CA Student Loan & Debt Service Review Workgroup
May 24, 2021
10am – 1pm PST

Workgroup Attendees

Dr. Lande Ajose
Office of Governor Gavin Newsom

Dr. Sandy Baum*
Urban Institute

Catalina Cifuentes
California Student Aid Commission

Dr. Jamillah Moore*
California Student Aid Commission

Chris Ferguson
California Department of Finance

Hal Geiogue
Scholarshare Investment Board

Bob Shireman*
The Century Foundation

*Member of the Public

Facilitators, Presenters, and Support

Evan White
California Policy Lab at UC Berkeley

Dr. Rajeev Darolia
University of Kentucky

Adam Gottlieb
UNITE-LA

Aaron Smith
Savi

Noah Chutz
Borrower Panelist

Inna Kopelevich
Borrower Panelist

Katie Rodger
Borrower Panelist

Christine Shea
Borrower Panelist

Patrick Perry
California Student Aid Commission

Jake Brymner
California Student Aid Commission

Daniela Rodriguez
California Student Aid Commission

Martha Snyder
HCM Strategists

Katie Lynne Morton
HCM Strategists

Elizabeth Salinas
HCM Strategists

Teresita Martinez
HCM Strategists

Meeting Notes

Welcome
Patrick Perry, CSAC

- Meeting objectives
- Meeting agenda
- Housekeeping announcements

Workgroup Review of Draft Recommendations to Date & Upcoming Public Review Processes
Elizabeth Salinas, HCM Strategists

- Update on Recommendations
    - Issue area buckets: Communications and Outreach, Direct Support and Services, State Oversight, and Other
        - There was a mismatch in scoping these issue area buckets. Don't need to focus all recommendations on the K-12 or pre-borrower population. There is a real need to include and focus on those that are currently in repayment as well.
    - Kept issue buckets but reframed the K-12 bucket to keep in mind the different borrower population that we want to support in this group. So the new population buckets are Prospective student borrowers (pre-borrowing), current student borrowers, and former student borrowers (repayment)
    - Last meeting preventative versus reactive solutions--yes, preventative is ideally where we would want to work for, but it is important to focus on the huge population of Californians that need the support now because they are currently in repayment. Issues that are categorized as reactive are relevant and needed.
    - The matrix contains a sampling of the interventions. The list on the matrix is not exhaustive--didn't want to overpopulate the slide.
    - Some of these strategies don't focus on one population. For example, the centralized state hub, depending on how it is implemented, can benefit all three populations.
- Dr. Sandy Baum: This is a much more useful framework. I appreciate it.
- Thumbs up from Hal Geiogue and Bob Shireman.
- Overview of Next Steps
    - This meeting is the last meeting for issue specific meetings of the workgroup. Following today, HCM and CSAC will finish compiling the draft recommendations, which will encompass across the issue area meetings.
    - June 8: Public Review & Comment Period Opens
        - Draft recommendations to be posted on CSAC website for public review and comment
        - Public comment will be submitted via email
        - Instructions for submitting public comment will be posted along with the draft recommendations on the CSAC website

        - All stakeholders who submit public comment will receive notice for July 7 meeting
    - June 22: Public Review & Comment Period Closes. Deadline 5pm PST. HCM will compile written comments.
    - June 30: Workgroup members receive draft recommendations and compiled written comments
    - July 7th diving into the recommendations along with the analysis that undergirds each of those. Which of the policy recommendations does the workgroup want to elevate. Workgroup meeting to decide final recommendations. Will include extended time for verbal public comment. Following this meeting, HCM will draft the report with final recommendations.
        - Dr. Sandy Baum: Draft of recommendations will go out to public comment before the workgroup sees it. It seems odd that the public will be commenting on something that the workgroup hasn't approved to be the draft.
            - Patrick Perry: Two iterations of this. We have an open public review and then we gather more information for the open public review into the workgroup recommendations. Take this input, bring it in, refine it, take it out, and have one more crack at it. Is this how we will do this?
            - Martha Snyder: One more crack at it if you mean the workgroup. This was part of the discussion that we had in terms of recognizing that there are two more workgroup meetings in July and August. The August meeting the workgroup is finalizing and confirming the recommendations and report, while also wanting to have time for that public comment review. I don't know, Sandy, if building in some time for written review by the workgroup of the draft recommendations before they go public is what you would prefer.
            - Dr. Sandy Baum: I am uncomfortable as a member of the working group to have something go public as the voice of the working group without having seen it. If you can email it to us, maybe even give us a day so we can read. It's not like we will do some elaborate thing. People may object to something on there or feel like something important was left off. It's sort of our name going out to the public without us having seen it. We wouldn't need a meeting to review that document.
            - Patrick Perry: Yeah, Martha, that seems fair.
            - Elizabeth Salinas: We can circle back. We do have internal deadlines and communications with CSAC. We can loop back with the workgroup before June 8.
    - August 18: Workgroup receives final report
    - August 25: Workgroup meeting to review and approve report. Will include extended time for verbal public comment. Following this meeting, HCM and CSAC will finalize the report.

- September 1: Final report submitted to legislature.
    - Dr. Sandy Baum: Along the same lines, I feel as a member of the workgroup, I am worried that this is sort of an HCM report going for public comment and us signing off on it. My experience with group reports is that you would want to get from us some written feedback and then it could be incorporated into the draft report before you give it to us for approval. I don't know what the time constraints are. Personally, I would want to have one to two days to read and send email comments on the report then just "I get it and I have no chance to say something that you can do a revision for" and then we have to approve the report. On the August 25th meeting, we wouldn't have enough time to have a big discussion on something we wish to be different on the final report. You would want us to voice that as early as possible, which is before that meeting. Something can be addressed with minor edits, but best we not be having that conversation in the meeting on August 25th.
    - Martha Snyder: We can send out the more detailed timeline. The purpose of receiving the report on August 18th is to allow for the workgroup to do the review and to flag any issues that need to be addressed before we enter the August 25th meeting. We have time between August 25th and September 1st to finalize any of the additional edits that need to be made. Point is well taken, by no means is this intended to be an HCM or CSAC only report. However best we can serve the workgroup, we are open on the input on the timeline and best facilitate appropriate input.
    - Marlene Garcia: Changing the word under August 18, not a final report, it's a draft report. Build in the review time because it is really critical. Recommend that we go back and provide that detail. The expertise of the workgroup weighing in on the later drafts.
    - Martha Snyder: We will recirculate the timeline to the workgroup members this week.
    - Bob Shireman: Just to concur with that clarification, that will help with Marlene's suggestion: that it's a draft. And, having some time there where HCM can take individual feedback from members of the workgroup would be useful. I suspect there might be some issue of if we were to jointly do something before then there might be some open meeting issue around that, but I think HCM getting individual input at least will be okay. I assume you all will work that out. I want to ask about the meeting on August 25th, on the review and approval of the report, is there an opportunity at that meeting to make changes to the draft at that point or is it just an up or down decision.
    - Martha Snyder: The intention is for the workgroup members to add any recommended edits at the point. And then we still need to navigate what approval actually means in terms of the requirement of the workgroup to

        have a finalized set of recommendations coming out of that meeting to meet our September 1st deadline.
        - Patrick Perry: Yeah I would agree with that--there is still time at that point. I would hope that we wouldn't have major massive changes to it because we have final report formatting that we have to do. It's open to be modified even at that point.
        - Bob Shireman: That underscores the importance of having that process of input and feedback before the meeting so that there is less to handle at the final meeting.
    - Elizabeth: We will recirculate the more detailed timeline.

Panel: Data Sharing Efforts

Evan White, California Policy Lab at UC Berkeley; Dr. Rajeev Darolia, University of Kentucky

- Martha Snyder: Focus on some data sharing efforts and approaches. As we know with the workgroup marching towards finalizing the recommendations, we want to take a step back to understand how data can be leveraged to inform strategies and interventions. Data is the backbone of the deliberations to date from understanding the scope of the issue to the specific types of interventions or strategies, either early awareness or back in interventions to support repayment and avoid default. This would be a good time to bring in some experts.
- Dr. Rajeev Darolia:
    - 3 main points:
        - Data from different domains and systems are necessary to understand experiences and evaluate solutions:
            - Student loan outcomes and experiences are multifaceted--touch on different aspects of our lives.
            - Outcomes/experiences outside of the education/education finance system matter (i.e. Labor market; Health; Housing; Social support systems; civic participation; crime).
            - Example research/policy question: What leads a borrower to default?
                - Default is likely a function of at least:
                    - Higher education experiences (e.g. field of study, quality of education, costs, aid),
                    - Labor market experiences (e.g. employment and wages, discrimination),
                    - Repayment plans and terms, options for relief, or
                    - Family circumstances; Macroeconomic conditions; individual idiosyncrasies.
                - Each of these factors are also likely affected by each other and many other factors
                    - E.g. college if/when/where/how choices depend on K-12 factors & family circumstances.
            - Challenges:

            - Critical data disconnect between federal program data (e.g. Federal student loans) and state data systems,
            - Cradle-to-Grave/Career data systems have promise, but also have limits
                - Attrition out of state/entry into state,
                - Coverage limits of contributing data sets,
                - Cross-system linking,
                - Privacy concerns (especially related to health data), and
                - Data from private entities often not included.
            - Data coverage limitations are acute regarding vulnerable population
                - For-profit colleges,
                - Private student loans,
                - Undocumented students: often left out of data systems so difficult to understand their experience, and
                - Unbanked persons.
        - Examples of commonly used outcomes/sources and limitation
            - Unemployment insurance record to estimate wages and employment outcomes for people in research. This data moved our ability to understand outcomes of intervention because it includes wages overtime. Housed at a state data agency which facilitates connections across state records. There are some limitations on the nature of industry and job. Limitations are that only some jobs are covered; difficult/not possible to know locations; no information about student loans or education; typically restricted to one state.
    - Organizations that facilitate data connections and sharing are critical
        - Can safeguard data and improve efficiency of data analysis and sharing.
        - Can coordinate longer-term research projects and expedite policy analyses.
        - Currently, these organizations are largely one of 2 types: Across states, focused on a narrow domain (i.e. NSC, NY Fed CCP, Coleridge Initiative, Census PSEO); Within state focused on a broader set of domains (KYSTATS).
        - Ideal: data that crosses states and covers a broad set of domains.
    - Estimating the effect of policy is often about understanding selection into the program and the counterfactual
        - To know the consequence of an intervention, we try to model
            - What causes some people to participate in programs and not others, and

            - What would have happened if the intervention did not take place.
        - It is also important to understand experiences of those who are traditionally not served by higher education, either through attrition or barriers to entry.
        - Therefore, in order to fully understand the experiences and outcomes of those affected by student loan debt and interventions, need to collect data not only on those directly affected, but also on:
            - Those who were not directly targeted with the intervention, and
            - Contextual information on factors that could influence program participation.
        - Consider implementation that employs experimental designs and rollouts that facilitate evaluation.
- Evan White: The California Policy Lab works with government to generate evidence that transforms public policy. We do this by forming partnerships between California government and the state's flagship universities to harness the power of rigorous research and administrative data. We are cross-sector in terms of social campus (i.e. labor and employment, social safety net, criminal justice, homelessness, education, and health). With our partners we develop research agendas; obtain, link, clean data in a secure data hub; conduct rigorous research and program evaluation; assist in implementing findings, if appropriate; work towards establishing secure data access for research.
    - The California Policy Lab has worked on or is currently working on relevant projects such as the Cal Grant take-up, which involved a set of nudges to change letters being sent out to high school seniors to take up a grant they are eligible for. It took the data they created in their FAFSA and put it in the net-price calculator, and used it to compare their net-price between campuses. There were modest improvements to increasing the Cal Grant. The second project is getting college students onto CalFresh and other supports. Involves a data linkage between CSAC, the Department of Social Services, and relevant higher education institutions. The third project is relevant when thinking about low-touch nudges--warm handoff from UI to CalFresh because they are probably eligible for it. It led to a spike in CalFresh enrollments. This is a great example of putting the right information at the right time that is relevant to them. The last project is trying to close the benefits gap. We've used data from the Department of Social Services to find who are eligible for the EITC and Stimulus payments and tried low-touch nudges to increase take up.
    - We are California administrative data experts. For education outcomes we work with CCC and UC, we would like to partner with CSU, K-12 data and district-level data. For credit, debt, and location we use data from the UC Consumer Credit Panel, a 17 year panel of quarterly, loan-level. A very powerful dataset--we can see who is facing a lot of financial distress. We can link it to other datasets. There

is potential to link this data to National Clearinghouse Data. What schools do students go to that can increase their financial distress. We work on employment and wages data with the FTB (tax), EDD (wages, UI claims). EDD and FTB are complementary. There are strict limits on where and how these data can be used. These datasets can shed some light on the issues this group cares about. Social services enrollment data from the CDSS (SNAP, TANF, and more) and the FTB (EITC). Some exceptions are the DHCS Medicaid data that they have but we can't use. For race/ethnicity data we have many of the above sources, plus merging on Census data which can helpfully identify racial disparities. National student clearinghouse data is not being used but we are in conversations with them to link it to the consumer credit panel.

- Considerations for this group:
    - Potential front-end interventions: pre-fill FAFSAs, Net-price comparisons, single application point for benefits/aid.
    - Potential in-school interventions: get students on CalFresh and other benefits, education high-risk students for financial distress and targeting education interventions.
    - Potential back-end interventions: hot-spotting borrower distress, targeted counseling, targeted program enrollment.
    - Potential to unlock data insights: funding to link NSC to UC-CCP for the whole state.
    - State data access needs improvement. We have the data-now let's use it wisely. C2C is a good step, but will take years.

- Discussion:
    - Martha Snyder: A lot of the recommendations that have been put forward, particularly for the back-end interventions, are focused on leveraging and utilizing intermediaries in the field--those that are the closest to the individuals struggling. What does the data look like in terms of identifying those individuals? How do we get around the limitations referenced both in terms of privacy and connecting the records? What is the type of data and information in terms of those intermediaries to act upon in a holistic way?
        - Evan White: The credit panel, the data set that shows financial distress on a systematic basis, the data comes from the credit bureaus. They will do a finder file match. So if we have a list of folks we can do a match, but when the data comes back, it comes back deidentified. We can't see individuals in the data. I know that they do direct mail campaigns for financial service providers and they may well be able to do it for use. What I mean is we identify the set of people who have these parameters of financial distress, we create a letter that we want to send them, we work with the credit bureau to send the letter. They are the only ones that can have the PII. I haven't explored that with them, but I've worked at the Consumer Protection Bureau to send out a survey that was based on the credit panel. It might be possible to do individual level outreach

that way. But there is no way to get the information back on an individual-level: it will be against the federal statute.

    - Dr. Rajeev Darolia: There is one data system that hold a lot of data engagement would make sense in that server. Services are the ones that know the most about the debtors and especially distressed. Challenges in engaging in that. See more engagement from a data perspective. There is always a balance between perfectly targeting and identifying folks versus being more expansive. There are ways to look at groups or characteristics of folks that are likely to experience distress or are likely to have issues and broader set of outreach. That's more expensive and can have issues with efficiency but that's another way to try to get folks--by casting a wider net. Financial distress is rarely restricted to one aspect of someone's life. It's not that common that somebody just defaults on student loans and perfectly fine in every other aspects of financial health. Leverage financial health as a whole to think about signals that might suggest that they may be having issues with other aspects of their financial portfolio.
- Patrick Perry: Appreciate the data conversation and the data sources that I intrinsically get and know where they are. My question is what are we trying to track, what are the alpha metrics that we are trying to track if the manager, here is the state of the student loan environment for California borrowers. If someone were to build a California Loan Debt Dashboard, what would go in it? Which would ultimately drive where the data comes from? What are we trying to minimize or maximize with these metrics? This is a question for anyone out there, not just our panels.
    - Evan White: I throw that question back at the workgroup. We at CPL are in a position to build something like this because of the CCP panel.
    - Dr. Rajeev Darolia: The first metric to measure is default. It is a symptom of broader issues and it brings a lot of challenges for folks. What constitutes the student loan burden? What is too much debt? It is hard to measure who has too much debt. Tracking overtime who has debt, repayment challenges, derogatory marks--these are able to be tracked easily.
    - Evan White: Able to see it on other accounts--often times struggling with other financial issues as well.
    - Patrick Perry: A lot of this is credit bureau data, right? Or directly from the servicers?
    - Evan White: The bureau is the easiest to get it. To get comprehensive data need data from multiple servers. The bureau provides this comprehensive data. What school they went to would be useful--the National Clearinghouse would come in.
    - Dr. Rajeev Darolia: Might not know something is serious until it is already serious. There are challenges to accessing servers.

    - Dr. Sandy Baum: Dr. Rajeev Darolia mentioned that we have to think about counterfactuals and think about where people would be--not just those struggling with debt but those that aren't. This is important for context as we make our recommendations. Looking at the total financial health for people is important for us to recognize these realities. As we speak to an audience that is concerned about student debt, we put into the context created by these two comments. For example, overall financial health issue--if just solving student debt, not going to solve the whole financial situation. Point out these realities that both the speakers pointed out.

Panel: Engaging Employers & Private Sector Partners
Adam Gottlieb, UNITE-LA; Aaron Smith, Savi

- Adam Gottlieb: California's pre-pandemic economy was the fifth largest in the world, had added over 2 million jobs in 20 years in growing industries, and had historically low unemployment rates. The growth was threatened by vacancies across industries, and the projected shortage of workers with postsecondary degrees. The student loan burden of Americans was over $1.4 trillion, exacerbating a lack of interest in attending college, and the ability to build lives in California, especially for millennials. Current State law allows for employer assistance in paying off loans, however student loan payments made by an employer are considered regular wages which are subject to payroll tax on the part of the employer and subject to income tax on the part of the employee.
    - AB 152, The Student Loan Assistance Act (Voepel) 2019: Proposed solution was to provide a tax incentive on the state tax portion of student loan repayment provided by an employer as part of the compensation package. Both public and private employers would be eligible. Any support would not be included in the gross income of the employee Up to $5,250 per calendar year, per employee
    - It was introduced in January 2018 and referred to suspense in April 2019. It died in January pursuant to the Constitution in January 2020. Employers were not satisfied with the incentive--a deduction in payroll tax, as opposed to a credit for tax. Many employers, especially small businesses, did not feel that they could afford to support employees. Flexible lengths of tenure for employees did not satisfy employers
    - Recommendations for Revisiting Employer Engagement in Relieving Employee Loan Burdens
        - Re-introduce AB 152 as a tax credit program, benefiting employers by reducing taxes equal to their fiscal support;
        - Develop a grant program to provide additional support upfront for socially conscious employers, especially small businesses, so their support for employees does not impact their annual operational income;
        - Ensure any compensation benefit for employees is not listed as income as it may negatively impact an employee's repayment schedule (e.g., income-based repayment); and

            - Educate employers on state and federal loan forgiveness programs, such as the Public Service Loan Forgiveness Program, so that they support employees in applying and succeeding.
    - Recommendations for Relieving Employee Loan Burdens
        - Further invest in career-driven grant programs, such as the Golden State Teacher Grant Program, and establish new grant programs for growing industries or those that consistently lose employees;
        - Alleviate the burden of public and private institutional loans for former students by providing them interest free, by making them forgivable, or by providing additional institutional funds to offer grants;
        - Adopt new legislative or budgetary programs, such as the Cal Grant Equity initiative, which will systematically eliminate the need to take out burdensome loans for thousands more students moving forward; and
        - Adopt other social programs alleviating individuals of additional costly expenditures, allowing them to pay off existing loans.
- Aaron Smith
    - Traditionally the biggest form of employer contribution was through student refinance. Student loan employer contribution is new angle on student loan benefits and Savi approach is different. Refinance tends to focus on higher income borrowers, higher credit scores, and higher incomes--general target for refinance. Employer contribution is at its early stages, because it is a more expensive option has tended to lean towards white collar jobs. Broad class of middle-class borrowers, somewhere in the middle. Dealing with government programs, were not good candidates of refinance, these were the borrowers being under served. Savi created a turbo tax for student loans that combines the components to provide a comprehensive student loan benefit for all types of employers.
        - We parter with AARP, TIAA, UPMC, NEA, SEIU, ISAC, United Way, SUNY, Hackensack Meridian Health, Memorial Sloan Kettering Cancer Center, Student Debt Crisis, and AIG.
        - We educate them on all of their repayment options. We sync their loans through their servicers. Show them their options and help them enroll.
            - Makes us easy to use for a wide variety of partners. We can accommodate based on partners. Our partners understand the impacts of student loans on overall health.
        - Working with trusted partners to serve all borrowers
            - For most partners, this is their first student loan benefit. Employee student loan education campaigns empower borrowers to take action and protect themselves. Savi technology platform helps eliminate human error and administrative burden with federal programs. Helps with enrollment and re-enrollment in federal and state programs, including Income-Driven Repayment plans, Public Service Loan Forgiveness, Teacher Loan Forgiveness, and Default/Wage Garnishment Rehabilitation among others.

        - Recommendations
            - Need a mix of government policy and private sector engagement,
            - Focus on student loan benefit solutions that are accessible, tailored and scalable,
            - Bring employers, unions, membership groups, financial institutions and advocates to the table for coordinated education campaigns, and
            - Address paperwork and bureaucratic challenges to accessing student loan programs, particularly for low-income borrowers.
- Bob Shireman: Savi sounds a lot like Summer, which was what I was familiar with beforehand. Am I right that summer and Savi are similar in their scope and focus and the kinds of organizations that they work with?
    - Aaron Smith: There are a variety of companies that are providing technology to help people with repayment. Savi, Summer, Future Fuels. Some of the companies that do employer contribution try to provide education as a part of the services.
- Bob Shireman: In one of your slides it says that you are a public benefit company. In California, public benefit corporation is the name for our California's non-profit corporations. Am I right in assuming that Summer/Savi is a for-profit corporation that is incorporated under a public benefit.
    - Aaron Smith: Yes, we are incorporated in Delaware.
    - Bob Shireman: Okay, so Delaware's version of a so-called "public benefit corporation."

Public Comment
Katie Lynne Morton, HCM Strategists

- Lucy Salcido Carter, California Association of Nonprofits
- Ruth Sosa Martinez with Young Invincibles
- Samantha Seng with NextGen California
- Cody Hounanian with Student Debt Crisis
- Jacob DuMez, San Francisco Office of Financial Empowerment

Policy Developments: Cal Grant Reform
Jake Brymner, CSAC
- Jake Brymner: California offers the most generous state financial aid in the country, and yet more than three of 10 students report being food insecure and more than three of 10 students report being housing insecure. A Competitive Cal Grant "lottery" for any students applying for aid after one year of high school graduation or transferring after turning 28 years old.
    - Cal Grant 2 under the Student Aid Index: All CCC students with incomes qualifying for a maximum Pell Grant guaranteed eligibility for a stipend ($1,656), tied to the California Consumer Price Index to maintain its purchasing power over time:

- No GPA verification required,
- Eliminate time out of high school and age requirements,
- Application deadline moved back to September 2,
- Increases students eligible from 124,227 under current Cal Grant programs to 367,318 under Cal Grant 2 (increase of 295%),
- Relative to those eligible for today's Cal Grant programs, eligible students under Cal Grant 2 are more likely to be: Lower-income (average income = $18,598); Older (average age = 25.2); Student-parents (22.0%). Additional 155,000 Latinx & 22,000 African-American students at CCC made eligible for a Cal Grant award.

- Cal Grant 4 under the Student Aid Index
    - Eligibility based on new income ceilings for the minimum Pell Grant
        - No age/time out of high school requirements.
        - GPA cutoff lowered from 3.0 to 2.0.
        - Covers full tuition & fees at a UC or CSU; maintains existing award amounts for students at eligible private institutions.
        - Institutional aid programs would be expected to provide $0 EFC students with a stipend to support their basic needs expenses.
        - Increases students eligible from 132,584 under current Cal Grant programs to 171,222 under modernization.
- Cal Grant 4 & CalFresh: More federal resources to address food insecurity
    - Offering more tuition & fee based awards yields more students eligible to apply for CalFresh.
    - Cal Grant 4 provides 38,646 more awards that qualify as a "TANF-funded benefit" & enable recipients to apply for CalFresh.
    - Potential to access up to $108.5 million in federal funds for students through CalFresh benefits.
- Relative to those eligible for today's Cal Grant programs, eligible students under Cal Grant 4 are more likely to be:
    - Lower-income (average income = $26,292),
    - Independent students (47.9%),
    - Older (average age = 22.6),
    - Student-parents (8.2%), and
    - Additional 17,000 Latinx & 2,600 African-American students made eligible for a Cal Grant award for tuition & fees.
- Recommendations for Phasing of Investments
    - Phase 1: Adoption of the Cal Grant Equity Framework
        - $157 million: extend a Cal Grant 2 award of $1,656 to all CCC students with incomes that would qualify for a maximum Pell Grant award.
        - $76 million: increase the Students with Dependent Children award to $6,000 for all student-parents receiving a Cal Grant 2 or 4 at a UC, CSU, or CCC.
    - Phase 2: Extension to all students with incomes qualifying for Pell

            - $306 million: extend eligibility for a Cal Grant 2 or 4 award to all students with incomes that would qualify for a Pell Grant award.
        - Phase 3: Increase Cal Grant 2 Award Amounts
            - $274 million: increase the Cal Grant 2 award from $1,656 to $2,500 for all CCC students with incomes qualifying for a Pell Grant award.
        - Phase 4: Adopt other key policies that will promote college affordability
            - Establish a formula for determining the award amount for students enrolled at eligible private, non-profit institutions.
            - Revise standards for Cal Grant lifetime eligibility such that students can receive aid for two Summer periods without impacting their awards during the traditional academic year.
        - Key Outcomes of Adopting the Cal Grant Equity Framework and under "Phase 1"
            - Streamlines Cal Grants to be more easily understood by students and families or communicated by educators.
            - Aligns eligibility of state-based aid with federal policy.
            - Eliminates eligibility barriers for state aid that are not connected to financial need.
            - Targets state resources on the most financially vulnerable students.
            - Opportunity to serve more than 280,000 additional students than under the current program.
            - More Cal Grant 4 awards more federal resources to help address food insecurity for California students.
            - Improved access for student-parents, adult learners, & CA Dream Act Application filers.
            - More inclusive Cal Grant programs: more African-American and Latinx students eligible to receive an award.
- Dr. Lande Ajose: The slides that you had about the phase in of cost over time: Can you talk about the aggregate cost of that and because this linked to California CPI, what would be the cost to the state around the Cal Grant program by 2030 given the increase by students and the shift in the CPI? I don't think we have an understanding of the cost side to the state.
    - Jake Brymner: The price tag in phase 3, depending on when we were to reach phase 3, if anything would go down if we connect the 1656 award amount to the California CPI in the meantime. Would increase the $2500 from a number that is higher $1656. The cost to this in terms of the CPI, Patrick can answer this, increase by 2.3%. Annual average increase that we expect to see overtime if we have the CPI connected to the award amount.
    - Patrick Perry: Once we push through the grandfathering cost while phasing in another program. If you tie it to the California CPI, the average increase is about 2.3% applied to the stipend amount starting at $1656, adding about $10 million a year if increasing about 2.3% if covering CPI.

- Dr. Lande Ajose: Follow up question is about demographic of students whether you anticipate the share of students increasing over the next 7-10 years or whether it stays the same.
    - Patrick Perry: Entering in and sitting in a trough where the number of eligibles is going down. How it plays out after that once we start growth depends on a few things. FAFSA for all, all students that will be offered this. They are only going to cash into this if they are in a higher education, it is cyclical to economy and institution capacity. Enrollment at CSU and UC doesn't grow rapidly--it can grow rapidly in community colleges. But, they are not getting the same benefit as CSU and UC.

Borrower Panel

Noah Chutz, Inna Kopelevich, Katie Rodger, and Christine Shea

- Inna Kopelevich: I took out a loan for graduate school and went back to school for a teacher credential--I went back to national school. When that was happening, I was gullible and took out as much as I needed because there are programs out there. I did qualify for the APPLE forgiveness, but my loan was given to another bank and some of that money was lost somewhere, so I didn't get the full forgiveness there. I tried to take out the FFELP forgiveness. I've been hitting a wall when I was trying to find forgiveness programs. I've been paying the last 5-7 years frustrated, concentrating on paying a little bit over interest, I don't know where to turn and what to do. My balance hasn't gotten down. I am at a point where I don't know what to do. I haven't tried because it has been a frustrating experience.
- Katie Rodger: UC and CSU with no debt and then I started a PhD in the UC where I was making $15,000 a year as a TA. Got through a couple of years with no debt. Then I realized that I was depending on my credit cards during summer breaks. So, I tried to explore my options and was pushed to take out loans. I was told by the graduate advisor that this was good debt and that this wouldn't hurt me in the long term. Most humanities PhD graduate with about $80,000 of student loans. I started to supplement my TA salary with loans. I came out of graduate school with $80,000 in debt and today I owe $110,000 despite me paying for loans almost the whole time. I work full time for the university and every time I get a raise my income based repayment goes up significantly more than a percentage of my raise. It is difficult to get ahead and to feel that in spite of a PhD and a good job, that I am able to keep up with the California economy. My husband also has student debt, he has a doctorate. School debt may be good debt but it is debt nevertheless. When it comes to refinancing our home it has gotten in the way of our finances. We are lucky to own a home--we work hard for it. But, we pay out over $1,000 a month as a family with 2 kids. This is our reality. In spite of budgeting, working hard for promotions, we feel that it is a slippery slope. Every time we get a raise or promotion our student loans go up. Our income increased double the rate but our debt repayment increased about 300+%. 3 years of my payment of my loans have been lost. They don't notify you when something like this happens. They will figure it out within a year. The lost payments are on them because it was mis-credited.

- Noah Chutz: Similar to Katie's I wanted to focus on the public service loan forgiveness program. I obtained a dual master's program. I was told in 2008 that we have the new public service loan forgiveness program. Anyone who focuses on the public service can qualify for the program--unfortunately, that's not what is going on. I graduated from graduate school in D.C. I immediately found that finding a job in D.C. was impossible in 2010. The majority of positions were unpaid internships and living in D.C. is not cheap. So I decided to go to the Peace Cor. I was working with forested communities in New Mexico, the communications department in the equator team. Within a couple of months I found out that I was getting kicked out of my repayment plan that qualified for the public service forgiveness plan because they couldn't make the convergence from pesos to dollars--they couldn't confirm my income. Whenever I would get in the paperwork it took a while--I lost all of that time. About a year and half of the public service years doesn't count. The biggest thing that we saw was that every time we communicated with the program, there was an inconsistent message around what we qualified for and how to confirm our work status. My loan for a $90,000 program is now at over $100,000 all based on interest. I went back to school. And now I am a physician assistant. Even though I work in the public area, it doesn't count because it's in the emergency room and addiction medicine. My grand total in student loans is about $325,000 in student loans. And, the biggest thing was that the public service loan forgiveness fall apart, 99% of people didn't get their forgiveness. We had a program that was supposed to give us confidence in taking out debt. We had a lot of people tell us to take on this debt, and now 10 years later there is no confidence that this program works. In the position to rebuild financial security and buying a home. At 39, I don't think that student education shouldn't be for profit. The interest rates were in the high 6's. The amount of interest accrued is unsustainable. My recommendations:
    - Current borrowers: I'd love to see more access for the public service loan forgiveness program. Guarantee that in 10 years this will work. We don't know if we will be eligible for this. We don't know if participating in this program will end in forgiveness. It's demoralizing--lose faith in direction that makes sense.
- Christine Shea: Go back to school full-time. I didn't know about the loan information. I hadn't heard about the service loan forgiveness program until the exit interview. I find myself in a really serious situation with my loans. When I completed my master's program I was $110,000 in debt. I started the income-based repayment program. It has been incredible. If do family therapy, 300 hours of non-paid or minimum wage. Went into the student loan forgiveness program. It's been putting me on quick sand. The cost of living is astronomical in the Bay Area. $1600 for a one bedroom apartment, the student loan income based was so expensive because I couldn't afford a car or a house. After 4 years my loans are $140,000--I can't get out of it. I can't move out of state because my therapy license is in California. I had to get out of non-profit therapy into the private therapy. Called the federal payment office and 3 years of public service repayment plan was lost because of 2 months of overpayment in the first year. I have to do a petition and a lot of paperwork and have my supervisors. So I am stuck. I enrolled in the PhD program, well maybe I can teach out of state instead of therapy. I may

acquire a lot of debt but at this point so far in the whole might as well shoot for the stars.

- Bob Shireman: Thank you for being informative and calm because based on the information you provided I would have understood if you were screaming--it's been going on for a long time. I thank you for engaging us, policymakers, here. I am disturbed that a lender is insisting on forbearance--not the best situation because the time doesn't count towards forgiveness.
  - Katie Rodger: I was shocked when we went to buy a house and the mortgage brokers we talked to were shocked by our debt. We were told that our student debt wouldn't hurt us and wouldn't count. This is demoralizing, you are treated like you don't know how to add 2+2, which is the furthest from the truth. We had to save for our house which was not easy. The biggest problem is communication between the financial entities at play. It's difficult. Sign off on viability. I don't feel demoralized--just angry. It took a long time to go to the bank and talk about my financial situation.
  - Noah Chutz: We were younger, we took what the servicer said as fact/truth. The system was so poorly designed to be user friendly.
- Catalina Cifuentes: We are trying to find different ways to educate students beforehand. If we are trying to target undergraduate students, what helped you? Can you share your experience taking out loans for your bachelors?
  - Noah Chutz: I am a Cal alumn, I was financially supported in undergrad by my parents and scholarships. I saw my student debt take off in graduate school. Realistic conversations about what loans would look like in terms of job availability. There can be a healthy conversations if students knew that they won't just be servicing their interest rates and about the available repayment programs. Consistency about knowing that you can pay it without destroying your future. Move towards improving society and not thinking about buying a house especially in California.
  - Christine Shea: The counselors helped me fill out the paperwork in community college. When I went back to school in my 30s I was more aware of these things. When I apply to them, I didn't know that I had to apply just once. When I took out the loans, I received guidance on how to pay off tuition but not how to pay it off. Parents being notified and understand how loans work would be helpful. A lot of teenagers have anxiety and depressive symptoms of going to college because they need to earn a GPA to gain grants and open opportunities for college. As an adult, I was not informed. As a youth, I didn't understand. And, now that I am working with you, I need to be more educated on how I can help guide them even though I am not a career counselor. My experience has always been that you can't rely on the counselors because they are overworked and frustrated with the system.
  - Katie Rodger: I teach undergrads full-time in the writing program. In 12 years, I have watch the number of full-time students working full-time is going up tremendously. And, the number of full-time students working full-time and not affording living expenses is really disturbing. That's why we protest against

tuition raise. I am increasingly hearing students say that they won't buy a home or move out of state. There has to be a close look at the system itself.

- Chris Ferguson: Have you noticed any distinctions in the information able to obtain from private lenders versus the public loan programs, and Noah you hit on this, the value of providing information on the front end, what the job prospects are and what that would mean in terms of the ability to service a certain amount of loan debt on the front end? Any distinctions between the two approaches?
  - Noah Chutz: I don't remember having these conversations. You don't have the time with someone who can counsel you through the paperwork. I think I also came out of grad school during the worse job market. Nothing that I remember can prepare me for what kind of job/salary I need to service the loan and pay for living expenses. Things haven't improved even in the past 10 years. Nothing has been saved, or recorded, and don't talk to the same person twice.
- Lande Ajose: It's frustrating to know that Californians are suffering through crushing debt. Various experiences that we need to pay attention to--which is where most of the debt is being accumulated, the graduate degree side less so the undergraduate side. We need to be clear of where the debt is accruing--in private for-profit and in some private non-profits. As we develop strategies, we need to think about how we target the strategies to the individuals where they are accruing the debt the most, get in front of that so we can provide the resources they need before all of the debt is taken out. We need to be clear that relative to every state in the nation, full-time in California is still a bargain, the cost of living is going up--that is what is driving a lot of the educational cost. How do we address the fundamentals of the cost of living. We need to be clear about where there is debt, how we are going to target those individuals taking out the greatest amount of debt. Whose responsibility is it to pay for graduates and undergraduate students? There are things that we need to carefully consider when thinking about the recommendations.

Workgroup Discussion: Policy Recommendations for Repayment Assistance and Debt Forgiveness

Patrick Perry, CSAC

- Need data that connects Federal (student loans) and State data systems
  - Identify orgs that enable and facilitate/coordinate data projects/policy analysis.
  - Integrate data needs with C2C
    - Primary datasets: ed/higher ed SUR, FTB, EDD, credit bureau, social services, NSC, Federal Reserve Bank
  - Build an experimental design into implementations that allow for strong evaluation component.
- Measures to track (by subgroup in context to non-borrowers):
  - Default (on all types of debt), delinquencies,
  - Numbers and levels of debt, and
  - Early warning signs of default laden in servicer data.
- Reintroduce a modified AB 152 (employer repayment programs) as a tax credit program, with new provisions.

- Adopt Cal Grant Equity Initiative to reduce eligibility gaps that are sometimes filled with loans.
- Engage with student loan facilitation software partner (frequently through employers as a benefit) in adoption of loan advisement app/software (ref: Savi model)
  - This needs coordination with prior recommendations of having a "triage" model w/ portal: something like this could serve a bulk of the triage who can self-serve, while others may need more personal/intensive services (i.e. legal),
  - Operating under the Ombudsman office?
- Leverage state "touch points" to provide information/outreach to citizens (Sam S); integrate those on public benefits to IDR options.
- Adopt child savings accounts proposal in 21-22 budget ($2B).
- Build massive amounts of student housing.

Closing Announcements
Patrick Perry, CSAC
- Upcoming meeting schedule