

CA Student Loan & Debt Service Review Workgroup

August 4, 2021

9:30am – 12:30pm PST

Workgroup Attendees

Dr. Lande Ajose
Office of Governor Gavin Newsom

Chris Ferguson
California Department of Finance

Dr. Sandy Baum*
Urban Institute

Hal Geiogue
Scholarshare Investment Board

Catalina Cifuentes
California Student Aid Commission

Bob Shireman*
The Century Foundation

Dr. Jamillah Moore*
California Student Aid Commission

Samantha Seng
Legislative Manager & Policy Advisor at
Next Gen California

*Member of the Public

Facilitators, Presenters, and Support

Marlene Garcia
California Student Aid Commission

Martha Snyder
HCM Strategists

Patrick Perry
California Student Aid Commission

Elizabeth Salinas
HCM Strategists

Jake Brymner
California Student Aid Commission

Katie Lynne Morton
HCM Strategists

Daniela Rodriguez
California Student Aid Commission

Teresita Martinez
HCM Strategists

Welcome

Patrick Perry, CSAC

- Meeting objectives
- Meeting agenda
- Housekeeping announcements

Components of the Draft Report (High Level Walk Through)

Facilitated by Elizabeth Salinas, HCM Strategists

- Provide a brief 5 minute overview of the report: the background, scope of student debt, California's existing policies and initiatives, considerations for policy, and workgroup recommendations.

Public Comment

Facilitated by Katie Lynne Morton, HCM Strategists

- Brendan Rooks, Student Debt Crisis
- Michelle Andrews, UC Davis
- Demetrius Eulingborough, UC Riverside, UC Davis, & UCCS
- Tariq Azim, UC Davis
- Lauren Valles, UC Student Association & UCLA
- Shruti Adusumilli, UC Davis
- Gabe Feiner, UC Student Association & UCLA
- Chuck Bell, Consumer Reports
- Mahmoud Zahriya, Young Invincible
- Emily Pekar,
- Christopher Sanchez, Western Center on Law and Poverty
- Tiffany Konyen, Bay Area Debtors

Workgroup Discussion: Draft Recommendations and Draft Report

Facilitated by Martha Snyder, HCM Strategists and Patrick Perry, CSAC

- Hal Geogue: Points that were brought up by public comment are in the report, but there are some that are not touched on in the report that we should address.
 - The tone of the reports needs to be more balanced. We are in a situation where loans are needed, and many students use them, need them, and are valuable. Doom and gloom, not enough discussion on the good debt needed in the environment we are in today.
 - We are very broad brush and not differentiating--we sound that we are saying that all for-profit is bad, all of the loan industry is predatory and bad. Some are but not all. We need a little bit more balance again with our broad brushed statements. With due respect to all our witnesses, remind folks that they are young adults or older adults and there is a certain level of dealing with personal responsibility. Some of the debt is due to bad decisions and choices, again it is not all because you are a victim.
 - Juristic questions: The elephant in the room--recommendation number 5. It goes back to page number 1: the charge. We are to discuss any available debt service forgiveness programs. It doesn't say that we are to propose any new programs. If we have something to say about available debt forgiveness

programs, fine, and if we can improve it, fine. But, let's not go wandering off into wherever.

- We have a self-imposed deadline for the 25th of this month. And if we need more time to work the report heavier, and provide a more useful and substantive product. I'd rather work on a better product with a little delay than to meet an arbitrary limit and not put out a good product.
- Sandy Baum
 - First introductory section of the report is disconnected from the rest of the report. What is the purpose of the report? Are we trying to set up the background for the recommendations? If you read it, you come away thinking that the world is coming to an end. It can be written in a more balanced way.
 - It is a collection for statements of the things that we have seen, some of which are not accurate. We should stick to a couple of main sources, and get a more coherent message. The gap between Black and Latinx students is huge. Latinx borrowers less than White students. The way that it's written lumps Black and Latinx, so we need to be careful about that. It also doesn't distinguish between real and nominal numbers so we need to be careful about that. We have to be more careful about making sure that what we are setting up. There are a lot of borrowers that are actually struggling, because they don't have good information and good services, getting predatory loans, mislead about how to repay, etc. This is what we are trying to get with our recommendation. It's very difficult for someone who doesn't understand the situation to interpret what we are saying.
 - For the sections "Why are students borrowing a lot and are struggling to repay?," we are not trying to editorialize these numbers.
 - Increase the number of people, but no mention of income driven repayment. We could say somewhere about IDR where borrowers are no longer required to make payments.
 - If we look at those that are struggling to repay, a lot of it can be tied to labor market discrimination. Women earn a lot less than men with the same level of discrimination. Black graduates earn a lot less than white graduates. That's about a much bigger problem than student debt. Put some of these comments in better contents.
- Bob Shireman
 - Testimony and discussion of the meetings
 - From my read through, I had minor suggestions and other language changes:
 - Some of my feedback is in the direction of Hal: balance all as opposed to predominantly
 - I don't agree with Hal's point on personal responsibility. I see that too often used as a red herring by the higher education industry making the claim that students are making bad choices when almost every borrowing decision has been recommended or affirmed by a college. The effort that have been made to do a better job at advising students do work. I would be worried about anything on personal responsibility that can be taken by the higher education industry and used to say that California concluded somehow that the student debt problem is a

problem with people making bad decisions. Because they are usually making decisions where they are trusting someone at a school as a way to pay for college.

- Include language that the process had to be public. We should put a recommendation that there should be an alternative approach to having a committee like this.
- Lande Ajose
 - A way around this is marking up a document, sending it to Patrick and HCM. Then they collect all the comments and send them out. And then we have a conversation to resolve very specific pieces in the public comment but having some of them lifted up in advance. Awkward because of issues related to the Brown Act. There are some methods to advance some of this, such as having some individual members meet with HCM as a 1:1, and sending out in a public forum so that everyone can see what the comments are and track the trajectory of the conversation in a public setting.
- Bob Shireman
 - It will be very difficult for HCM to take a bunch of edits by a bunch of people that don't align with another and to know how to negotiate differences among those edits. Make public what people suggest, and we all look at it and then provide feedback. It feels never-ending for HCM and the process if we don't figure out a process of doing this.
- Martha Snyder
 - So far we have gotten feedback on the balance of the report and framing of the report.
 - I would like to invite board members to provide specific feedback on the scope of the student debt, balance it and bring perspective of existing strategies and processes. And then we will get into the framing of recommendations, specifically the one around relief.
- Sam Seng
 - We have heard it before that there are some servicers that are moms and pops shops. 92% of all federal loans are held by huge corporate services and they have been taken to court by attorney generals and state attorney generals on their bad behaviors. Many of these servicers need to step up.
 - The students are being responsible by calling their servicer and doing what they are supposed to be doing, but if there is a servicing error, then they should be held accountable. Institutions can help by providing greater transparency and accurate information all around would be helpful in this situation.
- Sandy Baum
 - Would it be helpful if we have specific comments about specific sentences on the report to it on the chat?
- Chris Ferguson
 - Recommendation 5 doesn't appear substantive and is outside of the scope of the workgroup, which is intended to focus on borrowers having correct information to understand what their loan programs repayment options are

and what they mean. This seems to be more of a federal issue at the moment.

- Patrick Perry
 - Loan debt forgiveness programs, the report is not meant to be an advocacy piece. What is going to be the statement of the workgroup? There are many state loan forgiveness programs that deal with targeted debt and targeted workforce groups.
 - Given the scope of the domain, what is the role of the state and are there targeted groups that we might want to look at?
- Chris Ferguson
 - This recommendation would be to provide information regarding available debt relief and forgiveness programs as opposed to advocating for new debt relief or forgiveness programs for this workgroup.
- Patrick Perry
 - It's open on both ends. We can advocate for information or if there is some state role for debt forgiveness for targeted groups that we think should be a priority, we are open to providing that recommendation.
- Martha Snyder
 - For example, undocumented students that are not covered by any federal action. That is one recommendation that we can provide that is tied to the California Dream Loan.
- Hal Geioque
 - I like the targeted group approach if it is available. We can look at the program and we think it's a sound approach for California. There is a difference between discussion and recommendation. Anything that we recommend has to be based on staff analysis. Student loan forgiveness is more of a discussion. The trailer bill provides language on our role, which is more of a discussion.
- Marlene Garcia
 - Student loan forgiveness is complex, it is important to look at who you are targeting, debt relief and forgiveness and how much. The data is not available to provide a complete picture of what is needed. I would like to see a concrete recommendation added to the 5th recommendation which is data analysis. This provides accountability on what we are doing in California, in terms of who is struggling the most in debt. Have more concrete data to analyze what is taking place in California in the context of the various student loan borrowers.
- Bob Shireman
 - I agree that we should add language that points to us needing more information and need to look into.
- Sam Seng
 - Make recommendation 5 a more information outreach is a better approach. There is a lot of confusion about the available debt relief programs in state and federal programs.
- Sandy Baum

- The New York State program on debt forgiveness, thinking about undocumented students, the NY state program is deeply flawed, and California shouldn't model after this. The IDR requirement excludes low-income borrowers. State program to forgive federal student debt is very different from a state program to forgive a California program. I want to make sure that we are not suggesting a state program to forgive federal student debt.
- Martha Snyder
 - Are there other top line recommendations that are missing? Are there other things that were discussed in the workgroups that haven't been added onto the report? We will add the other 31 recommendations that were proposed.
- Hal Geiogue
 - Do we need to be more specific about the implementation of the state hub?
- Martha Snyder
 - How much description and guidance do we want to add onto the report?
- Hal Geiogue
 - We want to be more specific. We don't want it to be more vague.
- Sam Seng
 - We can provide suggestive language to provide some recommendations for implementation to give the legislators room to add language.
- Hal Geiogue
 - We can add more of a blueprint that the legislators can use.
- Patrick Perry
 - Lande and Chris are in the administration, how much of implementation recommendations should be included and would be useful?
- Chris Ferguson
 - We intend to use the report to inform potential budget proposals moving forward. To the extent to understand how we expect the student hub to operate and how students interact with it. This would provide some guidance on how to accomplish the goal of the recommendations.
- Patrick Perry
 - This is a triage center that contains information on self service, a call center or AI chat box, caseload management, some can be done at the state level or nonprofit organizations to service this triage. Is this the vision that folks are thinking about?
- Hal Geiogue
 - Who do we want to hand this work to? The state hub has a lot of elements.
- Patrick Perry
 - Even just listing where could it go.
- Chris Ferguson
 - Also understanding the tradeoffs. Understanding the options and the tradeoffs of the options. In terms of who would operate, that would be determined at a future time. It would still be an open question of who will operate the program. It's really about reaching the students to access the information and less about which agency will operate the program.
- Bob Shireman (chat)
 - Page 4, change "Amongst" to "At"

- page 9, add after "Fundamentally, the most beneficial action for these students is to persist and complete their degrees", the phrase "at a quality institution,"
 - Page 9, change "But this persistence..." to "This persistence"
- Sandy Baum (chat)
 - FN 5 is incorrect. I think it should be <https://protectborrowers.org/why-borrowers-matter-state-by-state/> and we should not round up to \$40,000.
- Bob Shireman (chat)
 - Page 10, Political Feasibility, replace the two questions with "What type and amount of support or opposition needs to be considered?"
 - Page 14, delete "Research shows that" and just start the paragraph with "Providing..."
 - page 16, to add balance on for-profits, replace "These schools have a" with "While many for-profit schools provide value to students and operate with integrity, the industry has an unfortunate history. . . "
- Sandy Baum (chat)
 - Re older borrowers: It sounds like all these old people are borrowing and struggling. But many borrowed a long time ago and never paid. An example of something hard to interpret with just those numbers
 - Top of p5 I think the statement downplays the role of demographics and family circumstances
 - Information about who holds student debt—and its concentration among higher-income households should come in the introductory section.
 - The statement with note 15, which is based on my ppt, takes a headline out of context. Community college students don't struggle more than for-profit borrowers, Black students struggle more than others, etc. I would just take this out and find another way to make the relevant point.
 - When we talk about low-income borrowers we should clarify whether we mean those from low-income backgrounds or those with low current earnings.
- Martha Snyder and Patrick Perry were discussing the legality of obtaining workgroup members' specific feedback on the report.
- Martha Snyder
 - The legislation requires submission by September 1. I don't think there are criminal activities for violating this. We should revisit the timeline at the August 25th meeting after reviewing the individual members' feedback.
- Hal Geiogue
 - This isn't the first time that CSAC doesn't submit something on time--many don't. You can incorporate the general tone and balance that can be changed now and then the updated draft be sent to the workgroup members.

Closing Announcements

Patrick Perry, CSAC

- Upcoming meeting schedule