

- Moderator:* The Department of Education’s Office of Federal Student Aid welcomes you to day four and today’s general session, town hall. Now, please welcome to the stage, Chief Operating Officer for Federal Student Aid, Bill Taggart. *[applause]*
- Bill Taggart:* Well good morning, everyone! This is called call and response. *(Laughter)* Let’s try it again. Good morning everyone!
- Audience:* Good morning!
- Bill Taggart:* Ah, I see those folks who have been very busy going to all the sessions every day, enjoying the wonderful nightlife of Orlando, still have enough energy and stamina to come to the town hall session. So I thank you for that. Well, I want to welcome you to the final general session that we have, and this is your opportunity to pose the questions that may not have been answered up until this point in the conference. So we encourage you to do so. In a few moments, I’ll have the opportunity to introduce a distinguished panel that will assist me in answering your questions. They are back stage right now, and I will bring them out in a matter of moments.
- Before we begin, I want to address some unfinished business from yesterday. Yesterday Mr. Grump and Happy – their real names, Mr. Baker and Mr. Mazellan – they gave me a very special honor of being the tallest of the ten dwarfs. I didn’t know about these others three dwarfs. The only thing, and I’ll take honor in joining that distinct fraternity; however, I do take issue with the moniker of baldy. *(Laughter)* As my grandma would say, “That just ain’t right.” *(Laughter)*
- So back when I was attending some of your institutions, I actually had hair. So my wife dug deep into the family archives to show this picture. You can go ahead and put it up. This is an ID. *(Laughter)* Senior year, Howard University. Yes, I had hair. So baldy is not a fair representation. That is revisionist history. *(Laughter)* I think a better name would be Fabio. *(Laughter)* Nubian style.
- Well, all jokes aside, I also wanted to share another picture with you, and it’s someone who is near and dear to my heart. Her name is Ms. Jackie Green Decker and the picture that you see here is from a Howard University fundraiser from a couple of months ago. I had not seen her in, gosh, over 25 years. Jackie was the woman who I went to on my campus when I had problems with financial aid among other things. She was part counselor, mother,

taskmaster, etc., etc., and I am happy to report she is still at Howard University, 38 years of service this year. *[applause]* So when I talk about my affinity for all of the work that you do, it goes beyond just the job and the work and the processes and the regs. It goes back to my interaction with that lovely lady there who made my educational dreams come true.

Before we start with the town hall session, I did want to take the opportunity to quickly cover some key points of FSA's strategic plan. By law, being a performance-based organization FSA must publish a five year plan, but there were so many changes that were taking place in the overall environment that regardless of whether it was mandated for us to do so, it was just good sound business judgment to take pause and assess the entire environment around us. It asks the question, how should we respond to some of the major trends that we see on the landscape? Some of them being legislative; some of them being the goals and priorities of the administration; some of them being some of the feedback we've heard from financial aid administrators and some of the associations that represent you; and some of the information and demographic information about students.

So I would like to share with you those trends and then share with you the five strategic objectives and goals for federal student aid going forward. The first item that was a trend I think that we are all familiar with is just the cost of postsecondary education just continues to rise. In fact, on the last few years, it has been growing at a compound annual growth rate of 6 percent every year. I know there's a lot of variables that lead to that increase and depending on the school type, the size of the school, the numbers could be higher or lower; but fundamentally in aggregate, the trend is going upward. While that cost curve is continuing to go up, then the non-federal sources of post secondary education funding are going down. Some of that is just a function of the economic situation that we are in right now, but that's also impacting schools in terms of their foundations and endowments, but also is impacting many Americans who had planned to use certain personal assets such as a home equity and other things as funding sources for college.

The next big trend that we see is that we expect enrollment in higher education to continue to grow. You are all part of a significant growth business. So, we see that as a significant kind of increase in spike over the next five to ten years, as we see it growing all across the globe. We also see that proprietary schools are growing at a faster rate than all other schools and also are leading a number of changes in terms of postsecondary education

in terms of the process and a number of innovations that have emanated from the growth of proprietary schools.

The last item is more recently we talked about at the opening of the conference that FSA needs to respond to changes in legislation and take on more responsibility for the overall federal aid ecosystem and SAFRA being one of them. So with all of those factors, what does it mean for FSA? Well, to make sure we stay in alignment with the President's overall goals, which I think are admirable, and I think they are something we absolutely must do as a nation. We also want to make sure that we are going to remain focused on our overall mission statement, which is funding America's future one student at a time.

So here are some of the things that we have challenged ourselves over the next five years to improve upon. First, FSA will provide superior service and information to students and to bars, and we will admit that we are not there yet, but that's one reason that you put forth these type of challenging goals. We must be excellent in terms of customer service and delivery. The feedback that you have been giving up throughout this conference and through other forms help us to understand where those points of improvement are, and helps us build the case to get the appropriate dollars to make those changes if incremental dollars are needed.

Next, FSA will ensure that all participants in the system of post secondary education funding serve in the best interest of students and their families from policy to the delivery of aid. We've had some situations here where there was a disconnect between policy creation and actual implementation. I think since we are all family members, we can have that discussion about year round Pell. The great thing about that is that it gave students the dollars that they need. An unfortunate outcome of that was additional administrative burden for many of you. Our quest going forward is to make sure that we are performing those impact analysis in the early stages of policy development so at least we understand how we can better implement them in the most effective and efficient way possible.

Next, the FSA will develop efficient and effective capabilities to be among the best providers in both the public and private sector. As many of you know, before taking this appointment, I spent my entire career in the private sector. I do think there are private sector business practices that are relevant to the work that we do here at Federal Student Aid while, at the same time, since we are in the government sector, that we are to look to other government

agencies for proven techniques that we can adopt to help us in our quest to really become the outstanding organization that we strive to become.

We also are going to improve the quality control associated with program integrity. You've heard a number of comments that were made that we have to make sure that we are stewards of the taxpayer's money and to make sure that we are doing everything that we possibly can to eliminate fraud and abuse in the system. So we are going to up the ante in that regard. When you start to take a look at the increased numbers of federal aid that are going out the door, just go back two years – the number was \$96 billion. Now, it's \$134 billion. You saw some numbers that Dan and Jeff provided, and the number continues to go up. So, we all need to be vigilant to make sure that we're all doing what's in the best interest of the American taxpayer so there is no question in regards to the integrity and the process and the quality of management of what I think is one of the best government services on the globe.

Last but not least is that we're investing and developing the very people, many of you have had the pleasure to meet here, who are part of the FSA family. We want to become the best place in the federal government for which to work. I always believe that well-trained employees who enjoy their jobs and have passion for what they do, they provide great service for those who rely upon them and then those folks can provide great service to the students that they interact with day in and day out.

So I wanted to make sure that you are aware of those five things and we will be working hard, even in a tough budget environment. We will be making some selective investments, but I think across those five dimensions we're going to have to continue to make stark improvements if we're going to continue to meet the needs of the students and families of this country and frankly, meet your expectations as well.

Hopefully, each of you have received your conference bags, the wonderful conference bags, and there is a brochure in there that looks a little something like this, that gives you a quick synopsis of our five year plan. I think it's a nice fine piece of work. It's easy reading. You can read it and absorb it in a brief amount of time. For those who really would like to read the strategic plan in detail, you can go out to www.federalstudentaid.ed.gov and click on About Us, and you will see the entire strategic planning document and some good reading either in the morning, evening, or at night.

A couple of housekeeping notes. Next week you will be receiving an e-mail asking you to evaluate the conference. I would ask you please do not treat it as spam. We use your feedback to make changes and modifications to the conference: format, layout, content, feedback from last year directly attributed to the increase in number of sessions from mid-20s last year to well over 55 this year. So, make sure you take the time to fill that out. Your comments are greatly welcome and we want to make sure that the next conference will be even better and we can make improvements on our activities from this week.

Again, I thank all of you for a wonderful week. I've had an opportunity to talk to well over 300 of you. I had this clicker in my head. My goal was to try to talk to 500 of you, but some people ate up time for the other people. (*Laughter*) Wonderful conversations nevertheless, but I've found that there's no replacement for going directly to the source and finding out what's on some people's minds. So I thank you for taking me up on my offer. I learned a heck of a lot from you, and I think we made some friends along the way and you definitely have a friend in me.

Next year, the conference will be held in Las Vegas. I guess we will be communicating the specific location some time soon, but with the size of the attendee base that we have, there's only a few places in the world that we can get all under one roof. So we will see you all next year. I hope you will be here to make it to Las Vegas, Nevada.

If you'd like to ask a question, please proceed to the six microphones. We have six of them. One, two, three down this aisle, and three, four, and five down the other aisle. You can start to assemble as I – we're going to bring up the house lights a little bit. I would ask you because the time we have is going to go by fairly quickly – I remember last year we had a great spirited session. We had some questions. We had some declarations. We had some speeches. We had comic relief. It was great, but I would ask you to please give your name, your school, and then your question or your comment. If you want to make a comment, that's fine as well. We do have freedom of speech, and you get the opportunity to say kind of what's on your mind.

Let me go with the introductions. So, again start assembling. Don't wait too late. It happened last year. We got into it and people started getting into it when we had about five minutes left. So, if you have a question or a comment, please go ahead and start to take your place. I will serve as your MC. I will be your Wink

Martindale if you – well, folks he’s still around. Wink Martindale, Alex Trebek, whatever floats your boat. I will serve as kind of moderator and call on the various mics and that sort of stuff, and direct questions to the folks who will be our subject matter experts for the morning.

So, I’m going to start the introduction process. Excuse me one second. First, let me introduce James Kvaal. James is the Deputy Undersecretary of Education. In his role, he assists the Undersecretary in her responsibilities overseeing policy and programs and also activities related to postsecondary education, vocation, and adult education as well including federal aid. James comes to the department from the Whitehouse where he was a Special Assistant to President Barak Obama for Economic Policy. James, come on up. Have a seat. *[applause]*

James Kvaal:

Thank you.

Bill Taggart:

James also worked at Federal Student Aid before making it over to the Whitehouse early in his career. Next, we have Jennifer Douglas, who is our Deputy Chief Customer Experience Office at FSA. You know Jennifer from the fine work that she has done and her team has done around the FAFSA over the years. She has also been one of the thought leaders around outreach across the country. In this role she is responsible for ensuring that customer’s interests are served in everything that we do. Welcome, Jennifer. *[applause]*

Next, we have Robin Minor. Robin Minor serves as the Chief Compliance Officer for Federal Student Aid and her job is to make sure that she works in a very proactive manner with all of you to ensure that you are compliant. So, yes, it’s okay to applaud for Robin Minor. *[applause]* Compliance just gets no love. That’s why everybody is sitting in the back of the room here.

Next, we have Sue Szabo. Sue is the Chief Business Operations Officer for Federal Student Aid, primarily responsible for the wonderful work that has been done with the direct lending transition and also brining on the new services. So thank you, Sue. *[applause]*

Last, but not least, we will bring forth a great thought leader and advocate for all of you. Although we have had some fun kind of jabs at each other during the conference, Jeff Baker is truly one of the thought leaders in postsecondary education, and we brought him back from a return engagement. Mr. Baker. *[applause]*

All right, with that being said, I'm going to wander away from this mic a little bit. I have my tea in here because I'm losing my voice after continuously talking for the last four days. The way we're going to go is we're going to start with mic number one and we'll go to two, three, four, five six, and then restart. So we'll start with the first question. Let's turn on microphone number one. Please, your name, your school or affiliation, and your question.

Joan Zanders: Good morning. Joan **Zanders**, Northern Virginia Community College. Some months ago, the Department decided that high school students can now be enrolled in a program of study. I'm curious as to whether or not the intention was and the expectation is that these are students who, if enrolled half time and many of our dual enrolled students are, they will now count as one of the number in college even though they are living at home, and many times their high schools pay for those credits. Are they going to count as the number in college because they meet the requirements now?

Male: I think what we are referring to is the change that removed the institution eligibility provision that originally had said if the college admits students below the age of compulsory attendance they could be a problem. So I think in terms of the need analysis formula of number in college, that's a very good question. Carney, do we have – yeah, it's a very, very good question. We need to make sure we get clarity on that because there could be more of them. So we will follow up on that and that's one that it seems to me we need to get that out and put it out on our IFAP or something. I apologize, after the first question we don't have an answer, but – I see ya, Bill. *(Laughter)*

Bill Taggart: In all seriousness though, if we have an answer we'll tell ya. What I've told my teams is that if we don't have the answer or it's something that we're working on, we're not here to play games. We'll take the question and respond to it in appropriate fashion. Thank you, Joan. Let's go to mic number two.

Jim Reed: Jim Reed, West Texas A&M University.

Bill Taggart: Jim, how are ya?

Jim Reed: I'm fine, sir. First, a comment about the schedule. I'd like to commend you for the structure of the committee. As far as the repeating sessions goes, may I suggest that you offer them at different times each day. For instance, if you have a session that's

going to be offered for Tuesday, Wednesday, and Thursday, that it be offered at a different time each one of those. We found a lot of conflicts with ones that were offered at the same time and consequently were not able to attend.

Bill Taggart: Good feedback. We can do that.

Jim Reed: Second thing, and you may not be able to do quite as much about this, the cost of conference locations especially at a location like this where unless you're driving a car or have a rental or something like that makes it quite prohibitive as far as meals and everything, especially when we're using the GSA per diem, which I certainly hope you folks aren't. *(Laughter)* Look at how thin I am! I was only doing two meals a day.

My third comment is on a much more serious note. I think you've been a little misinformed as to the smoothness of the transition to direct lending. *[applause]* I know we elected to start with the summer so that we could be dealing with a smaller population to be able to take care of these things. We are still trying to get our money because for some reason it was assumed that we would know that with the fee change on July 1, that we had to schedule our second disbursements after that even though our second period of enrollment started before that. That's caused us a great deal of problems and unfortunately it's obvious that you've increased staff as far as helping on the direct lending line. I'm not sure they had the adequate amount of training to serve us well. *[applause]*

Bill Taggart: I would respond by saying I think we did the best we possibly could especially with the time frame that we had. We are not under any illusion that there were no problems and just smooth across the board. I think the thing that we are proud of is that we got to work with all of you to ensure that we got the aid out. Now, it may not have been as eloquent as anyone would like. I think we are all perfectionists in that regard, but we are dedicated to do all we can to make sure it's smooth going forward. Let's go to mic number three.

Sally Samuels: Hi, Sally Samuels with Fay, third party servicer –

Bill Taggart: Hi Sally.

Sally Samuels – out of Fort Lauderdale. I'm going to try stepping back. My question has to do with satisfactory academic progress, clock hours school. Are we now going to evaluate based on completed hours instead of scheduled hours in a payment period?

- Male:* Sally, I'm looking down at Carney, but I don't think in the regulations that we published at the end of October that will kick in July, I don't think that we addressed that issue at all. I don't think anything has changed. Nothing has changed in that regard.
- Sally Samuels:* I thought most of the references said completed hours or completed payment period.
- Male:* Well, I'm guessing here and I apologize, but I think that that was general discussion about our programs and maybe we should have been a little bit more exact about clock hour programs than credit hour programs. Sally, we'll get back to you to make sure that we clarify that.
- Sally Samuel:* Okay, and Jeff I'll also ask you about the clock over crossover students for the clock hour students. If they were going to start in February and the payment period was scheduled to end in May but because of a leave of absence they end up taking September before they actually complete that payment, should we or do we have to go back and pay them out of the award year that gives them the larger award?
- Male:* Right, this is the question where when you originally scheduled it, the student was going to be in a crossover and so you made your determination, right? Then it turned out that there was some delay and the student is really not going to be back until after July 1st, right?
- Sally Samuel:* Right.
- Male:* Right, okay.
- Bill Taggart:* All right. Thank you very much. Let's move on to microphone number four. Yes sir?
- Robert Bode:* Good morning, Bill. My name is Robert Bode. I'm the Director of Financial Aid Student Employment Scholarships at the University of Colorado at Colorado Springs.
- Bill Taggart:* Thank you, Robert.
- Robert Bode:* Yes, my business card is a 5 x 8. *(Laughter)* First of all, I want to thank you and your staff for the wonderful job everyone has done at the conference and also for the folks here at the conference site.

This has been excellent and we really appreciate all that you have done in setting this up. *[applause]*

Bill Taggart: Thank you very much.

Robert Bode: That's my first comment. Second comment is I also want to laud your goals of simplification for students and we really also appreciate that. I want to interject a cautionary comment though. As you look at what's happening with the FAFSA and the changes that are happening, we've had lots of discussions over the dinner table and the breakfast table lately about ways that this could be improved. That's been the focus of our office as well the last several months. I think it's time to start looking at the whole process from the application process to the last repayment as really almost an enterprise in and of itself. So, if you're simplifying at the upstream end, if you're only pushing the complexity downstream, as I think we're seeing with the elimination of some of the FAFSA questions that we use and that we don't have to ask students therefore, or if you're not asking enough information that we can't really complete verification very effectively without going out to students two or three times sometimes, if you're pushing the complexity downstream, you're not eliminating the simplification. You're not making it simpler. You're just simply pushing the complexity downstream.

So I'd ask you to consider – and this is where I get a question I think in – would you consider having a team that is really dedicated to studying the process of the application from the point of application to the last repayment on a student loan, studying that process end to end, and then trying to figure out where you could eliminate the student hassles? Because the one thing that I hear from students and I received a very eloquent letter from a student this year complaining about what all she had to go through, is I want my money. I want it as early as possible, and I want it with no hassles. That's really what they want from us. Anything that you can do to help facilitate that would be a benefit to the students.

Bill Taggart: Robert, I think you're spot on there. I'll make a comment and then I can turn it over to Jennifer and she can make some other comments. During my opening remarks, I did make a statement that I thought we made some pretty good strides in terms of simplification of the FAFSA itself, but fundamentally from my background in process management, I want us to step back at this point in time and take a look at the entire financial aid process. I've had an opportunity to have focus groups with students and financial aid administrators. We had one session here and it was

pretty clear that the approach that we have right now – if we said let's clean sheet it and come up with something totally different, it wouldn't be the existing process that we have. Now, that being said, that would take a combination of work that the Department would do, but some of these changes, especially changes of magnitude would take legislative changes.

I am willing to do what I can in my role and my post to drive that discussion forward because I think we have a chance not only to streamline it for all parties, but also reduce the cost of the administering the programs. Jennifer, anything you want to add?

Jennifer Douglas: That's exactly the task that Federal Student Aid's Customer Experience Office has been tasked with, and I love the notion of studying the process end to end and we'll certainly entertain asking stakeholders like yourselves to be involved with us in that process.

Robert Bode: Good, thank you very much.

Bill Taggart: Thank you, Robert. Let's go to microphone number five.

Rick Blachley: Hello. I am Rick Blachley, Northwestern College, St. Paul, Minnesota. I have a **FISAP** question. On the FISAP we supply what students receive for Pell Grant, ACG, Smart. That then gets equated into the formula for calculating campus-based aid. Now with the elimination of LEAP, ACG, and Smart, will that be eliminated out of the calculation for campus-based aid?

Male: For ACG and Smart, yes, but not yet; not for another year because there is ACG, Smart this current year 2010-2011 is the last year for those two programs. So on the FISAP that you file next summer/fall by October 1, 2011, that will be asked for. We understand that there is a little bit of lack of logic there because they won't be available in the year in which you are trying to determine how much campus-based you are going to get, but at least the last time I checked, Rick, the way the statute was constructed, we are not sure we can eliminate it, but we are going to pursue that to see if we can get it out of there since it's really not a good projection for the following year.

Rick Blachley: Correct, thank you.

Bill Taggart: Thank you, Rick. Let's go to microphone number six, and keep in mind we have other folks here who can answer questions around compliance and also business operations. *(Laughter)* So take full advantage of having them here. Yes?

- Crystal Crank:* Hello, my name is Crystal Crank, and I am from Butler Community College in El Dorado, Kansas.
- Bill Taggart:* Hi, Crystal.
- Crystal Crank:* My question, not really a question, maybe a clarification – we are having a stumbling block for our students with selective service. I know that we all know they have a – they say 90-day delay, 6 month delay. I don't know what the time frame is. The new regulations came or the new handbook came out and – terrible feedback. I'm sorry. The new handbook came out with some more options for us at the institutional level of just if we knew they had the exemption to go ahead. We didn't have to collect the letter from selective service, but those students who don't have an exemption and we seem to have a lot of them this year because of the unemployment in our area. We still have to collect the letter, but we have the option to go ahead and say yes we would fund them. So why do we have to collect the letter?
- Male:* Carney, do you want to? There's a microphone there.
- Bill Taggart:* We're bringing up another one of our subject matter experts for that question.
- Carney:* Always fun. I tried to look for the person.
- Crystal Crank:* Way back here!
- Carney:* Hi there, way back there!
- Bill Taggart:* Make sure you introduce yourself.
- Carney:* I'm Carney McCullough with the Office of Postsecondary Education and your question about the selective service status letters, I believe it's actually been in our regulations that we say that if you cannot determine that somebody qualifies for one of the exemptions, one of the ways to comply is we ask you to get a status letter from selective service, which basically gives you some information about whether or not you can make that determination that the student willingly and knowingly failed to register. So, it's a piece of evidence that's there. They had really good relationships over the years with selective service. In recent years, we are all aware that they suddenly have a huge influx and probably not enough people to respond to that. So we're going to continue to work with them to try to get additional clarification. If

we get any additional word back to you or something, we'll try to get that out.

Crystal Crank: Okay. It just seems like the letter always comes back and says, you were required to register and your entity that you were going to attend or whatever service you're gonna use has to make the determination.

Carney: Right.

Crystal Crank: I did note that in chapter five on that selective service on the sidebar it says, we can go ahead without the letter and fund them if we get the evidence that it wasn't knowing and willful, but then we have to collect the letter later. It doesn't say what happens if we don't ever get the letter. What if we have a student who comes and applies late in the spring and we make the determination? They don't get their letter until after the academic year closes.

Carney: Yeah, I mean we're basically saying you can use your best judgment based on the evidence. Sometimes schools were very quick to ask for the letter rather than trying to make a determination themselves. So, as I said, we'll continue to work on this issue. We are aware and I certainly understand what you're saying about with the economy more and more people going back to school that may be falling into this gray area.

Crystal Crank: Right. One another additional thing and maybe you do this and I'm not aware. Could you send out a letter to the presidents of the colleges letting them know how important this training is because we have to fight to get to come! *[applause]*

Bill Taggart: I can answer that question and that has been a comment I've heard throughout the conference, so I will be following up with a letter to the college presidents building their awareness of the importance of the sessions here, the knowledge transfer, the skills that are being developed, and how that's in the best interest of their institution and best interest of the financial aid professionals at their schools. So consider that one done. *[applause]* All right. Let's go back to microphone number one.

Charli Hislop: Good morning. My name is Charli Hislop. I'm President of Allied American University.

Bill Taggart: Hi Charli.

Charli Hislop: So there are presidents here that are interested, I just wanted to say that. *[applause]* I have a question concerning the new regulations, specifically state authorization. We are 100 percent online university. We are just starting the process. In your federal register, it states that we must meet the requirements of all 50 states to be compliant. How are we supposed to do that? Is that an application process or do we simply need to document through our own research that we do meet those requirements?

Male: I'll take a shot and Carney and Marty can either nod or not nod or get up here. I don't think it's quite that dramatic, but I can see where you could get that. The requirement as I recall is that you certainly need to have the state authorization in the state in which you are physically located. What we have learned is that there are a number of states that on their own rules or law or regulations have said that if an institution is going to offer online education to residents of that state then they – that state, Florida, for example; I don't know if it's one of them – wants to be able to do some kind of certification authorization.

What all this regulation does is remind and say as a matter of federal eligibility that if you are going to be offering this to someone in a state and, of course, online really means – you're right, all of them – and that state has a requirement, you had better do what that state requires and provide some documentation to us.

Charli Hislop: Do you realize the burden on institutions to do that; to go to each state, determine what their requirements are, and then meet those requirements, and the burden on the state agencies to have to take care of the additional applications from outside of their state? It's a huge project.

Male: Yeah we do, but our understanding is if you didn't – forget about our rules – if you didn't, you'd be in violation of state law there and I don't know what their sanctions would be. We're just basically repeating and reminding and maybe some schools weren't fully aware of this, that there are states – I don't know if we know how many – states that would require that. As we understand it, if any institution was offering online instruction to residents of that state, which of course, if you're online it's just – and didn't go through with their process, whatever it is, you'd be in violation of that state law and whatever sanctions they would apply. I'm not sure this is as much a federal requirement as a reminder of state requirements.

Charli Hislop: I see. Thank you.

- Male:* Right, and we didn't go out or expect to kind of remind you to tell states, "Hey, you really should have something here." They do or they don't. They will or they won't. That's the requirement.
- Bill Taggart:* Thanks for your question, Charli. Appreciate it. Microphone number two.
- Mary McKinney:* Good morning.
- Bill Taggart:* Good morning.
- Mary McKinney:* I'm Mary McKinney from the University of Central Florida here in Orlando.
- Bill Taggart:* Welcome, Mary.
- Mary McKinney:* Thank you. What I would like to know is we've spent quite a number of years and a lot of time moving to support the students that have progression, that attend school year round with Pell and we now have two Pell's in a year. Have we looked at changing the rules to support the loan program as well?
- Male:* Well, the loan program is a different kind of an issue, but I think where you're going is it would be a matter of increased loan limits I think. You can have a loan period that's 12 months, but you only have so much money, \$3500.00 or \$4500.00, whatever it is. So, in terms of if that's the issue, that would take statutory changes. Loan limits did go up during the last 2 years for the first time in a dozen years or so. I don't know where we would be or the Congress would have to make some determination about increased loan limits.
- Mary McKinney:* Okay, but even in addition to that, if it was set up to where – right now it's set up for an annual year and there's two semesters for those schools that are two semesters as an academic year. But if they are starting that second academic year in the summer as opposed to the fall, wouldn't that follow the same progression that you use for Pell? Basically, that's what I'm asking.
- Male:* Yeah, let's have Pam maybe respond better than I did I think.
- Pam Moran:* Hi, I'm Pam Moran with The Office of Postsecondary Education. Just a reminder, and this is true even with schools that use a scheduled academic year for purposes of annual loan limits, you can go in and out of what's called a borrower-based academic year

as well as the scheduled academic year to attempt to accommodate those students who are doing a more aggressive progression through their academic programs, which of course, they might do to save costs, etc. So you can do it, but you have to have the systems and the willingness to go in and out of scheduled academic year versus borrower-based academic year to support that student's progression.

If you complete the scheduled academic year, you regain eligibility for annual loan limits. You shift them to a borrower-based academic year that may start with the summer session and perhaps go through the fall semester. There are ways in which they will go back on the scheduled academic year, back to BBAY, and you carry them through on that accelerated pace. So there is the flexibility and the loan programs already to do that.

Mary McKinney: That is true. When we were **FELD** it was easier. Now it's difficult with direct lending, and that's where the challenge is.

Pam Moran: Okay. I think we can look at that with our operational folks in FSA if there are some challenges around that kind of change back and forth between scheduled and BBAY?

Mary McKinney: Exactly. Thank you.

Bill Taggart: Thank you, Mary, for your comments. Let's go to microphone number three in the back.

LaToshia Everson: Hi, my name is LaToshia Everson. I'm the Assistant Director of Financial Aid for Wabash College in Crawfordsville, Indiana.

Bill Taggart: Welcome.

LaToshia Everson: My question is about the PLUS loan in regards to non-custodial parents. With the new regulation, the requirement is that a parent has to file a FAFSA for the PLUS loan. Does this include non-custodial parents?

Male: It's not the parent that files the FAFSA.

LaToshia Everson: Right, yes.

Male: It's the student, so the student is filing a FAFSA regardless of who is applying for the PLUS loan.

LaToshia Everson: So it covers both?

Male: Yeah.

LaToshia Everson: Okay.

Male: I think where your question comes from, as I understand it, is we do ask on the FAFSA for the identifiers of the parent or parents for whose information if being required, which is custodial and not for the non-custodial; but that's just because for need-analysis purposes. The non-custodial parent can always apply for a PLUS loan and whether it be a custodial parent or non-custodial parent, we just need the student to complete his or her FAFSA.

LaToshia Everson: Okay, great. Thank you.

Bill Taggart: All right. Thank you very much. Microphone number four.

Mark Hoffman: Hello. I'm Mark Hoffman from the University of Colorado at Colorado Springs.

Bill Taggart: How you doing, Mark?

Mark Hoffman: Howdy. So I fully support the simplification that's going on and the previous comments about making this a comprehensive look from top to bottom and seeing what we can do both small and big to make it more simple. In the meantime, I have a few specific requests as to how we might make things easier, especially on the student and especially on us as administrators, in particular, in the skip logic on the FAFSA. We need the gender question answered regardless of the situation. *[applause]* That's causing a selective service problem. That's causing more problems for both the student and the administrators on the back end. We need the active duty question answered, even if they've already established independence by some other means. If they are active duty, we have to ascertain the BAS amounts, and we have to account for the credit on a BAH. So it's a required element. So if they could answer that question, that would be awesome. It would save us again having to go back to the student and ask for it later.

I would love to see the – this has been off for a while, but we sure need it – the enrollment back on there. We need to know what semester they're going to attend and if they're going to be less than half time, half time, three quarter time, or full time. That would be awesome. The students do not know how to answer whether they were eligible to file a 1040a or EZ tax form. So we are thinking since they don't know the answer to that question, they wouldn't

know the answer to the prompting questions: did you have a business? Those kinds of things that decide that question or not, and then we could probably get more accurate information on that as well.

So those are a few specifics just to help us in the meantime that would also help the student because right now what we're having to do is do an institutional application and ask them to give us those answers. If we can get it all in one place instead of asking them twice, that would be awesome. So, I guess it's really just a request for stop gap measures in the meantime until we can get that more comprehensive fix going on.

Bill Taggart: All right, will do.

Mark Hoffman: Thank you.

Bill Taggart: We'll look into it. Yes, we do take requests. Ideas, brainstorming is required here, and we will promise to take a look at that and see what we can do. To microphone number five.

Sheila Millman: Hi, I'm Sheila Millman from Los Angeles Harbor College, one of the California community colleges.

Bill Taggart: Hi, Sheila, how are you?

Sheila Millman: Good. This has been an unusual year because for the very first time for all of the time that I've been doing this, community colleges have had from the administration a very positive view and a lot of thoughts about all the good things we do. It's really nice to be recognized for that. On the other hand, what we're seeing in terms of regulatory burden from you guys has seemed to be aimed where we're getting a great deal of the hassles of having to deal with the regulations, the additional verification. We are heavily Pell Grant. That's what we do, and clearly much of the verification is going to come to us. Much of the regulations in terms of potentially gainful employment for some of our certificate programs, even though we don't do a great deal of loans – that's a very small portion of what we do. Most of our students get grant aid.

Bill Taggart: Right.

Sheila Millman: So the Administration is saying work with community colleges. Look at all the wonderful things we go, and it seems that we're getting really held back by many of the things that you guys are

putting on us. I want you to be aware of that and to try to help us maybe look at some ways to help us do our jobs better.

Bill Taggart: Okay, will do. Any comments on the panel? Thank you much. Number six?

Denise Coulter: Hi, I'm Denise Coulter, Director of Financial Aid from the Pennsylvania Academy of Fine Arts.

Bill Taggart: Hi, Denise.

Denise Coulter: Good morning. I fully support the President having students graduate by the year 2020, more students graduate; however, if we started just today and had the education that we needed for students in grade school through high school, it wouldn't be until 2022 that students would be college ready to come to school. It would be 2026 that they would graduate and be gainfully eligible or gainfully employed as far as I'm concerned because the students that we're getting now from the education system that we're getting, they are not college ready [*applause*] so the colleges are spending a lot of time to reeducate them in order for them to continue the classes, which is a problem with the SAP if they're trying to take courses over and over again just to get through regular math classes and things like that.

So, my suggestion is that they move that goal to 2026 when actually can do something about it. I also want to say that if somebody told me that my job would be financial aid when I went to college, and that's what I was supposed to be doing, then I would be headed in that direction, but I'm not in the job that I went to school for. I'm in financial aid, and I don't think anybody here took a career goal for financial aid. [*applause*]

Bill Taggart: But I'm happy you're all here. (*Laughter*)

Denise Coulter: So I'm just saying I think that we have to be careful when you're making these regulations that you're not making it so narrow that there's a career trajectory and that we don't become a socialist country where you target – I mean the countries that you mentioned before, they all – every country – I've studied education in other countries, and they all in first grade target these kids for a certain area. You're going to be a plumber and you're going to be this. It sounds like that's where we're headed, and so I believe we're moving away from access to elitist and it causes me a lot of concern. [*applause*]

Bill Taggart: All right. As I mentioned before, people can make their comments and philosophical differences, and we heard you there. Let's go to –

Male: Bill, Bill, can I just make one point about the gainful employment proposal?

Bill Taggart: Sure, go head.

Male: So the regulation that we proposed in July and that we are now getting input on, we're getting a lot of input on it. We've got something like 90,000 comments. We've had close to 100 people come in and present their views to us in person. So we're working very hard to get that right. There's nothing that's in the proposed regulation that would specify the type of job that someone could take. So, we are concerned about reports that some students are leaving school with very high levels of debt and poor employment prospects. That's what the regulation proposes to look at is student's income, but there's no requirement that they spend their careers in a particular job.

Bill Taggart: Yeah, the other point that was brought up that I've heard throughout the conference is that not enough students who show up at your doors are really ready and prepared for the academic rigors of postsecondary education. That is clearly understood by the leaders within the Department of Education, and we've been working very closely; not just postsecondary education, but with K through 12 to see what can be done right now to remedy many of those problems so that we're not having so many students show up on your doors that need remedial education.

So we're looking at this as a continuum from a close alignment between activities like Race to the Top and other things that are taking place from a K through 12 standpoint as the kind of feeder system into the activities that we're doing from a postsecondary education standpoint. It is a problem. It is identified and we're working hard to remedy it as quickly as possible. Yes, microphone number one.

Heather Silsby: Good morning. Heather Silsby from the University of Northern Iowa.

Bill Taggart: Good morning, Heather.

Heather Silsby: Good morning. Yesterday when speaking about gainful employment, again, I believe it was Dan who was talking about

non-degree certificate programs. At UNI, we have certificate programs as well, but typically there is a degree required to even pursue that certificate, and I'm wondering if these gainful employment rules apply to those types of certificates as well?

Male: That's something that is. They would be covered under the MPRM. That's a comment that we've heard quite frequently is that we should take a special look at these types of certificates and it's difficult for us to talk more about what we might or might not do, but we certainly have heard that comment, and we're considering it carefully.

Heather Silsby: Okay, and I do have a second question as well.

Bill Taggart: Sure, go head.

Heather Silsby: This is regarding the Teach Grant Program. Typically, there is boooing about this program; however, at UNI we rely heavily on this program to fund our education students. Last year we dispersed approximately \$1.5 million to our students. Throughout the conference, I really haven't even heard Teach Grant being mentioned, and I'm wondering if I'm missing some writing on the wall with this program or if you could possibly speak to the future of this program?

Male: This program exists. It's not scheduled to expire. It's an important program. I think, if I may, it feeds into the earlier comment and James and Bill about K12. Probably the best way to fix K12 is to have excellent teachers. So, if we were remiss in not including more about Teach, then that's something that's very important. We'll make sure that we remedy that. Just, if I may, the comment about sometimes people react negatively to Teach Grant Program. Yeah, it's got this loan business, but as you just described, that's \$1.5 million to needy students, grant money that they wouldn't have gotten otherwise. So, I think I applaud you for being aggressive in that.

Heather Silsby: Okay, thank you.

Bill Taggart: All right. Thank you so much. *[applause]* Microphone two?

Tammy Harrison: Good morning, Tammy Harrison, University of Arkansas at Little Rock.

Bill Taggart: Good morning, Tammy.

Tammy Harrison: With all the changes that we've seen in recent years, your publications are very important, helpful, and much appreciated, but is it possible to release the information more timely to us? *[applause]* When our families begin their completing their FAFSAs January 1, we need the applicable FSA handbook to guide us in processing their requests for financial assistance. Are there any plans to release an updated Blue Book?

Bill Taggart: All right.

Male: I know on the handbook, and this has been a challenge for us, frankly, for a number of years. We had a focus group. Our handbook folks had a focus group. We're considering with and I think the focus group was pretty positive to move to an HTML online, easily updatable and therefore more timely handbook. So, that is something I think you can look forward to. We've got to get all the details and all that techie stuff. The Blue Book, I just don't know. That is created – is that an IG document or our own? Okay, so we need to go back and take a look. It's been, yeah, it's been a number of years. The Blue Book, by the way, is the accounting manual, as it were, and your business officers rely on it. If it's outdated, that's not very good. So yeah, we'll make a note of that.

Bill Taggart: Thanks for your question. That has been another consistent theme of not just financial aid administrators, but software developers among others to try to get more information, more specificity from the Department so they can do their jobs in a timely fashion. So we are going to revisit the overall calendar of events to see where we can collapse some cycle time to be able to get some things out sooner than the current cycle dictates. Microphone number three?

Janet Rice: Hello, I'm Janet Rice from Spokane Community College in Spokane, Washington.

Bill Taggart: Janet, a pleasure.

Janet Rice: Good morning. Mine is again a comment on simplification. We have been a direct loan school since 1995. Love the program, but the frustration right now is in the loan servicing. We have the suggestion that could there be one phone call, one phone number, and one website that the students could go to and the same for the schools, one phone number, one website. From within that, understand the need for the partners, but let that be more seamless. Let the students say, "I have a direct loan. I call direct loan, and it will go out from there to whomever it needs to be." *[applause]*

- Bill Taggart:* Okay. I'll have Sue give you some insight into some of the work that we're doing right and to try to get to eventually a more kin of simplistic method of engaging students. We admit right now because of the Castle loans that we purchased along with bringing on the new servicers, that the current environment is far from optimal. What we're trying to do here is that since we were kind of given a lot of these various conditions is now trying to set things up so that we can simplify more of the borrower in this case, but I'll let Sue give some more specifics around that.
- Sue:* Yeah, I mean one of the things that Bill mentioned is there are direct loans that we are servicing and there are other **Fell** loans that were sold to the government as well. We recognize the fact that we need to create an environment where it won't be difficult to understand who is servicing either of those types of loans. We are aggressively working on streamlining the data entry in NSLDS, coming up with reports that will be easy for everyone to view, and we are learning a lot at this conference about other ways to make this more seamless and improve not only for the borrower's access to the data, but for the school's access to the data. So you'll be hearing more from us in the next month or so.
- Female:* I will also add that we are weighing the costs associated with providing students with one access point into federal student aid such that they can conduct their business with us with one authentication and ideally, one contact point.
- Janet Rice:* That would be extremely helpful. Right now we're in the process of having to learn four new websites, four new sign-ons, and waiting for a loan to be totally booked so that we know from NSLDS who we call. So it would be fabulous if we could get it down to one contact situation. Thank you for listening.
- Bill Taggart:* No, that is our intention. Thank you much. Let's go to microphone number four. We've got 23 minutes left, so I'm going to pick up the pace a little bit so we can make sure we can get as many questions in as possible. Yes ma'am?
- Carolyn Henrich:* Good morning. I'm Carolyn Henrich. I work for the University of California.
- Bill Taggart:* Hi, Carolyn.
- Carolyn Henrich:* Well, we've had our issues with specific implementation on some of the programs. I do want to applaud the Department on its

efforts to improve efficiency and applaud your successes really on student aid against some pretty stiff opposition the last couple of years. I know Dr. Acho is not here to respond, but in his remarks when he was talking about increasing the cost of college and the need for institutions to improve efficiencies and increase accountability, he said that higher education must speak with one voice.

I'm 100 percent behind the Department's goals in this regard, and we see from this conference that we have a lot of similarities, but I do think that higher education is very diverse and there is a lot of institutions with different goals and missions and populations that they serve. So I'm curious why in policy it has to be one size fits all. That generally doesn't work, and I think looking forward, I'd be curious from the policy folks to comment on why we can't recognize the differences in type of institutions and the problems and needs they have and kind of target particularly some of the regulations and implementations to different targeted – where its applicable and relevant because in many cases they are not.
[applause]

Bill Taggart:

That's great for James

James Kvaal:

Carol, thanks for the question. Of course, there is tremendous diversity in higher education and I don't think Dr. Acho – I mean Dr. Acho has spent his life in higher education. I think he knows that very well. So in the context of his remarks, I wouldn't interpret that to mean that we want boiler plate rules that apply to all types of institutions and all circumstances. We want to treat people similarly, but sometimes that means taking into account their differences. What I understood him to be talking about was the need for higher education to be looking carefully at its instructional practices and make sure that we're all working very hard to serve students well and to focus on our mission of providing a high quality education at an affordable price.

Bill Taggart:

Can you turn the mic back on real quick. Just go back.

Carolyn Henrich:

I mean in terms of the regulations that we've seen in the last year, there's been many instances where something is required by an institution, but it's completely not applicable. So, that's the kind of thing I'm talking about where we need to have a finer look at some of the – especially since everyone is talking about increased burden and the increased administrative procedures. There's so much room where a lot of provisions could be eliminated at a community college versus a research university versus a trade school. That's the kind of thing that really needs more attention

because hours and hours are wasted on procedures that don't make any sense frankly.

James Kvaal: This is the kind of conversation where it's helpful to really get into the specifics, but hopefully we can do that because obviously if there are things that we can stream line and make easier, we'd be interested in doing that.

Bill Taggart: Thank you, Carolyn. Let's move to microphone number five.

Mark Potinger: Mark Potinger with third party servicer, RGM.

Bill Taggart: Hi, Mark.

Mark Potinger: I have a request.

Bill Taggart: Yes sir?

Mark Potinger: When you publish the Pell payment tables, please publish the formula. It's a few lines of code, a few parameters, and you can generate that whole grid, but you never publish the formula. So, anyone who is setting up for a computer has to back figure what were the parameters this year. This year's revised table had a few cells that violated the formula and you never explained them. So, just give the formula.

Bill Taggart: We will take that as a to-do. We'll be able to do that. Thanks, Mark.

Mark Potinger: Also, I concur with the same question earlier, end of payment period is the new SAP definition. Is that end of originally scheduled and revised scheduled or actual end? Please put that out in a DCL. Thanks.

Bill Taggart: Okay, will do. Thanks Mark. Let's go to six.

William Beltrone: William Beltrone, CPA, Kerrville, Texas. My question is I heard a rumor back in 2006 we were going to get another audit guide. The last rumor said December 1st. Are you aware of the latest status of that audit guide?

Female: The information that we have from the IG is that they expect to post the audit guide by the end of December.

William Beltrone: Okay, thank you.

- Bill Taggart:* All right. Thank you, William. I love that name. *(Laughter)*
Let's go back here to the front, microphone number one.
- Debbie Yega:* Hi, my name is Debbie Yega.
- Bill Taggart:* Hi Debbie.
- Debbie Yega:* I am with the Institute of Culinary Education. Following the tradition of many of you, I've worked in – my previous life I was a teacher in junior high for 18 years, so I can appreciate what you've gone through and possibly that's the reason why we are so interested in education. I also follow the thought that not every student is for a regular traditional college, whether it's community college or vocational schools as well. My question goes to with regarding to students who want to start school and they are under 18. We have provisions in our school where the parent has to sign the documentation because they are under 18. My question is what happens to these students who want to apply for a federal student loan? Are they eligible to apply prior to them becoming 18?
- Male:* I believe, but there is a special provision for a student loan that even if the student is below the age of majority, when they enter into the contract that it is a binding contract.
- Debbie Yega:* Okay, and my second part of that question is with selective services. They cannot register with selective service until they are 18. Why exactly is that policy? I've heard different recommendations from different people that when they turn 18 they should register for selective service and apply for financial aid then, or in the interim that parents take out the Parent PLUS loans, and then all these weird stuff. So, I just want a clarification.
- Male:* Right, and it's not as complicated as that. No, if a person is under the age of 18, they can't register until they turn 18, so they have not violated anything, so you can award them federal student aid. They are under an obligation to register – he is under an obligation to register when he turns 18, and if you can remind him of that, that's great. Otherwise, you just go on your way.
- Debbie Yega:* Okay, so if he turns 18 and he's no longer in our school, we don't have to worry about that, and if he is 18 in our school, we just remind him?
- Male:* If he turns 18, yeah, while he is at your school. If he doesn't register the next year, if there is a next year, then that difficulty will arise and have to be resolved.

Debbie Yega: Okay, thank you very much. I appreciate that, and I must say the information that we've received this year and every year has been overwhelming and just amazing and appreciated by all of us. I come back and I keep on texting my staff so much information, information overload. I wish you had mini sessions during the year for possibly verification or possibly direct loan two day affairs so that we can get everything. I can't go to everything that I'd like to go to unfortunately, but again it's great and I get the support from my staff and from the president of the school. So, I'm here. Thank you.

Bill Taggart: Thanks Debbie. Let's go to microphone number two.

Howard Fisher: Good morning. My name is Howard Fisher. I'm the Director of Financial Aid at Ottawa University.

Bill Taggart: Good morning, Howard.

Howard Fisher: We have traditional and non-traditional students, and I think it's a little ironic we spend a lot of time talking about simplification, which I applaud, but this whole week we've been spending time talking about new regulations that are going to be a huge burden on us as an institution and on our students. *[applause]* Yeah. For my non-traditional students in particular, some of these new regulations are huge, and it's almost like you're trying to eliminate non-traditional programs. *[applause]* You're creating inequity in the programs for students, in particular, with regards to SAP and with regards to R2T4 and the new definition of a module. I just don't know what I'm going to do and how I'm going to explain this stuff to my students.

Bill Taggart: Well, first of all, I don't think it's the intent of the Department of Education to try to make it more difficult and to eliminate –

Howard Fisher: But you are. *(Laughter)*

Bill Taggart: Again, but I don't think that's our intent. So it may be – I'm hearing your feedback in regards to the difficulties that you are under. I just want to make sure that it's real clear that's not the intent. I would turn to our panelists and see what other information they want to provide.

Male: I think that's helpful feedback for us to take back and we'll take a look at the regulatory requirements we have. We want to have as many protections in place as necessary, but no more. In terms of

the broader context, the amount of Pell grant funding that we've been able to secure over the last couple of years, we've doubled the size of the Pell grant program. We've also doubled the American Opportunity Tax Credit. Between those two initiatives, that's something like \$20 billion to \$25 billion increase in the amount of scholarship aid coming out of the federal government, and we're very, very proud of that. In this budget environment though with the federal government running trillion dollar deficits, we need to make sure that these resources are being spent appropriately. We need to be very careful about it, so we're trying to strike the right balance. We may not have everything right, and we'd love to continue the conversation.

Howard Fisher: Well, the way things are going, you're not going to have a problem with the funding because we're gonna have fewer students in school. So you may have year round Pell, but there's going to be fewer students in school to be able to use it. Thank you.

Bill Taggart: Thank you, Howard, for your point. Let's go to microphone number 3. We have about 11 minutes left, so we're going to try to, again, go as quickly as we possibly can. Yes?

Peggy Schaffolo: This is quick. My name is Peggy Schaffolo with Concorde Career Colleges.

Bill Taggart: Hi Peggy.

Peggy Schaffolo: My question is about Perkins students who have been assigned to the Department of Education and their status is not getting updated when their loan is paid in full. We get calls from students that they cannot get the information that they need for their schools that they are attending. I'm just wondering why NSLDS is not able to update the Perkins loans when their loans are paid in full?

Female: To be clear, the issue isn't really around NSLDS not being able to take the update. We need to have the data reported to NSLDS from the servicer, and we're working on that to make sure that that reporting occurs. NSLDS can take the data, but at the moment the servicer is not passing it over. So we're aggressively working on that.

Peggy Schaffolo: I just want you to be aware of what the students are going through. The servicer is actually telling the student to call us. We don't hold the loan anymore. Other schools tell the students to call us. It's just a disservice to the students.

- Female:* You are right.
- Peggy Schaffolo:* It would be real helpful if they could update that.
- Female:* We will get right on that.
- Peggy Schaffolo:* Thank you.
- Bill Taggart:* Understood. Thanks Peggy. *[applause]* Microphone four?
- Tim Saulnier:* Hi, my name is Tim Saulnier. I'm from UNC Charlotte, and I have two quick things; one is in regards to talking with COD and the representatives there. I really wish they would go through a more thorough understanding of financial aid because a lot of times it feels like we're educating them when we're trying to answer questions. *[applause]* It's very simple things. So a lot of times the procedure is call; they don't know anything; just call back and you'll probably get a better person. *(Laughter)*
- Bill Taggart:* Which is unacceptable.
- Tim Saulnier:* The second thing is I'm in North Carolina now, but I worked at the community college and at a private institution, and now a public four years college. One of the biggest thing I've had seeing at all of those institutions is when the EFC comes out, I feel it doesn't take into account a realistic representation of where people live. I was previously in Massachusetts, so the cost of living is substantially more than it is in other parts of the country. *[applause]* It's hard to deal with middle class families who are like, "Well, I'm struggling to get by," and they are not living in a really rich neighborhood, but they are barely affording their \$350,000.00 house, which really isn't a lot, but living in North Carolina, that's not really as much an issue because it's much more cost effective. I really don't feel the EFC takes into account that.
- Bill Taggart:* All right. We'll take a look at that. I do want to make a comment in terms of the COD servicing. I've heard that before in terms of some breakdown, in terms of the quality of service there, and I'm not going to make excuses other than we added a lot of people in a fairly short period of time. Our focus now is to make sure we get those people up to speed so you are not having someone tell you to call back and get someone else. That rubs me the wrong way. We're going to see everything we can do to make sure that those folks who are put into a position to serve you do an excellent job of that day in and day out. Sue, do you want to talk a little bit about

maybe some of the COD and the work that the center is doing there?

Sue: Yeah. Obviously, as the number of schools grew, as we moved onto direct lending, there was huge hiring needs at the COD call center. People were hired very, very quickly and go through a pretty intensive training program. Unfortunately, it's not the same as real life, and when you start taking phone calls and you start hearing the day to day concerns that schools have, and there was a learning curve, we know that it's getting better. We know that they are bringing people back in for retraining. They have put a lot of safeguards in place so that they know when to pull a rep back for retrain. It is the result of just ten times growth in a three month period, and I think that it's getting better and it's improving, and the staff and everyone is working hard to make sure that they give you the service that you need.

Bill Taggart: Tim, we're working hard to fix that one, and thanks for bringing that up.

Tim Saulnier: Is there a way to possibly release the program that you actually train them with so that we see what they are being trained on so that maybe the financial aid community as a whole could say, "This is something that could be improved upon"?

Sue: That's not a bad idea, to consider sort of a focus group kind of session on here is the training materials, what would you recommend be different? We can consider that.

Bill Taggart: Yeah.

Tim Saulnier: Thank you.

Bill Taggart: That's a constructive way to get your feedback in terms of the training program so that they can serve you better. Let's move on to microphone number five. Thank you, Tim.

Kevin McCrary: Good morning, Kevin McCrary University of Miami.

Bill Taggart: Kevin, how are you?

Kevin McCrary: I'm good. My question is you next year, 12/13 I think its, we're going to the new verification rules. You're gonna eliminate the 5 data items, but you're going to ask us to verify one particular item. What if we get a tax return? Are we still required to then go back and verify those 5 data items?

Male: You wouldn't be required to verify – I'll say it positively. You'd only be required to verify the one, two, three, four, whatever number of items that we indicated. First of all, if the applicant used our highest data retrieval, then hopefully you wouldn't even have to get a tax return, but if you did get a tax return, you wouldn't have to verify anything, but if there was something else, some conflicting information, then that might kick in. In terms of verifying it, only the items that we selected for verification.

Kevin McCrary: So, in other words, if you get a tax return, if you ask us to verify AGI, but the taxes paid is wrong, then we're back to doing the regular five data items.

Male: Well, you'd be back to figuring out why taxes paid is more, but to be honest, we don't know yet what the data is going to show, but it would seem to me, at least intuitively, that if the formula that looks for possible error choose AGI, it's probably going to choose taxes paid because they are just mirror images of each other, and at least it doesn't seem to make any sense to select one of those and not the other when both of them are easily verified by the IRS data retrieval or a copy of the tax return. You wouldn't have to then go – in that example, Kevin, you wouldn't have to then go and look at household number in college because we didn't select them.

Kevin McCrary: Thank you.

Bill Taggart: Thank you much, Kevin. Microphone six?

Tom Dalton: Good morning. I'm Tom Dalton from Excelsior College in Albany, New York.

Bill Taggart: Good morning, Tom.

Tom Dalton: We're an online distance education school, and I have a followup question to the state authorization question asked earlier. My question is two parts. Students that are already in the system, that are already enrolled in Excelsior, that are already taking class work with us, if we're unable to obtain a state authorization from where that student is from, are they going to be grandfathered in? The second part of the question is what about military students that literally transfer all over the country and move from state to state to state?

Male: I think you raise a good question that I'm not sure we've looked at yet. Yeah, if you send that one into us, we want to make sure, but it gets to this issue of what this regulation does is remind schools of what the state responsibility is, what state's requirements are, but you've hit a little different point than the earlier one of what happens if a state does not give the school authorization to those students who are in that state? We need to get on that one in terms of the eligibility to continue at least for those students, no new students, whatever. Tom, that's a good one. I'll follow up with that on the other issue that you and I discussed.

Tom Dalton: Thank you.

Bill Taggart: Thank you so much, Tom. Back to the front.

Tonya Vitito: Good morning. My name is Tonya Vitito, and I'll provide some comic relief. I used to work for a not-for-profit Felt servicer, so I'm excited to see that ya'll are bringing them back into the program; however, I just don't know how many qualified people will be left there to service the loans. Today I'm an independent eligibility and compliance professional in the industry and maybe my question can be direct at some of the other people who haven't got to speak today. I'm finding a lot of inconsistency in the regional offices on how they handle eligibility issues for new schools or reapplicants.

Additionally, the system with the accreditors, and I know that's coming up across the board in many areas related to federal student aid, but just in eligibility to begin with, a school has to be accredited prior to applying for federal student aid approval. You cannot learn much about federal student aid as a new prospective school until you've gone through this process. You cannot take fundamentals of title IV from the department until you've been issued an OPEID. Many of these schools that have issues, once they're in the program of being compliant with federal student aid, many of them probably should not be in the program or should have got better guidance to begin with.

It would be nice to see if ya'll would consider a look at working with the accrediting agency maybe to reverse some of the process so that they may be required to take a fundamental type program from the Department of Ed if they're purpose is to get accredited for the purpose of federal student aid. For those schools that are not getting accredited for the purpose of federal student aid, obviously this would not apply to them; but I find a lot of schools who go through the accreditation process. Then they sit out

another six months trying to go through the application process with federal student aid, which is inconsistent from office to office.

I have been very fortunate in many of my schools that I've worked with are in the Dallas region and the ISS and that team there does an excellent job. So, I'd like to acknowledge that, but I'm not finding that the same level of service is provided in the other regions. However, by the time a school gets to fundamentals, they spend a lot of time and energy and they leave fundamentals not even knowing how to process federal student aid, going back through eligibility requirements. I mean they basically go through in fundamentals what it took for them to get to fundamentals to begin with versus now that you're here, this is what you need to do to become compliant.

Bill Taggart: Understood, Tonya.

Tonya Vitito: Thank you.

Bill Taggart: Robin, you want to talk a little bit about the regional offices?

Robin Minor: Sure. As far as the inconsistency, I would be interested in talking with you afterwards. We do have standardized processes and procedures for determining eligibility, so you should be receiving the same type of service no matter which region or office you are dealing with. So we can handle that on a one-on-one. As far as the new institutions, we actually have added additional IIS's to our staff so that prior to us approving an institution or either the first year after they have been approved, we are able to go out and provide technical assistance, not from the compliance side, but actually to offer some of that assistance that you are actually talking about.

Tonya Vitito: May I comment on that, Robin?

Robin Minor: Sure.

Tonya Vitito: Ya'll are providing that service and it's an excellent service, but ya'll's travel budget by the time ya'll are making those visits to the school, it's six months to two years after they've been processing federal student aid.

Robin Minor: As I indicated, we are changing that process going forward. We realize that with certain restrictions we had, we weren't able to go out and do all of our technical assistance visits the way we wanted

to, but that is an effort that we have as a priority for this year. So you will see more in that area.

Tonya Vitito:

Well, thank you, and I commend that ya'll are making that. I also want to say that there are some bright lights in COD. I had a recently wonderful experience which someone in COD has down everything they can to track me down by everybody who knows me. *(Laughter)* So for that, I will at least give some Kudos to some COD too, so they don't feel it's all negative. So thank you for answering my question and, Robin, I will find you after this.

Robin Minor:

Okay.

Bill Taggart:

Thank you so much, Tonya. On that comment, we have literally run out of time. In fact, we are over, and I want to be sensitive to the fact that we have folks who have planes to catch and other sessions to go to. I apologize to the folks who stood in line. As I mentioned earlier, this hour and a half goes fairly quickly. Again, thank you so much for your comments and being open and honest. I find this is the way in which we are able to find out exactly what the problems are, able to address them, and make the process better for all involved. Thanks again, and enjoy the rest of the day.
[applause]

[End of Audio]