raise the bar for all students and quickly and dramatically close the achievement gap. And for all the challenges that we're facing, I'm actually unbelievably hopeful. As I've traveled the country and been to 33 or 34 states, I have never seen more high-performing schools, I've never seen more schools where it is not just a miraculous student making it through, but class after class, grade after grade, year after year. Students are beating the odds, graduating at very, very high rates, and the overwhelming majority, 99% of those that graduate, are going on to some form of higher education. If we continue to scale up what works, invest in best practices, share what's working, then I think as a country we can go to an entirely different level.

We're pushing everybody else to change and move outside their comfort zones and collaborate and do things in different ways, but what I tell every audience is that as hard as we are pushing everybody else to move and get better, we're trying to look in the



mirror and be very self-critical, and I think quite frankly the Department of Education has been part of the problem. We've been this big, compliance-driven bureaucracy, and I always joke that when I was running Chicago Public Schools, when someone from the Department of Education called me, that wasn't a call I really looked forward to. It was always a call about an audit or some compliance report. It was never about, "How can I help you teach a child to read?" or "How can I help you reduce the dropout rate?" So as much as we are pushing everyone else to change, I want you to know that we are looking in the mirror every single day and saying, can we fundamentally change the business that we're in; can we move from being this big compliance-driven bureaucracy to become this engine of innovation; can we be the group that scales up best practices and puts unprecedented resources behind those folks that are willing to challenge the status quo, that have the highest of expectations for students, and will help lead the country where we need to go. And by investing in those places, through the Race To The Top that will literally lead the country where we need to go, we think we can remove all the excuses for why students don't perform; remove all the excuses for why some high schools have dropout rates of 50%, 60%, 70%; remove all the excuses about poor children not being able to learn, or minority children not being able to learn; and demonstrate to the country what's possible. So we're trying to fundamentally break through on the K-12 side.

Finally, this is all just a means to an end. If all we do is increase our high school graduation rates, as important as that is, if we're not getting more students ready to be successful in some form of higher education, we're not transforming their life chances. So this is all about getting many more students ready for your institutions and ready not just to go but ready to complete. This is about attainment.

In the FY 2010 budget, we had \$129 billion in new money in grants and loans, so a 32% increase from FY 2008, a significant financial investment, and you guys are dealing with this every day, and I thank you so much for your hard work. You know this much better than I, that a time in going to college has never been more important, it has never been more expensive, and our families have never been under more financial duress. We have to continue to find ways to help those children and those families that are struggling economically, continue to chase that dream of higher education and not feel that those doors are closed for them.

So we want to continue to get better and continue to provide more access. That's why I think this House Resolution 3221, the bill that has passed the House of Representatives and is moving over to the Senate, that's why I think it is so important. What this bill does is provide \$87 billion in new money for education without going back to taxpayers for a dime. The bill is not without critics or controversy, and we are happy to talk through all of that, but at the end of the day to me we have a fundamental choice. We will continue to subsidize banks where we are guaranteeing the vast majority of those loans, or we will invest \$87 billion over the next decade into our nation's children and college students. This bill, if it passes, will fund two thirds of our agenda: It will fund our early childhood agenda going forward and it will fund our higher education agenda going forward. It is an extraordinary opportunity to do it at a time when, as you know,



taxpayers – and all of you here are taxpayers – are already overburdened, and to do this without going back to you for another nickel, but to invest massive amounts of money in our nation's youth, I think is a once in a lifetime opportunity.

What is in this bill? A couple of things: \$8 billion in additional funding, new money for early childhood education. And what we want to do is the same thing we do on the K-12 side, compete this money out. Not just feed the current bureaucracy and not just feed the current status quo, but to put huge amounts of money behind states and non-profits and community groups that want to dramatically improve the quality of early childhood education, and I am convinced that, long-term, that is probably the best investment we can make. Again, if we can get out of the catch-up business, have all our children enter kindergarten ready to learn, they are going to be in great shape going forward. Forty billion dollars in new money for Pell grants, which would take maximum awards from \$5350 in 2009 up to \$6900 ten years later. This money would be guaranteed and be indexed at 1% above inflation. I think this is so critically important because I don't worry just about our juniors and seniors trying to go to college, I worry so much about our 9-year-olds, 10-year-olds, and 11-year-olds who are working hard, who are trying to do the right thing, but mom or dad loses their job or takes a 50% pay cut and they start to think that college isn't for them; it's not something they can afford. I want to make sure those dreams don't die young, and if we can guarantee these increases going forward, then we can look any young child in the eye around the country and say it doesn't matter how tough things are at home, it doesn't matter how tough things are in the community, if you work hard and do the right thing, that opportunity is going to be there for you.

There is \$10 billion in the bill for community colleges. I know many of you are from that community. I think community colleges have sort of been the unrecognized, unpolished gem along the education continuum; and whether it is green jobs or health care jobs, or technology jobs, as people go back to retrain and retool and get back on their feet, I'm convinced the country is going to get back on its feet. I think community college is going to play a huge role in that. There are massive numbers of new folks going into community colleges. We are going to make sure that they are ready and have the capacity in making sure that they are providing the skills the students need to be successful. This is not just 18-year-olds, as all of you know; this is 18-year-olds, this is 38-year-olds, this is 58-year-olds going back to school, and to make a real significant investment in our community colleges, we think it is absolutely the right thing to do. There is \$3 billion in this bill for an access and completion fund. Again, as I said at the start of my remarks, this is not just about getting more students to go to college, that is not the President's goal, the goal is to dramatically increase attainment, completion, and we have about 40% of folks who enter school as a freshman 6 years later having graduated. We know those numbers are even worse for minority and low-income populations. So what we want to do is put hundreds of millions of dollars behind states and universities that really build a culture around college completion, not just around access but around attainment, so unprecedented resources to invest there.



There is money for HBCUs and other minority-serving institutions; and again, if we are trying to dramatically increase college completion rates, those institutions, I think, are critically important to our nation's future.

Finally, there is an additional \$10 billion for deficit reduction; and at a time when the deficit is growing at a rate that is unacceptable, having a chance to step in and help out and be part of the solution – again, without going back to taxpayers – we think it's the right thing. It isn't just about the money, although it is a big part of it -- \$87 billion is obviously very significant resources. This is also about trying to make the college process easier for students. We want to dramatically simplify the FAFSA form; and, as many of you know, the FAFSA form itself has been a huge barrier to entry to college. It has been a huge impediment. When I ran the Chicago Public Schools, I commissioned an outside study to help me figure out how I could dramatically improve my college going rates, which were far too low. One of the findings they discovered was that there are many, many students who had worked hard, got great grades, got good test scores, but simply couldn't get through the form and their dream died. I have argued that you often need a PhD to fill out the FAFSA, but the problem is you don't have a PhD yet, that's why you are going to college. So we've taken some significant steps already to simplify that FAFSA form, to have it stop being a barrier. When I was in Chicago, we put in place a practice--I had 110 high schools where every principal every week had to report to me what they were doing to help their students get their FAFSA form completed. It was the right thing to do, but it was working around a broken system. That's a horrible use of principals' time, principals' resources. We need to make this easier. So we've made some significant steps already, as you know, to simplify that form, and we are going to continue to do that. The new application allows applicants to skip additional questions that aren't applicable to them; and we are asking Congress as part of this bill to eliminate 29 questions on savings and income adjustments. We want to replace them with a simple checkbox where students can verify that they and their parents don't own more than \$250,000 in savings and investments that aren't excluded from financial aid considerations. And starting in January, some applicants will be able to electronically retrieve their tax return data from the IRS, and we are trying to work very hard with the IRS, that's part of this deal. We will be working with the IRS together to examine the possibility of expanding that to all students in the future; and as all of you know, this will solve a major and costly administrative headache for all of you. Right now, colleges handle 4 million paper copies of tax returns every year, and one estimate says that costs you \$432 million a year. We want to get you out of the paperwork business and into the helping student business, and we think this is a significant step in the right direction.

So we think passing this bill is absolutely the right thing to do, but the honest and the fair question is, do we have the capacity to deliver. Do we have the capacity to step up and make direct lending work for everybody. Let me just walk you through why I'm so confident we can do that. Three reasons:

- First, in just this past year alone, 500 institutions – 2-year, 4-year, all different types of schools – came into the Direct Lending Program and it basically went off



without a hitch. Significant movement, very few issues, almost no glitches, and so that track record is there. Last year when credit markets dried up, we ensured that students could still borrow and that loans were being paid back. We helped finance 80% of the FFEL loans. We were already taking the risk there.

- Secondly, we had independent surveys, customer satisfaction surveys, and they found that service in the Direct Loan Program is comparable to or better than that coming from the financial services companies. One survey indicated that 80% of those respondents – again, this is third-party independent, not our data, not our research, an outside group – 80% said that switching to direct loans was easy; 61% said that the administrative burden is less for direct loans; 84% said they could handle direct loans with existing staff. There are quotes from the survey, things like, "This simply isn't that tough. It's much easier than we anticipated." We have entered into contracts that create competition amongst various experienced companies to provide the best loan servicing. The private sector is always going to do that better than us – that's not a business we want to enter. This will help keep defaults down and help you to initiate loans, and we are committed to keeping customer satisfaction high.
- And then finally, the third reason: Just last week the Inspector General, again independent, issued a management report showing that FSA is ready to handle the new volumes of loans. This is independent validation that the Department of Education has ample capacity to transition FFEL schools to direct lending and to handle the anticipated significant increase in loan processing and servicing while maintaining strong monitoring and oversight to protect taxpayer dollars. So we have a track record of moving institutions into direct lending, we have customer satisfaction surveys saying that it has been overall a very, very smooth process, and we have an Inspector General saying that he is convinced that we have the capacity to do it well.

Let me just step back before we move to questions and let folks think about the magnitude of the opportunity in front of us, not just in your institutions but for the country. We have to educate our way to a better economy. I feel a real economic imperative, I feel a moral imperative. I've said repeatedly that a quality education, I think, is the civil rights issue of our generation; that when we deny opportunity, we as educators perpetuate poverty and we perpetuate social failure. The only way as a country we get to a better place I think is through education. That's the only long-term solution; and so we're going to push and challenge the status quo at every level, early childhood, K-12, and higher ed. If we can get better at every single level, get dramatically better outcomes for students, as a country, we will do something extraordinary. We have a window of opportunity here. We've never had a president this passionate about education. We've never had such bipartisan support from Congress. I keep saying this is the one issue that all of us can agree on, put aside politics, put aside ideology. We all know the status quo isn't good enough, we know we have to get dramatically better. We have unprecedented discretionary resources, competitive resources, to reward excellence and shine a spotlight on best practices. This is a historic moment of opportunity where I think crisis meets opportunity with resources, and if we have the courage and the political will to do the right thing, I think we have the



chance to change our students' lives forever. Now, all of you know that if we give our students a chance not just to go to college, but to graduate, we change not just their life chances, but the life chances of their children and their grandchildren. This is the only way our students can pursue, our nation's children can pursue, the American dream.

I thank you for your hard work. I thank you for your commitment. I look forward to hearing your questions. Thanks for having me here this morning.

I think we have a lot of mics here and we have a couple of E-mail questions. The mics, there are numbers, please find them. We have a bunch of E-mail questions. They wanted me to do one first and then we will open it up to speakers.

This was from Helen Peth, the financial aid director at Albany Technical College. She said: "Because we are adjusting FAFSAs to effect the zero income per the guidance for the 2009-10 school year, will we expect the same adjustments in the 2010-11 FAFSA as they will still be in school? Will the auditors still be considering the economy to look at the number of professional judgments schools perform as these students who have 6 months of income plus severance and unemployment reflected in their adjusted gross income?"

First, I want to thank all of you for using your professional judgment. We want to continue to empower you to do that. We recognize many young people had income coming from, you know, parents 6 months ago, a year ago. That income has gone away. Maybe there are catastrophic health issues where students are struggling. We want to continue to empower you to do the right thing and keep them in school. As I travel the country, I hear one tough story after another. One young student at Syracuse University told me just in the past month both her parents have lost their jobs. She was desperately worried about having to leave school because of that. We want to continue to put you in a position to help them and want you to challenge us and push us to figure out how we can better empower you to make a difference in those lives of students who are really struggling. Let's open up with the one and work our way around the room.

[AUDIENCE:] Thank you, Mr. Secretary. We look forward to your leadership in the Department. We think you are doing a good job so far.

[DUNCAN:] Thank you. I'll try and keep that up.

[AUDIENCE:] I'm Bill Logan. I'm with Lane Community College in Eugene, Oregon, and we are predicting that we are going to see about a 33% increase in student loan volume. And we know that our next generation is going to be straddled not only with student loan debt but economic debt for the country, and I was just wondering with your next visit with the President that you might be able to discuss some kind of stimulus action to continue or increase loan forgiveness so that we are counting on our next generation to absorb our economic debt. Maybe by providing more student loan



stimulus to forgive debt, it would empower them to be able to provide for the economic needs that we need in this next generation.

[DUNCAN:] Thank you, that's a great question. It's something we have talked a lot about and continue to think about. Let me tell you what already has passed. Much of this we're sort of fighting for and it is still before Congress. Something that passed on July 1 that hopefully all of you know about, this is the law, is income-based repayment (IBR). What income-based repayment does for the first time – this is for undergraduates and graduates coming out of school – their loan repayments will be indexed to their income and if they continue to work in the not-for-profit or public sector--teachers, a doctor working in a health care clinic in the inner city, or a legal clinic--their loan repayments will be dramatically reduced; and after 10 years of public service, any loans they still have will be forgiven. That's the law now. So, that's a huge step in the right direction. Historically, particularly in areas like teaching, we have lost lots of great talent to other fields, folks who had a passion for education and wanted to do it, but because they had \$80,000 or \$100,000 in loans, they simply could not afford to do it and had to chase something more lucrative. Well, income-based repayment is a huge step in the right direction to making sure we get talent into education, into the public sector, working in government, working non-profits, and long-term if they stay with it any remaining debt will be erased. So it is a significant step in the right direction. We are going to encourage you guys to help get the word out on that so all the young people know that if they want to come serve the country, there's an opportunity to do it.

[AUDIENCE:] Hello. My name is Sheila Nelson Hensley. I'm the director of a small 4-year private school in Virginia, and my main concern is that because my institution has limited resources in terms of endowment and that kind of thing, I was glad to hear that you are saying that the Department of Ed's ready for the conversion to DL, but I am concerned that there is going to be a delay in us receiving our funds, which will ultimately affect our students and the cash flow of our institution. So, I'm just wanting to hear that they are really ready and we will receive our funds in a timely manner.

[DUNCAN:] We're absolutely committed to being ready. I think so much of this week is to have a chance to spend time with all of you; and, you know, our team's here all week – Bob Simon, Bill Taggart, who you heard from earlier. We will continue to do sessions. We have teams of folks in FSA prepared to work with different types of institutions. We know this transition is going to be easier for some and harder for others. We literally have teams in place now ready to talk, ready to help, ready to communicate on an individual basis with every single institution thinking about this. And, time is on our side now. That's why we are here today. If we start working now, we have plenty of time to be prepared. So are we done? Of course not, a lot of hard work ahead of us, but we have a team that's absolutely ready. I feel so lucky to have someone of Bill Taggart's caliber leading this effort for us. He is an extraordinarily committed individual. His team is working overtime all ready to be prepared, and I feel very, very good about our ability to deliver. But, this has to be a partnership with you. We want you pushing us. We want you challenging us. We want you to point out where we are not doing things the right way to help you or we can continue to do it better or in an more expedited manner, and I



am convinced that as we go forward and continue to build this partnership collaboration that Bill talked about earlier, we are going to be in great shape.

[AUDIENCE:] Hi, thank you. My name is Kathy Lindsmeier. I am the financial aid director at Chabot College in California. I'm getting an echo – sorry. Of all these billions of dollars that are being made available for financial aid, can you tell us anything about what might be made available to the schools to help implement and take care of the increase of student applicants? What resources can we tap into?

[DUNCAN:] One of the things I talked about in this bill is a \$3 billion access and completion fund, and this is all about trying to get money to those states and those institutions, and they are going to help students get in the door and help them complete. That's going to be on a competitive basis, so it's not just going to go out to everybody, but whether you are really doing a great job of getting students into school and then really building a culture around completion. There is \$3 billion on the table specifically to help there.

[AUDIENCE:] Hi, Mr. Duncan. My name is Leeann Hoffman. I am an assistant director at Wayne State College, Wayne, Nebraska. My question to you is: I'm here on kind of 2 hats. I am on my local school board and also a financial aid administrator. What I hear from you are a lot of new programs right now. The K-12, we are looking at a cut from aid that we receive from our state. With all of these extra testing and standards that we have to meet, we don't have the funds to get all of those requirements. And, as far as the financial aid side of it goes, where is your Plan B? If this legislation doesn't go through, what is your Plan B?

[DUNCAN:] Let me take the first one and then the second one. This is an extraordinarily tough time across the country, and every state is struggling. Every state is having to make tough cuts, you know, in many different services, including education. We've tried, through the stimulus package, to put \$100 billion out there in new money, \$70 billion for K-12, and I hope your state and your district received absolutely its fair share of that. It's never enough, and it's really tough times. That's something that over the next couple of years is going to continue to be tough. So there isn't any easy answer on that. I will tell you specifically on the standards and assessments what we are doing. Right now we have 48 states working on these higher standards together. Your state, Nebraska, is absolutely at the table. Your governor, your state school chief is there. So a huge plate to continue to work together. We are going to continue to put money on the table to help encourage that. What I was really worried about is folks would have the courage to do the right thing, but exactly to your point, due to fiscal pressure, they would not be able to get better assessments behind that. So what we've done is we've carved out \$350 million to develop better assessments behind the higher standards. So what we really tried to do was remove the financial impediment for those districts and those states that are struggling financially, had the courage to do the right thing but didn't have the resources to develop the better assessments behind it. We're basically going to fund them. And so, money here should not be your challenge. It is really going to be a challenge of political will and courage to figure out how to do the right thing. In terms of



a sort of a Plan B, what we really just think is that the most reliable way to ensure loan access for students is through the Direct Lending Program whether or not this bill passes Congress. And so we are preparing to, you know, take on as many schools, as many institutions and individuals as come our way. Again, this is whether or not the bill passes. We think at the end of the day, as we know, the other system was basically on life support, it wasn't working. We ended up subsidizing the overwhelming majority of loans and we think direct lending is the long-term future whether or not this bill passes.

[AUDIENCE:] Thank you.

[AUDIENCE:] My name is Gloria Ponser Rodriguez, and I am from Fresno, California. I am district coordinator for the Fresno Unified School District. And, my question is a little different, and it is in regard to collecting data. One of the questions that I had is, how can the federal student aid help school districts collect data on a number of high school seniors applying for financial aid? Too often, many of our students go off to college and then they have to come back because they didn't complete the financial aid process. I would like to know, how can we get into the database to know our students have completed the financial aid application process?

[DUNCAN:] Yeah, that's a great, great question. First of all, they often don't complete this early because the FAFSA form itself is so difficult. It in and of itself is a barrier to going to college, which is sort of crazy. So, again, we've taken pretty significant steps to simplify that form and we wanted to continue to take very significant steps going forward to continue to simplify it so that it is not a barrier. How we have data transparency K-12 and how we're sharing that data with higher education is something that we need to continue to really think about. I am very aware of FERPA and privacy laws, and you always want to be sensitive to that; but at the end of the day if we are losing students who don't have their forms completed, that is a huge loss for them and a huge loss for the country. I will tell you that what I want to do is really hold...to me, if it is getting to you when a form is not completed, that's not your responsibility. It should have been done on the front end. So I want to really work with high schools to systematically collect this data and to make sure that every student who graduates has these forms completed. And so, I appreciate your push on it. I think if it is getting to you and it is not done it is too late, and we want to push very, very hard to make sure high schools are spending the time and the energy to make sure these forms are getting completed at the front end and not at the back end. That's where I think the ownership needs to be.

[AUDIENCE:] Thank you so much.

[DUNCAN:] Thank you.

[AUDIENCE:] Yeah, my name is also Burt Logan from Lane Community College . . . no wait, it's not. I'm Ted Malone from University of Alaska. I was going to say something off-kilter here, but blame it on Burt. There are a couple of issues that are really troubling us. One is, as you started mentioning, the 6-year graduation rate, and that is really a tremendous marker for a traditional school that takes people who are 18 years old, that



go to school full-time all the time, but many schools, like all of our community colleges and many of us who have open admissions policies whose mission is to take people where they are and help them through, the 6-year graduation rate is the most meaningless statistic ever invented. And, if you're using that to evaluate whether or not we are accomplishing our mission, you're just buying into the whole thing which *US News and World Report* does and says everybody should be doing Harvard's mission. Well, that's not what the people of Alaska created our school system to do. We are doing what we are supposed to do, and we are helping a lot of people. It's just not completely in the one statistic you're choosing to measure. On the same line, you know, I hear you talking about how the Department of Ed is new, and you're working to make things easy. Yet, the first opportunity your Department of Education has had with us in the year-around Pell thing has created this impossible-to-administer program. You've taken interim final regs that seem to clearly represent the will of Congress. You've completely ignored what you heard in negotiated rule-making because the Department trumps everything in negotiated rule-making and created a program that will essentially make this virtually impossible for anything but a traditional student who wants to go to school full-time every semester. And, I just really think it makes it hard to trust that you're going to be looking out for our best interests as we step forward into a 100% direct lending kind of format.

[DUNCAN:] Yeah. Thank you for the questions. I appreciate the real honesty and candor on it. That's really why we are here this week. Let me try and answer both of them. On the first one, let me be clear. I am not just looking at 6-year completion rates. The point I was trying to make was that we need to increase the number of graduates, however long it takes. What I said very clearly at the start of my speech was that what we're looking to do is dramatically increase completion rates, that as a country the goal is to have more college graduates. It can be 3 years, it can be 4 years, it can be 6 years, it can be 10 years. But at the end of the day, it is about completion. It's about attainment. It's about getting that degree. And, again, as a country, we used to lead the world there in the percent of college graduates from 2-year and 4-year institutions, and we've lost our way. So it's really about completion. I'm not hung up on the 6-year rate. I'm absolutely hung up on dramatically getting more students to complete. In fact, as you well know, there are lots of folks out there, millions of folks around the country, who have some kind of credits, you know, for 2-year or 4-year institutions, who have not completed. That to me is low-hanging fruit to try and reach out to them and get them back in and get them through and get them retrained and retooled. At the end of the day, to be really clear, it is about increasing graduation rates from 4-year institutions and 2-year community colleges. I will also tell you, it's interesting as you look across the country at both 4-year and 2-year, if you look at some similar populations, similar at-risk factors, you see not dissimilar to high schools, you see very different results. You see some schools with students that are really at risk who do a phenomenal job of graduating them. You see others that don't do as good a job. So I think we need to have an honest conversation that where the best practices we can learn from, where folks are getting through and we need to do that, where folks are struggling. You know, let's challenge that a little bit as well. But at the end of the day it's about dramatically driving up graduation rates. On the year-round Pell grants and other issues, if we are not



handling things perfectly, that's why we're here all week. So I am not going to have easy answers, but I want to tell you we're here to listen, we're here to learn, you know, we're not going to be perfect, we're going to make mistakes, that there are things we're not doing right. We want to be here all week with you to learn from them and to try and get dramatically better. So I'm never going to commit to you that we are going to do everything perfectly. I will absolutely commit to you that we want to be a partner, we want to hear you, and where we're doing things that don't make sense or need to be fixed, we absolutely want to take that into account and hold us accountable for making those changes as we go forward. So this to me is about a conversation about a partnership, and your candor, your feedback, your honesty about what's working and what's not coming from us is the only way we're going to get better, and I appreciate that.

[AUDIENCE:] Good morning, Mr. Secretary. I'm Denise Colter from the Pennsylvania Academy of Fine Arts. You're gonna love me because I'm full of honesty and candor. I have 2 things that I just wanted to say. My first statement is about the \$87 billion. It's not just coming from the money that was given to the FFEL Program, it is also being taken off the fees that are charged to students and to the interest rates that they will be paying on their loans. So, I think that it needs to be clear that it is all students that are taking loans that are going to be paying for this \$87 billion. It is not just the money that was coming to the FFEL Program. And, as far as I am concerned, I think that, although I believe that all students should be able to go to college, I don't think the middle class and the graduate students should be funding everybody else's education. That's a concern that I've had from the very beginning. It's something that hasn't been really talked about. And, any time I've brought it up, it is just said well the federal government has decided that Pell and that education is where we want the funds to go, instead of maybe decreasing the interest rate for the students. My other statement is that the \$87 billion added up to \$71 billion, so I'm wondering where the other \$16 billion is going.

[DUNCAN:] Yeah, yeah. It goes into 2 pots. It's early childhood, higher education. There is some capital money as well as construction. That's the other major pot there, there is capital money to do school rehab and renovation as well. That's the other big pot. Thank you.

[AUDIENCE:] Hello. Yes, my name is Dolores Cabrera, and I'm the director of the Pontifical University Catolica Madre y Maestra. I come from a foreign medical school, and my question is: Since foreign schools don't qualify for direct loans, what will you be doing for US citizens attending foreign schools?

[DUNCAN:] Yeah, um, we need to look at that. That's something I don't have an easy answer on. We've talked about this. That's one of the things that we are considering. But you're right. Historically they never have, and I'm not sure what we are doing with that going forward. That's part of what our staff can work with you during the course of this week.

[AUDIENCE:] Thank you.



[AUDIENCE:] Hi, my name is Sally Lalong and I'm financial aid director at the Ailey School, [Inaudible] Theater School, and I work with a school in Florence, Italy, Studio Art Center International. So I really see the impact of regulations and policy and its ability to make it very hard to deliver aid to students. What I would like to do is introduce an idea. As we think about reengineering the system, I know there is thought given to simplifying things, which I am in support of, so that there is just one grant program and there is one loan program. Along those lines, I would like to introduce an idea totally out of the box, which is to use the credit card concept where students are told what their grant size will be, what their loan limits will be, they will have some type of card and then they can go and shop around for a school that they want to go to and then know how much spending power they have. It's a different idea, but I think it's one worth looking at.

[DUNCAN:] I appreciate the thought. Again we are going to have teams of folks here all week. Please sit down, share with them, shoot us an E-mail, and we're happy to look at every idea to look at ways to continue to improve.

[AUDIENCE:] Hi, my name is Pat Bennett. I'm the director of financial aid at Northwest Florida State College, which is in the panhandle, the other part of Florida. You talked about the simplified FAFSA and the fact that students will be able to check a box. We have Eglin Air Force base and Hurlbert Field where students oftentimes forget that they need to add their BAH and BAS. By checking this, do we no longer have to collect that? And, the second part of it is, will verifications go down with this new simplified FAFSA form?

[DUNCAN:] We want to make it much easier. We are going to make sure that this is much less of a burden on you, on your time, and particularly on the students and, again, having this form be itself a barrier, I think, is just absolutely fundamentally wrong. And so we want to make sure that we are making it easier. We want to make sure that it is not taking that much of your time. We are going to make sure that we are not spending as much time on the verifications. In the first part of your question, will you still have to collect that information, I do not have the answer on that. We will check it with you this week, okay?

[AUDIENCE:] Hi, I'm glad you could make it and I'm glad that you're listening to us. We actually have a mutual acquaintance. He lives in Brooklyn and he said, you know, the 3-on-3 basketball, he let you win that last game. He works for the Administration. His name is Shawn. Anyway, my concern is access, and it has to do with the Direct Loan Program. And, you know, when I first got into financial aid, I had a brown beard and now it's gray, and I've been around. And 5 years ago, I really thought that we were making progress, because I had a relationship with my lenders and any student, regardless of their appearance, their credit, I could get them a loan. In fact, we took 100 students who could not get a parent loan, could not get a private loan, and we cosigned with them, and we got them this loan with Citibank, and 85% of those students are repaying that loan at a great interest rate. That has been taken away from me. My partnerships with



my lenders have been taken away from me. And, I understand \$87 billion sounds like a lot of money. It's a great savings, but the fact of the matter is it's really the subsidies only. Everything else they are going to make a profit on administering the program. However, if the interest rates go up, I am not sure if there is going to be a profit. Also, you already have 14 years of a Direct Loan Program. I guess in accounting they have debits and credits so you can see, did you get 20%, \$16 billion saved last year? I would be interested in finding that out. But my question is today, because I have parents who have written letters – they are going to be writing a letter to you, fan mail – that cannot get a loan and I said, well I can't have a relationship with my lenders any longer. They are being kicked out. Now their profit margin was maybe 1%. It was more of a long-time relationship. And so, I cannot control the interest rate. The students are borrowing private loans. If a student is denied a parent loan, they don't really have an access at Manhattan College, so I would be curious what your response is.

[DUNCAN:] Yeah, first of all, I just want to...the number \$87 billion, that's not our number, that's the Congressional Budget Office. That's, you know, again, an independent non-partisan so we think those savings are real and it is also based upon the historical data. We want to work with you. The last thing we want to do is reduce access. That's not the point here. So increasing Pell grants, increasing Perkins loans, increasing tuition tax credits, there is income-based repayment that already passed, all these things are about driving up access, not reducing it. And again, let's sit down with you and figure out how we do that. The goal here is not to say no. The goal here is to say yes, say yes to a lot more students, and to say yes at higher levels to the point that it ever had. And so, again, we would be happy to, you know, stay with you throughout the week and figure out how we do a better job of that, not just with your students, and thank you so much for your commitment there, but around the country. This is about trying to get more students in and to make sure it is affordable at a time of unprecedented financial pressure on families.

Thank you so much for having me today. Thanks for the hard work. Thanks for the questions. We look forward to working with you. Thank you so much.