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THE FUTURE OF THE FEDERAL STUDENT LOAN PROGRAM AFTER OBBBA

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WELCOME AND INTRODUCTION

SARAH REBER

Cabot Family Chair and Senior Fellow, Center for Economic Security and Opportunity, Brookings

A PERSPECTIVE FROM CAPITOL HILL

THE HON. SUZANNE BONAMICI (D-Ore.)

U.S. House of Representatives

MODERATOR: SARAH REBER

Cabot Family Chair and Senior Fellow, Center for Economic Security and Opportunity, Brookings

PANEL

COLLEEN CAMPBELL

Senior Associate Partner, Bellwether

BEN CECIL

Deputy Director of Higher Education Policy, Third Way

SARAH TURNER

University Professor of Economics and Education, Souder Family Chair, University of Virginia

MODERATOR: OYIN ADEDOYIN

Reporter, The Wall Street Journal

THE ADMINISTRATION'S PRIORITIES

NICHOLAS KENT

Undersecretary, U.S. Department of Education

MODERATOR: OYIN ADEDOYIN

Reporter, The Wall Street Journal

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**REBER:** Good afternoon. I'm Sarah Reber, senior Fellow in Economic Studies and part of the Center for Economic Security and Opportunity, and I'm delighted to welcome you to Brookings today for this event on the future of the student loan program.

Recent years have been a tumultuous time for student loan borrowers. To give you a sense of how much has happened, leading up to 2020 outstanding loan balances topped 1.7 trillion more than doubling in just a decade. When COVID hit payments and interest on student loans were paused first by President Trump and then by President Biden. President Biden proposed loan forgiveness and the Supreme Court blocked it.

The COVID payment pause was extended multiple times. Borrowers faced a stream of new programs, time limited waivers, and narrow windows to consolidate each with its own rules and deadlines. The courts blocked implementation of the new Save IDR plan, leaving 8 million borrowers who had already enrolled in legal limbo and the legal wrangling over save blocked access to income driven repayment options on and off for several months.

That's just the sampling to be sure it wasn't all bad news for borrowers, 5.3 million borrowers saw more almost \$190 billion in loan forgiveness during the Biden administration. But for many the for the millions still in repayment, the experience has been one of confusion, frustration, and broken expectations throughout all of this.

One thing is clear. We have been failing, falling short of what borrowers need: a student loan system that works as advertised, where the rules are clear, promises are kept, and repayment is manageable. The stakes extend beyond individual borrowers. As a well-functioning student loan system is critical to ensure that higher education remains within reach.

To address these issues, Congress passed major changes to the student loan program as part of the reconciliation process that produced the One Big Beautiful Bill Act signed by President Trump last July. But how will these changes to the student loan program affect borrowers, institutions, and taxpayers, and what is left to be done?

We have a great lineup today to take on these questions. Congresswoman Suzanne Bonamici will start us off with remarks followed by q and a. Then we'll turn to an expert panel discussion moderated by Oyin Adedoyin of the Wall Street Journal. And finally, we'll wrap up with a fireside chat and q and a with Undersecretary of Education Nicholas Kent.

Thank you all for being here and for watching remotely. Congresswoman Suzanne Bonamici represents the First Congressional District of Oregon. She has said that strengthening public education is among her top priorities and one of the reasons she got involved in public service. Today as a leader on the Education in the Workforce Committee, she's author of the Simple Act to protect borrowers from default and continues her work as a longtime advocate for accessible higher education.

Thank you, congresswoman, for being with us today. The floor is yours.

**BONAMICI:** Thank you, Sarah and thank you Brookings for having me today for this very important conversation. I appreciate the opportunity to speak with you.

Higher education changed my life. I didn't know what I wanted to do right after high school, so I decided to work until I figured it out. So four years later, I job shadowed someone at a legal aid office and ended up going to a paralegal program at Lane Community College in Eugene, Oregon. And then I transferred to the University of Oregon. And then I graduated from the University of Oregon Law School where I earned an associate degree and then a law degree.

Yeah, I did this on my own the whole time using a combination of grants and loans and work study and food stamps. And after seven years of higher education, I had a very manageable amount of student debt. In fact, I didn't go to a private law firm where I could have made more money. I went into public service long before the public service loan forgiveness program. Unfortunately, today, students can't say the same.

And Sarah, you mentioned the word tumultuous. That is what it has felt like over the past several years. Right now there's nearly 43 million student borrowers who have federal loan debt and total student loan debt in the United States is more than \$1.8 trillion. The average public university student needs to borrow almost \$32,000 for a bachelor's degree. And with the rising cost of college, these numbers are increasing. And I just had someone in my office a few days ago who's finishing medical school, would like to go into primary care, but doesn't think she can because she has almost \$400,000 worth of debt.

My office has worked over the past several years with organizations like the Student Loan Borrower Protection Center. We have constituent caseworkers, we've done seminars, but it has been very chaotic and very complicated for student loan borrowers. And I've always said that education is a good investment, and that's true from early childhood education through higher education. But now at a time when we should be supporting borrowers and making college more affordable, the current administration has pushed through its partisan—I don't call it a big, beautiful bill. I call it a big ugly bill. And this is an unprecedented attempt to shift the burden of college costs onto families who can't afford it.

It was President Lyndon Johnson who signed the Higher Education Act in the 1960s, and the goal of that act was to open doors of opportunities to those who didn't have those opportunities before for higher education.

So the result I fear will be fewer opportunities, especially for low and middle income students, and an increased presence of predatory private lending and for profit institutions. My legal background is in consumer protection, so I have a keen eye out for predatory lending.

So I call the big ugly bill a dream killer. It replaced existing income driven repayment plans with the repayment assistant plan or RAP. And this plan will increase monthly payments for the average borrower by almost \$200, institute a mandatory minimum, even if borrowers have zero income, and these monthly payment increases are going to hit borrowers just as healthcare costs are increasing because of the expiration of Affordable Care Act subsidies and recent cuts to programs like Medicaid.

So oftentimes students and families will be forced to choose, do we pay my student loan? Do I get the healthcare I need? Am I gonna keep food on the table? Will I have a roof over my head? I remember having a conversation several years ago with a young man who said, I value my college degree. It is amazing, but I will never be able to buy a house because my mother lives in poverty. My sister lives in poverty. I'm helping them stay alive by paying for their rent and their healthcare. So I'm not gonna be able to pay back my student loans, and it's not gonna be good for my credit. Nobody should be in a situation like that.

And unfortunately, the big ugly bill also eliminates graduate plus loans and caps, parent plus loans, forcing students to take out unregulated high interest private loans or abandon their plans altogether. And the narrow definition of what constitutes a professional degree, that means it's gonna be harder for students to enroll in critical public service programs, nursing, teaching, social work, unless of course they come from wealthy families who can pay for their tuition and living expenses. So this is also gonna exacerbate existing workforce shortages in these fields and will likely devastate communities across the country.

And as the co-chair of the Bipartisan Nursing Caucus, we had more than 170 bipartisan signatures on a letter to the administration saying, do not make nurses non-professional. We need people to enter into those fields. The law also limits Pell Grant eligibility and despite expanding grants to cover short term job training programs, which has been a bipartisan priority for years, this law instituted new credit hour requirements that prevent students who attend college part-time from receiving the full amount of their Pell Grant, no matter what their financial aid or financial need is.

And I'll note that some people think of a college student as a 19-year-old in a dorm with a room plan, with a meal plan. But that's not reality for many college students. They're having to attend part-time because they have other responsibilities, families, maybe part-time jobs. So schools in my home state of Oregon have let me know in no uncertain terms that when these changes take effect, they'll be devastating. And institutes of higher education, they haven't been able to send out financial aid offers for many students. They won't know what is ahead of them. They might not be able to enroll full time, and that means students will be operating with less information about college costs as they try to make decisions about where to attend this fall. They shouldn't be in that position. They need certainty. They need to know what they're gonna get and they won't.

Additionally, there aren't enough financial aid administrators to determine millions of students' loan eligibility and disperse their aid in a timely manner. Again, meaning students will have, will not have the financial support they need when they start the semester. So the timeline for entering these new federal requirements is gonna be virtually impossible to meet, killing more dreams.

And of course, all of this is happening while the Trump administration is trying to dismantle the Department of Education, which they technically cannot do. It was created by Congress. Only Congress could shut it down. But more than 300 employees in the office of Federal Student Aid were fired without cause last year. Funding for essential support programs like TRIO and Gear Up. Programs that make a tremendous difference in the lives of first generation college students. They were delayed for months forcing some schools to shutter their programs altogether.

It is again, chaotic. And many of these actions are also tied up in litigation. So news came out this morning that the Department of Education plans to move the administration of student loans in default to the Treasury Department through yet another inter-agency agreement. This is an abandonment of the department's statutory responsibilities and the Treasury, they're not prepared to take on 7.7 million borrowers with about \$180 billion in defaulted student federal student loans. And this move will undoubtedly create further chaos, further confusion, and borrowers will often be forced to navigate two federal agencies instead of one, depending on the status of their student loans.

Again, this is, students should be focused on where they're going, what they're going to do and have a bright outlook on their future. But this is very chaotic. Despite the chaos, we're not giving up the fight. There are meaningful common sense solutions to addressing rising college costs and support student loan borrowers.

First, we should increase Pell Grants. Just increase, increase Pell Grants. Simple thing to do. So, they used to cover about 75% of college costs. When they came out in the eighties, it was about half of college costs. Now it's about 25 to 30%. We could increase Pell Grants.

Expanding work study is another way to help. I have reintroduced the Opportunities for Success Act to reauthorize and strengthen the federal work study program. It currently provides part-time employment for about 600,000 students with financial need at more than 3000 colleges and universities. And the operations for-- Opportunities for Success Act will

increase funding for this program to serve more students and target funding, particularly to low income students, and also prioritize work-based learning and internships that are relevant to coursework and career interests.

And I've also reintroduced the Students and Young Consumers Empowerment Act that will reinstate the Office of Students and Young Consumers at the Consumer Financial Protection Bureau. This office will protect young Americans from abuse by predatory lenders and provide borrowers with critical information so they can determine how their student loans will affect their financial security. That makes sense. Unfortunately, this office was eliminated during the first Trump administration. There's never been a better time to bring it back.

These bills are only a few of the many proposals that will open the doors of opportunity to more students meaningful support, meaningfully support student loan borrowers, and protect them from predatory lending practices.

I know my Democratic colleagues on the Education and Workforce Committee will also continue fighting for more income driven repayment plans and public service loan forgiveness. I want to note during the last few years, we've also seen some sweeping attacks on higher education in general, often from people who have attended what may be called elite institutions of higher education. But we know that higher education is a good investment. After all, 96% of House members have a bachelor's degree. Two thirds have an advanced degree. Almost three fourths of the president's Cabinet have advanced degrees. But the big ugly bill clawed back the same systems of support that helped elected officials get where they are today.

It's not that we don't have the resources. Budget is a statement of priorities. Part of the reconciliation big ugly bill was massive tax cuts, about 4.5 trillion with a T dollars to people who don't need them. The first week of the war in Iran cost more than \$11 billion, and they're expecting somewhere between one and \$2 billion a day.

Those are policy choices, certainly not mine. Education is the best investment we can make, and those of us who are here today know it's good policy to invest in the future. And I often think about the words of the late Senator Paul Wellstone, who said, we all do better when we all do better. I agree, which is why I strive for debt-free higher education, not free, higher education debt-free higher education for those who choose college.

Now, not all students want or need to go to college, and I support workforce programs and apprenticeships anything that provides a path to success. But for anyone who wants to attend higher education, they should not be limited by their zip code or their family income. I could talk about this subject for hours, but I know we have an expert panel lined up today to dive deeper into the issues of the federal student loan program.

But I really encourage people to speak up. Tell and share your stories, your higher education stories, and why this matters. It matters not just to individuals. It matters to the communities we live in. It matters to the economy, it matters to society, and it matters to democracy. So I will continue to advocate for bills that support and strengthen federal student aid and college affordability instead of chipping away at the support systems that keep students going every day to get their education, reach their potential, and realize their dreams.

So thank you again for attending this event, and thank you to Brookings for having me.

**REBER:** Thank you so much for those comments and again, for being here today.

**BONAMICI:** My pleasure.

**REBER:** So, I have a couple questions and then I'll open it up to the audience. So, you mentioned loan limits, the end of Grad Plus, and you've criticized those elsewhere, arguing that they'll close the doors of opportunity for many low income students.

But I wanted to ask how you think about balancing that with concerns about over borrowing and concerns that un access to unlimited borrowing might reduce pressure on institutions to hold down costs.

**BONAMICI:** Sure.

**REBER:** And yeah, so what would you like to see happen with Grad Plus and Parent Plus? And if you wanna comment on undergraduate loan limits, which haven't been raised in a long time? I'd be curious about that too.

**BONAMICI:** Well, first of all, I'm a former state legislator. And so I know that state investment and higher education is really important and often not enough. And a lot of that comes from, competing with other interests at the state level. So first of all, our states should be investing in higher education.

That's the start on keeping costs down. I've always been a supporter of per personal finance education early on. The more education we can get to students about the cost of college, the more informed their decisions will be, and those transparency acts are really important as well. However, I have a lot of concerns about valuing college education based on salary because if somebody gets a degree, a college degree and then goes to work for a nonprofit organization or joins the Peace Corps or the starts a small business, they might not have a high salary, but it doesn't mean they didn't get a good education.

So I'm very wary about that. And over borrowing. I think that's a perspective that some people might have. I'd like to see the real data and facts on whether it's truly over borrowing. Honestly, I'd like to put the student loan business outta business because I would like to see debt free, higher education so that people could work their way through with programs like work study or Pell.

Of course, people who can afford their families can afford it will be able to do that. But we need to open the doors of opportunity for people who don't have family income as well. So if they can do that without taking on loans, I think that would be great.

**REBER:** Do you think the undergraduate loan limits need to be increased? That hasn't happened in a long time, even for inflation.

**BONAMICI:** Well. Absolutely. I think it depends on the situation. But yes I think people should be able to borrow what they need to finish school. And if we have good counselors, if we have good information and transparency and the process along the way, I don't see where this is going to be a real issue, assuming that we fix the underlying structure and problem.

**REBER:** Okay. So one more one more question. So when, whenever we do student loan events we always get a lot of questions from borrowers who are often frustrated, confused, or worse. And so I'm gonna share a couple that came in for this event. So one person writes—I edited this a little bit for time:

I intentionally chose a lower paying public career public service career with the understanding that programs like income driven repayment and public service loan forgiveness were designed to make that path financially sustain sustainable with the elimination of the save plan and dramatically higher required payments from any borrowers.

What message does the department believe it's sending about the reliability of the the federal commitments?

And another borrower writes how can we trust the Department of Education to work in loan recipients interests? I might have met the December 25th deadline to have my loans forgiven without tax consequences—which is the tax bomb is another thing out there—and now I can't even see how many payments I have.

So these questions are directed to the Department of Education, which is the face of the loan program. But I think it's fair to also direct them to Congress. So for years, changes to student loan policy have come almost entirely through reconciliation bills or administrative actions, which doesn't always produce a coherent plan, so—

**BONAMICI:** Correct.

**REBER:** My question is, what are—a small question—what are the prospects for a bipartisan effort to do a more comprehensive reauthorization of Higher Education Act, which you mentioned. And if that could happen what would you wanna see?

**BONAMICI:** Yeah. Well, I'm an eternal optimist. It's really hard now to be optimistic, but because I believe so strongly in this and.

Well, I went to Congress in large part because of education, particularly No Child Left Behind. And this is pretty overwhelming. That was a bipartisan bill. Had strong support there. I was like number 435 out of 435 House members. But we did that. We passed the Every Student Succeeds Act at the end of 2015 and President Obama signed it into law with broad bipartisan support.

So there are examples of us coming together and getting things done. We need to do a Higher Education Act reauthorization. And I tell you stories like that. I have heard over and over again from constituents in the district I'm honored to represent, but as a member, a senior member of the education committee from across the country.

And I've held seminars, I've worked to, I mentioned the Student Loan Borrower Protection Center, and other advocates to try to untangle. We actually have a student loan ombuds person in Oregon right now who's a, I consider a miracle worker who can help untangle this. It takes a lot sometimes to figure out what you qualify for, what you don't qualify for, where you are in the process.

And there was a time, so the public service loan forgiveness program was created before I joined Congress, but the first cohort became eligible in 2017, and it was a nightmare because they were only granting, the 10 years in public service making income based payments and then the balances forgiven.

At the end of the 10 years, they were only approving a small fraction of people who thought they had, after making academic and financial decisions based on the promise of this program. So in 2018, Congress said. Fix this. And then in 2018, there were still only approving a fraction and all sorts of excuses.

Like you had the wrong kind of stamp on your final papers, or sorry, you were a teacher, but you weren't the right kind of teacher. And there were just a lot of chaos and confusion. So during the Biden administration, there were efforts to sort that out. And I had people come to me in absolute like tears of joy.

It's like, I've been working on this for so long, it's been so complicated. It's taken up so much of my life. I put in more than my 10 years. I thought I was doing everything right and they

finally had their balance forgiven. So we need to get to a system where we have a program that does incentivize people to go into public service.

That's really important. And that was a well-intentioned effort there back in 2007. But again, I would like to see robust investments in Pell Grants, scholarship programs, work study so that people don't have a lot of debt when they graduate. So that would be a goal of mine. And then is also because I've had so many conversations with first generation students, programs like Gear Up and Trio that really support the first generation students are important as well.

I've had conversations with kids in real rural areas of Oregon who said, somebody came to my school and talked to me about the the possibility of going to college. And now I feel like I can do that. So those programs support first generation. But in my dream world, we'd have a lot more investment in grants and work study and a lot less loan debt.

**REBER:** Okay, so let me open it up for some questions. If you can try to tell us who you are and where you're from and try to keep your question brief and make it a question. I'll take a well queue up a few questions and then turn it over. So we have over here and there was mics going around.

**AUDIENCE QUESTION:** Perfect. Thank you, Representative Bonamici, for your work on the education committee. My name is Eric Tapia. I'm with the Council of Graduate Schools here in Washington, DC. So my question focuses on the three part tests that the Department of Education used to determine what a professional degree is. As it is a little gray on exactly the ones that came out of it, is there going to be a push within the House Education Committee to look at those again, add degrees to that, and if the House flips, would like, Mike Lawler's bill on the Professional Student Degree Act become a bipartisan bill, moving forward to expand the number of professional degrees under the higher loan limits?

**BONAMICI:** Well, I would certainly take a look at Mr. Lawler's bill. He's not on the education committee, but that doesn't mean we couldn't work on it. I will say in the big picture, what we need to do is expand opportunities, not limit them.

And so again the reason for the loan limits is that some people think there's just too much student loan debt. And if we have more programs that make higher education affordable without loan debt, we won't have to have that conversation and that, that is the ideal for me. Certainly willing to look at any proposal that would expand opportunities, not limit them.

And I'm particularly concerned about the healthcare fields. I hear on a regular basis that we need more people to go into nursing, we need more people to go into primary care, and they're just not they're being discouraged now by the limits. And we don't need that. We need more people in those fields, not fewer. So anything that incentivizes that, and whether it be specifically looking at specific careers or just, reducing the cost so that we don't have to have that, those limits at all.

**REBER:** Other questions? Yeah. Back here.

**AUDIENCE QUESTION:** Hi there. I'm Catherine Gambories. I'm with the American Association of Community Colleges. First wanna thank you for your support for community colleges and also for. The single most important federal program for us, which is the Pell Grant program. We're gonna be talking about all the components of the reconciliation bill today, but one component that we welcomed was the 10.5 billion to support the Pell Grant program, which is facing a looming shortfall.

We remain very concerned about that shortfall because eligibility changes or cuts to the program impact our students often disproportionately. So I'm just wondering what your perspective is, any opportunities to really put that program back on from fiscal footing?

**BONAMICI:** I would hope we could put it back on, as I mentioned that's one of the easiest things we can do is increase access to pe.

I, I wish I had a working crystal ball. I could tell you that would happen. I typically support for community college has been very bipartisan. Some of my colleagues like me who started at community college and understand how important community colleges are to, to the system. But also I think sometimes we have to do a bit of education about community college students.

Because I mentioned some people think a college student that's 19-year-old and they live in a dorm and they have a meal plan. And that's not true with community. Many community college students, their parents, they need childcare. They're trying to pay rent. They're trying, oftentimes supporting a family.

So anything we can do to help get them through so that they can increase their earning power through college is really important. So I would hope we could address those issues. I was just at a community college a few days ago in Oregon, Tillamook Bay Community College, shout out to them.

They just opened up a fabulous new healthcare education center. But they're concerned, obviously, with these new limits that they won't have as many students as they need and hope for and as the community needs.

**REBER:** Okay. I think we have time for one quick question.

**AUDIENCE QUESTION:** I'm Gerald Chandler. Could you give us some numbers? What percentage of students are having, or ex-students are having trouble paying their loans and what percentage are in arrears?

And if I got your figures right, it seems to me like the average debt of a student, ex-student is \$40,000, and that's about the average price of a new car. So does that seem excessive to you?

**BONAMICI:** I don't have the actual numbers but I do know that there are particularly post pandemic and with the confusion in the different programs, I know that there are a lot of students in debt and \$40,000 is a lot.

I think the average is slightly lower than that, but for advanced degrees, it's more, I told you I just had a doctor in almost a doctor, a medical student in my office with close to \$400,000 in debt. So it depends on each circumstance. I my answer is that there are too many people. Who are in debt and the, because of the chaos of the programs.

Like I, I serve on the education committee. I have constituent caseworkers, I have a law degree, and sometimes it's really hard to just sort out what people qualify for. And that's why we've worked with some experts to try to get people back into programs, income driven repayment programs. I worked for a long time on a bill to automatically update an income driven repayment at the end of each year.

If the income was not verified immediately, they'd be pushed into default. We were working on legislation to have that done automatically through connections with the treasury to keep people out of default. But there's just, I don't have the exact numbers as I said, but too many people are in default on their student loans in large part because of the chaos of what they

qualified for, what they didn't, and a mis misunderstandings about what they were the what program they were in throughout the years.

**REBER:** Great. Well, we'll have to stop there and thank you again.

**BONAMICI:** Thank you so much.

**REBER:** And I'll invite the panel to come up to the stage. Thank you.

**ADEDOYIN:** Good afternoon everybody. My name is Oyin Adedoyin. I'm a personal finance reporter for the Wall Street Journal, and I've written pretty extensively for the last year or so about the changes that we're facing right now with the student loan program. So I'm very excited to be joined here today by our lovely panel and I'll have them introduce ourselves, then we can, or themselves, and then we can jump right into the conversation. We can start with you.

**CAMPBELL:** Yeah. Hi, I'm Colleen Campbell. I'm currently a senior associate partner at Bellwether Education Partners. But I formerly served for about five and a half years as a career official in the US Department of Education's Office of Federal Student Aid.

**CECIL:** Hi, I'm Ben Cecil. I'm the Deputy Director of Higher Education Policy at Third Way, and we are a national center left public policy think tank here in dc.

And I work broadly on issues in higher education that elevate value and return on investment for students and taxpayers.

**TURNER:** Good afternoon. I'm Sarah Turner. I'm faculty at the University of Virginia, where I both teach and do research on the economics of education, thinking a lot about student financial aid and returns to college.

**ADEDOYIN:** Amazing. Let's start with you Ben. We're just opening it up very broadly. We are dealing with a very different student loan landscape than what we were dealing with even, a few years ago, pre pandemic. Can you just walk us through some of the biggest policy shifts that we have seen or are about to see in the last couple of years?

**CECIL:** Certainly. Thank you for the question, and I think where we need to start is just this constant real sense of uncertainty and ping ponging back and forth. That borrowers have been experiencing in a very short amount of time over the last several years, and that whiplash has created a really unstable environment where borrowers are losing incentives to still remain in touch with the repayment system.

And so certainly the COVID precipitated payment pauses were necessary, but the longer that those went on, the more difficult it is to not only restart the student loan payment system, the longer that went on, the more that borrowers were likely to disengage entirely. Layer on top of that, we've had so many different court decisions at so many different levels that it's hard for many of us that do this for a living to keep track of.

And then I think the other piece in all of this is the last couple of years has really normalized this idea of changing repayment terms by executive action that hasn't really been in student loan policy for a long time. And because of that. It's really created a sense of this kind of political footballing with the student loan program.

And the people that are hurt most by that are borrowers.

**ADEDOYIN:** That's a really big point that you touched on that I've definitely heard from borrowers, this politicalization of the student loan system, which many people, I think the

quite the number now is like 43 million students and borrowers are a part of and interacting with, but many of them are also disengaged from you mentioned that you lead third ways public opinion research portfolio, so you're hearing direct sentiment from the general public.

How have these recent changes impacted public sentiment and public perception about higher education as a whole?

**CECIL:** I love this question and I think there's so much in the news right now about trust and value in higher education, and I would encourage us to really think about those as two separate issues.

I think you can still see the value in something and know that a degree is valuable, but also want to see more from a system and want to see colleges and universities deliver more on that value. Every time we ask the question, what are some of the top concerns that voters have about higher education, it's cost too many students having too many loans they can't repay, and students not being able to finish a degree.

Because we know that one of the worst situations a student can be in is that they took out a loan to start a credential, then they don't finish, meaning they don't get the earnings bump that comes along with actually finishing that degree. And so some recent polling we did, we were really interested in what voter perception was around two key changes that were passed under the one big beautiful bill reconciliation law.

One of those is the earnings based accountability metric. The other are these new graduate loan limits. And what we found was really interesting is, I think there's no surprise that the, public perception of the bill is mixed and particularly among Democrats, it's not very high. But even though that bill is broadly unpopular.

There is bipartisan support for earning based accountability and graduate student loan limits. And even when we stress tested that with questions around access, voters still want to see colleges and universities have a seat at the table in helping make sure those costs can come down to be able to deliver that value for students that are borrowing as well in the student loan program.

**ADEDOYIN:** That's something I've heard as well from researchers and folks who are looking at this policy. There is a general desire for accountability for institutions and universities that are setting these prices, for various degrees. And there is a reality of, when you go to school to study a particular degree that could have different outcomes when it comes to earnings.

Also, I wanna plug that we are gonna be taking questions as well after this, so please think of your questions. And we'll be taking a few at the end. So, something that we have been thinking about a lot today is grad students, because that is, who's gonna be affected by some of these cuts, particularly to Grad Plus. So can you talk a little bit about, the double-edged sword as you put it that is and was Grad Plus and what you meant by that?

**CECIL:** Yeah, I think absolutely we have to acknowledge two truths with the Grad Plus program. Number one is that it created. Almost unlimited access to graduate education.

But on the flip side, it was a key contributor to a lot of the issues we are seeing in the federal student loan portfolio today, where we're seeing a real misalignment between the amount that a student is borrowing versus that return they're going to see on the other end. And certainly it's important that we think about the value of a graduate degree as more than financial, but we also shouldn't be envisioning a system where we are having teachers or social workers be taking out debt levels that they would never be able to repay just based on their earnings.

I think the interesting piece about Grad Plus is it really created this moral hazard where colleges and universities were largely shielded from the risks of over borrowing. That was then that risk was then shifted to borrowers and taxpayers. And so I think we are seeing a real kind of realignment here with the elimination of Grad Plus.

I think two questions around access are very legitimate, and I think that's something we do need to wrestle with, but I also think that we shouldn't just assume that's going to be the outcome off the bat. I think there is a real opportunity here to reimagine how we fund graduate training programs.

I think a really great example of this right now is this idea that we're seeing with workforce Pell, where states have a real vested interest in connecting dollars to workforce programs. If we see states that say they need more nurses, they need more healthcare practitioners, that's something that states we would hope would be able to step in and help reimagine what that looks like to then connect some of these jobs to workforce needs.

**ADEDOYIN:** Colleen, we're gonna shift to you because obviously a key part of all these changes is, the FSA folks who are actually implementing it. You were inside the belly of the beast. Can you talk us through, what it was like being executive director of the Office of Loan portfolio management? Kind of describe some of the key challenges of that role and how it pertains to where we are today.

**CAMPBELL:** Yeah, sure. So I was in that role for all of two months before I left the department. So I will give that disclaimer that I wasn't running the loan program for a very long time, but I was at Federal Student Aid for five and a half years.

And during that time I worked across a variety of initiatives, including kind of major technology implementation initiatives, as well as leading the award of new long-term loan servicing contracts and reforms to programs like public service loan forgiveness. And there's a few things that I think became true and even truer in my time at FSA.

And for thinking about pre 2025, which I'll get into kind of what happened early last year, but pre 2025, I think, a lot of areas of the government are marked by silos. So you have groups that are working on their own issues. They are not well tied together operationally.

And so that just creates a lot of inefficiency. And when you think about programs that maybe should be tied together, things like public service, loan forgiveness and income driven repayment, when you have operational silos, those things end up, not making as much sense cohesively to borrowers as they probably should.

I'll also just say that, with Federal Student Aid, it was founded in statute as a performance based organization, which statutorily theoretically gave it some independence from politics and policy. However I definitely saw that erode in my time when I was at Federal Student Aid. And this is across administrations.

And so you saw, I, I was there for five and a half years. We had four different chief operating officers in the five and a half years that I was there. There, in, if I was still there it would be five chief operating officers. And so that level of kind of operational instability really starts to wear on staff and then that ultimately ends up translating its way to students.

The last thing that I'll mention is, with everything that happened last year, the congresswoman mentioned that 300 staff had been laid off. Most of the FSA staff that left, actually left through the deferred resignation program early retirement or a separation incentive program.

So yes, RIFs did impact the department, but a lot of what impacted people were incentives to get people to leave, like with this, mission of reducing the size of the department. But really what ended up happening was the department didn't operate in ways like a lot of other agencies did, where folks could stay on board for a few months after they opted into those programs.

At Ed, it was, if you say you want to leave, you are gone within a few days. And so, by the time we hit March FSA had been reduced from about 1400 to about 700 staff, and with that went hundreds of years of institutional knowledge. And just understanding of how to navigate a complex operational environment that I think the organization really struggles with now in losing some of those folks who were champions of being able to really get things done.

**ADEDOYIN:** Yeah, you touched on so many good points there. Whenever I do talk with folks at FSA or experts who work very closely with the department and with the office, they make a very strong point about how complex these systems are and how complicated, even as something as simple as making your student loan payment and making sure that payment does count towards whatever plan you might be a part of, whether that's, PSLF or another type of forgiveness plan, that's a complicated system.

Can you talk a little bit about how these cuts you mentioned and just this erosion and turnover trickles down to borrowers.

**CAMPBELL:** Yeah, I think, one of the things that I'll piggyback off of Ben talking about is just the erosion in trust of government. Right? And I think that we've that has, that doesn't help.

And I would also argue that, a lot of the advocacy organizations that she mentioned that there, there is a role for third party help for borrowers. But also we see because of a high degree of politicization, a lot of those groups are not actually there to help borrowers navigate the system.

Right. So, a lot of those groups are not pushing, for example, for students to call their loan servicer and to ask for assistance in navigating their debt. So the more that we politicize the work that is happening across administrations I can say things about, public service loan forgiveness.

There's been a lot of improvement in the administration of that program because of work that folks on my team did it. FSA borrowers can now get their payment count up, submit their forms to get their payment count updated within 24 hours. There's no manual accounting. Everything is as automatic as we can possibly make it.

That wasn't a Biden administration effort. That was a career staff effort. And the more that things become politicized at the end of the day the folks that are working at the department are there regardless of the administration. And the more that we say things are bad now because it's the Trump administration and they will be good under a Democratic administration, doesn't do us any benefit to actually offering resources to borrowers to help them navigate the system.

**ADEDOYIN:** And that perfectly segues into the next thing I wanted to get into, which is all the changes that are now coming up down the pike later this summer with the reconciliation bill. What are some challenges in your crystal ball from your experience? What do you foresee some challenges that, that borrowers might see and stuff that borrowers might not see behind the scenes in the implementation?

**CAMPBELL:** Yeah, I think one of the things that I always say when I talk about federal student aid is that at the end of the day, it is an organization that heavily manages technology

and contracts, right? It's not necessarily that it is an organization with a lot of subject matter expertise, but at the end of the day, you are operationalizing policy through contracts and contractors as well as these technology systems that are operating behind the scenes or that borrowers are self-serving through.

And so what ends up happening when you lose subject matter expertise at the department? Is that those contractors don't have as many folks to rely on to dig into those really complex parts of these programs. I'm thinking about, we spend a lot of time on public service loan forgiveness. We almost never talk about temporary expanded public service loan forgiveness.

But that is a, an issue where if we are, if we're not paying attention to it now, in a year from now, it could be like, oh wait, what happened with that program and how are people accessing it? And is that reflected appropriately in the law to, and then being translated on the ground to borrowers.

So I think that, losing those subject matter experts really hinders the folks who are keeping things operating on a day-to-day basis, which largely ends up being like technology contractors and the loan servicers that are, answering calls and building that work on the backend.

And the other thing that you know, I'll just mention is that I think as as there is our announcements and a lot of news about like. Things moving and is the department shutting down? Yes. No. Right. As long, like, as we elevate those things, that also gets reflected onto borrowers.

Like, I don't even know if the Department of Education exists. How am I supposed to manage my loans? Right. So I think that it is it enticing to chase a headline or an anecdote. But I think at the end of the day that more can be done to emphasize stability in the system and how to push borrowers toward the fact that there are a lot of things that are pretty similar and these are the best ways for them to actually get to where they need to be, which is not in default on their student loans.

**ADEDOYIN:** Yeah. One of, one of the things that's really surprised me through covering student loans is how different each per person's experience of the loan system can be. I wrote a story about, borrowers who had paid off their student loans because after you cover it for so long, you're like, do people actually pay these off?

And I was surprised to find that the borrowers who had paid off varying amounts of student loan debt had done them in such different ways and, had gone about it and maybe refinance and maybe stayed within the system and got educated. But yeah, it's not a one size fits all system and that can sometimes get lost in translation.

Sarah, I'd love to get into, how all of these changes that are coming for student loans and everything that we've talked about today, are gonna impact undergraduate students because that's a group that we haven't really delved into.

**TURNER:** It's a very big group and we have not discussed them as much.

I will start by noting that the changes that are impacting undergraduates are far less visible than those impacting the graduate students. It's really been more of a slow erosion of existing support rather than a dramatic change, like, the elimination of Grad Plus. That said, what we're facing is a structural problem of affordability, which has been going on.

Well before the Biden administration, well before the Trump administration, it speaks to issues of the level of support for the Pell Grant and rise and the the level of costs produced

by colleges and universities. But with respect to student loans, what's going on for undergraduates is that loan limits have been set at their nominal values since 2008, which means that the real value of what you can borrow has eroded by about 34%.

So we have an increased number of students who are unable. To piece together the funds using loans as one tool in that portfolio to afford educational investments that will have high returns. Kristen Blagg and Justin Delisle have written about this actually years ago for Urban. But it's a real issue.

But, so that's one piece of it. And it was simply, it hasn't changed. But then what did change with OB3? Is that a backstop for that program, Parent Plus, had loan limits added. So 20,000 and then 65,000 total, 20,000 per year. Now, that was a source of funds where parents increasingly went when students ran out of traditional sources of financial aid.

And work that I've done suggests that someplace between 22 and 29% of borrowers in a static sense would be affected, but we'd expect more and more families to be trying to borrow from Parent Plus. Now, I don't want to sound like a strong advocate for Parent Plus because it is a program that is, that has some flaws attached to it, particularly because like grad plus it allowed for unlimited borrowing up to the cost of attendance.

And if you look at the data, many parents. Who are themselves PE eligible, borrowing through the Parent Plus program. And those parents, if you look 10 years later, have made very little progress in repaying their debt. And indeed what you're doing is you're burdening families who are ill positioned to afford that debt with more debt.

So again, let me call out what is a structural problem what we are expected to see again, given the limits on Parent Plus the decreasing federal loan limits is a grow growth, which is really already started in private loans. For undergraduate students. So we've seen a growth from about 8.7 billion to a bit over 12 billion over the course of the last decade.

I would expect that to accelerate again, we face a challenge. We've talked about complexity a little bit here. We've got undergraduates who we are asking to make complicated financial investments with very little guidance, and now we've increased the number of options that they must choose from federal loans probably private loans to again this is a real challenge of affordability and complexity here.

And we are in a system that is ripe for innovation.

**ADEDOYIN:** Yeah, when you talk about like even the vocabulary, right? Like Grad Plus, Parent Plus federal, private, it's such a, it's like word salad for someone who is maybe, 18 years old or 17 years old, even parents struggle to grasp what all these things mean and the best method to go for.

I'm really glad you brought up Parent Plus because, one of the changes that we're gonna see is the change with Parent Plus loans and qualifying for forgiveness for those who don't consolidate in the coming months. Can you talk a little bit about how some of these upcoming changes impact the student loan forgiveness landscape?

Because I know, for students who are considering college, that is a calculus that they make at the beginning phase of like, well, maybe I'll major in this, or I'll go this route, like we've talked about earlier today because I know eventually I will qualify for, student loan forgiveness.

How is that changing or how is the perception of that changing?

**TURNER:** So, it's, when we speak of forgiveness, there are really two programs on the book, books right now or buckets of programs. There's public service loan forgiveness, which for those who are not familiar with it, work for 10 years for a 501(c)(3) organization or a nonprofit navigate a reporting process.

And then the balance of your loans will be forgiven after you've made the requisite payments under an income driven repayment program. Then also income driven repayment, which has a longer horizon. And without getting too much into the weeds here, that horizon varies with which particular flavor of.

IDR and I think we, or that we're talking about over the, you can come up with Colleen will correct me here. Four on the books until recently. Then there was the SAVE program put forward by the Biden administration, and now the WRAP program that is part of the most recent legislation.

In any event, without getting off too far off track the biggest program impacted by the changes is PSLF where again, you had this or source of forgiveness. And those most affected are going to be the graduate students who borrowed above the grad. Plus limits. So again, that's the group that's going to be most affected by those changes.

Others have mentioned this too, though we have this ongoing challenge. Dysfunction, chaos tumultuous environment has been described in terms of how people are able to access forgiveness once they hit that point of eligibility. So right now, I believe we have a queue of about 83,000 people with lagged unprocessed applications for forgiveness in PSLF.

So again, there's gonna be a big impact in those public service fields. Even as PSLF was not directly addressed by any recent, it has remained unchanged since it was put into law in 2007, but it's linked with IDR. And the amount of, and the loan limits is what generates the change?

**ADEDOYIN:** Yeah. You bring up such an interesting, all of you bring up like a perfect storm of events, right? Where we've got this huge lag and people that need their forgiveness process, but we also have these changes coming and we're working with less of a, I guess like historically institutional body of people who can apply their deep knowledge into some of these more nuanced problems.

So, so it's gonna be a really interesting landscape to observe in the next couple of months. Also, like you mentioned, Sarah, save is ending, wrap is coming on the way. What are some of the most important moves that borrowers can make right now? Because like we've talked about today, we don't want people to disconnect and get disengaged and overwhelmed and bury their heads in the sand.

What are some action steps that, that folks can start to get ahead of,

**TURNER:** So I am going to steer clear of giving individual financial advice here. Understand here, I will note from the outset that, that the advice that one gives is so individualized and fairly complicated that it is part of the reason this problem is so challenging.

There is no postcard solution of guidance. It depends on what occupation you're in, how much debt you have, all sorts of very person specific factors. I think that again we've why a different phrasing of the question is why is the moment so, so difficult for borrowers?

And part of that is just the amount of change and chaos that has gone on. It is actually very difficult to figure out both what rules are in play now. And it would take a crystal ball to figure out exactly what you would be able to borrow and indeed what some of the terms of repayment will be 10 years from now.

So again that is the current situation of sort of chaos and tumult. I would note that this is a challenging time, not just for borrowers, but also for colleges and universities. We haven't gotten the final regs on the new repayment assistance programs yet, how the proration of loans and so forth will be carried forward and implemented.

So, again, we have multiple groups that are facing uncertainty right now. I would put into this group the hardworking people at FSA who. Really face a lot of challenges in executing these, the policies that are on the books. For students to come back to this, I would make a plea for really investing as individuals and looking for help in making informed choices about how to manage loans.

And this question of how do we educate people about managing their loans and managing their financial investment in higher education, again, predates the current moment. We didn't have a well-structured loan education system before the pandemic. We desperately need one now.

**ADEDOYIN:** Yeah, I think I'd love to open it up, Colleen and Ben, if you had any further thoughts on that idea of like what this moment means for borrowers and what maybe they should be plugging into or paying attention to?

Because something that I have also noticed is a rise in some predatory behavior. Certain companies trying to take advantage of this confusion and appeal to borrowers or prospective students. And that might, that won't be a good avenue to go down either.

**CAMPBELL:** I have extremely concrete, maybe too concrete, but I think that it is extremely important for every single student loan borrower to make sure that they have their username and password for student aid.gov. Told you it was gonna be concrete. But that will help them understand who their loan servicer is, if they don't already know who their loan servicer is, and to have contact information for someone to reach out to for help. I had noted that there, there are some groups out there that do legal aid that is very, can be very helpful for borrowers.

But the first line of this is the student loan servicer. That is what they're there for. They get paid a billion dollars a year to do that work. Students should take advantage of that and borrowers should take advantage of that. A lot of those servicers have website, really good information on their websites, but there are a lot of self-service tools on student aid.gov.

There are tools like Loan Simulator, which can help borrowers figure out which repayment plan might work for their very unique set of loans if they're interested in public service loan forgiveness. And then the other thing that I think hasn't really come up is some borrowers might. Care most about having a very low monthly payment.

And I think that's the orientation that a lot of us assume in DC that probably is not right. I think we need to examine that. Where we should be really thinking about this is like, there's also a how much am I paying in the long run and how long will I be paying? And so I think it's good for borrowers to do their own reflection and calculus of thinking about like what will work for them that will fit into their budget and not just like, I'm gonna pay as little a month as possible.

Because that's how you get into a situation where 20 years from now you're still paying and you're like, how did, have I not paid anything down? So, I think being as in touch with the system, being as proactive as possible is really important for borrowers in this scenario. And understanding what options are available to them through the self-service tools that exist.

And if they can't navigate it that way, to call their student loan servicer.

**CECIL:** Plus one to that. I think that is the number one piece of advice. I think one thing in thinking about a response to this question that maybe I hope comes from this moment and amidst all of the confusion, is that we can move away from the politicization and maybe some of the fear around student loans because a lot of the narrative we're seeing is largely negative.

We did some polling about a year and a half ago now on high school students and how they are thinking about the pathways that are available to them after they finish high school, because one of the questions we had is how has this national debate of loan cancellation impacted the downstream next generation of students that have yet to pursue higher education?

And we had a student tell us in a focus group that they would rather take a lower paying job for the rest of their career than to take out any student loan dollars.

**ADEDOYIN:** Wow.

**CECIL:** And that to me is incredibly troubling because yes, there are challenges in the student loan system, but when appropriately calibrated risk and reward can really be in alignment for students that would benefit them most from a college degree.

And so I hope that we can move away and take away some of that fear that we have seen, like our data has shown that is really trickling into that next generation of students that will just choose to opt out altogether out of fear of student loans because of this back and forth and ping ponging discourse we've had over the last several years.

**ADEDOYIN:** Yeah, that, that's fascinating and doesn't surprise me in the sense I did a story around, Gen Xers who were carrying student loan debt for decades, and it's trickling onto their kids, now their kids are seeing them make these trade offs between student loan payments and other things like they're on businesses or their, or owning a home or their own college education.

And so, that's really fascinating that you're hearing that as well. I'd love to open it up now to questions. So if you could put your hand up, if you have a question, and we'll go around, I think, we'll, do you have a question? Then we'll go to him. Any other questions? Okay. Yeah.

**AUDIENCE QUESTION:** Thank you. Again, Gerald Chandler. You've talked about political politicization, can't quite pronounce it. Are you just referring only to Biden saying cancel all loans and objections to that? Or were there other things?

**CECIL:** I think there were things that were long before that we've seen the politicization exist across administrations.

I think irrespective of party, we saw challenges to PSLF back when we were first counting payments for that first eligible cohort. We've seen challenges with borrower, defense regulations. I think that was circa 2017, if I'm getting my dates correct. But then we've seen it move back and forth across administrations and that whiplash, as I said earlier, it really impacts borrowers the most because you're hearing, I think even a couple of weeks ago there was litigation on save and then there was a different injunction on save and then there was another court ruling on save within seven days.

And so, again. I do this for a living and it is very hard to keep track of, and especially I think the third save ruling came out on a Friday night at 9:00 PM and so it's, very challenging to keep up with. And I'd say, we can call it politicization, we can call it that back and forth.

It ultimately leads borrowers to say, I'm just now going to engage with this. And that is one of the worst possible outcomes I think that we can have in the repayment system.

**CAMPBELL:** Yeah, I would just, I would add to that, sorry. That I think it, I brought up this point of if something happened prior to January 21st, 2025, then like, it must be good for borrowers, but then if it happened after January 21st, 2025, it's bad for borrowers.

I think that's what I'm talking about is that folks are hewing to like things that have been in the works for a long time or just even things that happen operationally or that have been worked on in a bipartisan manner for a long time or by people who don't even care that. It anything, it, there's an immediate skepticism that can happen before or after a certain political timeline that's like, well, it must be bad because it's this administration.

I think that goes both ways with Democrats and Republicans. And so the more these things get elevated into the, into like, these people are bad, these people are good, that's not good for borrowers. And it's the same thing, like, I'll just note, the Higher Education Act authorization is extremely important.

The only ways that, when I think that, the congresswoman thought in to Sarah's question that, oh, doing reconciliation policy is bad because it's partisan. Democrats have engaged in that as well. And the Democrats had four years to do a reconciliation bill that they wanted to do that incorporated higher education, and they didn't do that.

And so I think like. It's somewhat funny to throw stones at a reconciliation bill. Now, when the Democrats had a very long opportunity to do the same thing, they didn't take advantage of it because they couldn't get their caucus together. So I think that these are the types of things like as long as we are making policies along partisan lines.

It's students are the ones who are gonna get hurt in the process. And so we really need to break ourselves outta that.

**ADEDOYIN:** One thing that also comes to mind is the end of ON-Ramp, which happened to coincide with when we switched presidential administrations. And so there was this misinformation that had gone around that it was associated with a particular administration, the repayment that had been started after the pause of the pandemic on payments.

And so I was doing a lot of work trying to get that narrative out there that this is something that had already been in the works. The timeline had already been set, prior to any presidential election. But it, like you've mentioned, like all of you have mentioned on here once that narrative kind of catches on, then it also takes away from the action items that borrowers will need to be taking.

**AUDIENCE QUESTION:** AI is fundamentally challenging the value signal of a degree, creating a bloodbath for entry-level workers which is challenging for borrowers, lenders, and colleges. What policy changes would you propose to protect borrowers whose jobs are gonna be made irrelevant by AI? Should we consider loan forgiveness if your job in five to 10 years is in some way going to be structurally impacted by AI, or maybe stretch out the college degree, instead of like doing four years in one stretch, we say, do it over the next five years to see the impact of AI and then we'll adjust how much you pay for your degree and.

**CAMPBELL:** We're looking at the economist.

**TURNER:** I'm trying to unpack this. A really interesting question. So, AI is one very large technological disruption that is hitting the market. It is not actually even the first technological disruption that has hit markets since we've had student loan programs.

I'm enough of a dinosaur that I remember a pre PC era a world in which you actually went to a travel agent or did business with a banker. Actual, the actual pace of this change I am uncertain about. But we, this gets back. To programs that we have in place to help people weather temporary shocks to the labor market, both be they macro like unemployment or when they are sector specific.

So again, this was the rationale behind income driven repayment is to allow people to smooth out their loan repayment. My hope as an economist and an educator is that we are given people giving people spec sufficiently general skills and capacity to solve problems that they are able to adjust to re, to retool, to reposition themselves when they face these disruptions in their workflow.

**ADEDOYIN:** Are there any other questions? Okay. I guess we'll save a couple of minutes, but thank you so much to our panelists.

Okay. I'll now take the time to welcome Undersecretary Nicholas Kent. Nice to meet you.

**KENT:** Nice to meet you.

**ADEDOYIN:** Okay. Right. Yeah. All right, so we'll just jump right into it. So, we've been talking all day today about some of the sweeping changes that are coming to student loan forgiveness and student loan payments, and for borrowers starting, in the next few months.

**KENT:** It's an exciting time.

**ADEDOYIN:** It's big moves. What will some of the effects of the One Big Beautiful Bill Act changes be on institutions, borrowers, and taxpayers?

**KENT:** Yeah. In the administration, we're very excited about the one big beautiful Bill Act or the Working Families Tax Credits Act, or OB3, whatever you wanna call it. It's making sweeping changes in our higher education system, which I think most Americans know.

Are desperately needed. We know that the value of higher education is being questioned by millions of Americans. We know that higher education generally is unaffordable, and we know that students, unfortunately, are enrolling in programs where they're not getting value out of them. And so the One Big Beautiful Bill, I've heard it aptly noted as a reauthorization of the Higher Education Act in general form, it's been almost 20 years.

Since we've had a comprehensive reauthorization. And so under the president's leadership, we're actually making huge changes to our higher education system, which again, are desperately needed. A few things. One is we are very interested in about how we can connect the workforce with higher education in a way that is much more meaningful than we've ever seen before.

And we're doing that through the standing up of a new student aid program, the Workforce Pell program. And so we're very excited about giving students who may otherwise not have been enrolled in higher education and an opportunity. And again, we are, the way that program has been designed by Congress is to ensure that the workforce and education are working hand in glove.

We're really interested in investing in programs that have high demand, high value. Where governors and legislatures and other stakeholders are working together to determine where the needs are in their local communities. So we're very excited about that. Separately, we are very interested in holding higher education accountable and we are interested in doing it in a fair and balanced way where we're not picking on one particular sector based on tax status or the religious affiliation of the institution.

But we're looking at how do we harmonize accountability so all institutions. All programs are held accountable for the outcomes that they produce, specifically the earnings outcomes. We know that a student enrolls in higher education for a variety of reasons. Geography is obviously a big one, but also mission, religious affiliation earnings potential faculty research.

These are all really critical elements to what students think about when they enroll in higher education and when they're selecting where they wanna go. But we know that earnings is at the top of that list for most students. And so when we think about what borrowers and students take into consideration when they're thinking about higher education.

Earnings potential is one of those. And so we wanna make sure that we're putting out information about earnings so students know what their potential is. And also that we're holding schools accountable when they offer programs. They're not living up to what students and families and taxpayers expect we should not be as, as the federal government investing in subsidizing programs that are actually producing outcomes for students.

And then third. We have a higher education affordability crisis in this country. We have a 1.7 trillion with a T trillion dollar loan portfolio. We have over 9 million borrowers who are in default. We have another over 2 million borrowers who are in late stage delinquency, meaning they haven't made a payment for more than 270 days.

So we have an affordability crisis in this country as well. And so the one big, beautiful bill is intended to put downward pressure on institutions to be able to lower the cost of higher education. And in part we're going to do that through some reasonable loan caps, specifically in the graduate student lending space.

We've heard for years with that, over 40% of graduate programs actually don't pay off for borrowers. So we're putting some reasonable loan limits in place to ensure that students are not taking on debt that they can't afford. So those are a few of the things that are in the One Big Beautiful Bill act that we're very excited about and that we will have up and running in July.

**ADEDOYIN:** That's a, that's a lot of changes.

**KENT:** It's a lot of changes

**ADEDOYIN:** And it's a pretty speedy timeline. And, I understand that the workforce at FSA has seen some pretty significant cuts. How do you imagine dealing with implementing these changes with limited kind of, workforce there?

**KENT:** Yeah. Well, let me, make sure that we are clear about something that, before we came in the door that the previous administration had botched the rollout of the FAFSA, right? Congress had said, we want a simplified FAFSA form. You have a certain period of time to get it done.

And they didn't. And I saw this as the Deputy Secretary of Education in Virginia, where I personally talked to institutions, I talked to students, I talked to moms and fathers that were trying to help them with the fafsa. And they botched the whole process and it really affected millions and millions of students.

They did that with the current workforce that was there when we walked in the door. We did cut some staff at the Department of Education, right? Sizing the number of staff that we have there. But even doing that, we got the FAFSA out not on time, but earlier than ever in history, right?

So just because you have a certain FTE does not necessarily mean that you're delivering for the American people to deliver for the American people. You have to have expectations, you have to have high expectations and you have to deliver on those expectations. So, a lot of the work that FSA does people don't know, is actually done through vendors and contractors, and none of those were impacted as a result of the reduction in force.

We are still delivering better service than the previous administration ever did and we intend to continue to delivering that service all the way up until the last day that we. In the building.

**ADEDOYIN:** One thing that I've heard, very often in, in the last couple of months that I've talked to borrowers is concern over the qualification of professional degrees and loan access for certain, healthcare people who wanna go into healthcare, like nursing programs.

How do you see the changes to how much aspiring nurses, people who wanna pursue, graduate degrees in nursing, right. Can borrow, right. How do you see them doing that calculus?

**KENT:** Well, let me be very clear here. We're still in the rulemaking process and we're nearing the end of that process.

So hopefully some of my staff can sleep a little bit afterward. But we're nearing the end of that process. And so, we are open to public comments that we receive during the notice and comment phase. We're going through those comments. We're considering them, and, we'll see what happens, as we get closer to the publication of the final rule.

But I will say this. Again, the purpose of the loan caps, specifically in the graduate space, right? There are no loan caps that were put in under OB three in the undergraduate space. So we're only talking about graduate level education here. And, congress was very clear, right? That too many students were taking on too much unmanageable debt.

The purpose here is to protect students. It's to protect, individuals who are engaging in higher education where they're not gonna be able to pay off \$200,000 in loan debt, right? And so I'm not gonna call out any particular profession because we're still in the rulemaking process, but we know that there are professions out there that for, whether we agree or we disagree on it.

Society has, determined that there is a certain earnings level, right? And so we know not all occupations are paid similarly, and so we, there should be some differentiation between those professions that earn more. And to ensure that we are not, saddling students with debt that they are never going to be able to repay.

And so the department went through a rulemaking process to determine what in the proposed rule would be considered a professional student. These were the committee was made up with constituencies across higher education. We had civil rights groups, we had states, we had institutions of higher education from a variety of perspectives.

We had consumer advocacy groups, right? These are not people who necessarily agree with everything that we're doing on a day-to-day basis. These are people who have very different opinions. But they agreed on what the definition of a professional student would be because they too recognize that it is unconscionable to saddle students with unmanageable debt on the student.

You pointed out nursing as an example, and, the department has said this publicly, so I feel comfortable saying it here, is that 95% of nurses. Would not be impacted as a result of this rule. So, there was a very expensive misinformation campaign by some professions, mostly led by trade associations that stand to benefit from higher loan caps.

But the reality is that we are doing the right thing. And sometimes the right thing can be a little bit unpopular.

**ADEDOYIN:** Yeah. You mentioned, obviously you're still in this negotiated role making process, but what is the definition of a professional degree? I think that is something that also brews a lot of confusion and maybe misinformation among folks.

**KENT:** Well, the definition of a professional degree for loan limit purposes is very clear in our proposed rule. So I won't boil the ocean repeating it 'cause it has multiple layers to it. But what I will say is, what it's not and what it is not, is a value judgment on a particular profession.

Right. I firmly believe that. Nurses and teachers and truck drivers and police officers and firefighters, they're all professionals. We all need them to function in a society. But again, what we don't want to be doing is saddling many of those individuals with unmanageable debt. So just because we refer to a program as a professional program does not mean that if you are not inclusive of that definition, that you're not a professional.

We think that all of these occupations are professional in nature and the department was very clear about that in our notice of proposed rulemaking, that just because you don't necessarily fall within the confines of this definition for this specific very technical purpose, doesn't mean that we think any different of you and you shouldn't think any different of yourself.

**ADEDOYIN:** Something interesting that was brought up in an earlier panel is the increasing, we know that the federal government is the main kind of holder of the vast majority of our \$1.7 trillion student loan portfolio. Right. Private student loan companies are seeing a greater, a little bit of a greater share of that amount.

Sure. In the last few years, what do you see as the role of private student lenders in the future? Do you I've talked to some institutions that are, maybe trying to talk to some private lenders Sure. To bridge the gaps with some of the funding Sure. That they're not gonna be receiving from the government.

I'm curious about your take on that.

**KENT:** Well, first, let me again circle back and say that the purpose of the Working Families Tax Cut Act is not to push students to the private market. The purpose of the legislation is to put downward pressure on institutions to be able to lower the cost of higher education.

And we are already seeing this. Let me give you an example. And I'm sorry for my staff in the room who have heard me talk about this example multiple times, even this week. But again the definition as it currently stands in the proposed rule because it's based on the regulatory definition, is that law programs, as would be included in the definition.

But again, those would be capped. So unlike it is today where you can take up to the cost of higher education, which some say, if you had a million dollar law program, you could take up to \$1 million. And that's true today. But under the new law that Congress passed it's gonna be \$50,000 annually, or 200,000, as is the sort of top of the professional student loan cap.

And so there's a law school out there. I will not name the law school. You can Google it, but there's a law school out there that posts its annual tuition year after year, and you can go back maybe a decade and, you can see that it used to be, 50,000 a year and then 55,000, 58,000. Last few years it's, 60, 65, 68,000. And this year do you wanna take a guess on what the tuition is?

**ADEDOYIN:** Oh gosh.

**KENT:** It's 50,000.

**ADEDOYIN:** 50,000. Wow.

**KENT:** It's 50,000 because that's what the loan cap is. And so you see a significant reduction this year as a result of the legislation. So we are already starting to see behavioral change in our higher education system as a result of the loan caps.

And we have heard from institutions similar. Approaches. And so whether that is tuition discounting, whether that's working with private philanthropy or scholarship organizations they're finding ways miraculously now to bring down the cost of higher education. Now, will some students benefit from, private student lending?

Maybe And, for schools and programs that provide significant value there will probably be opportunities for them in the private loan space. And certainly we're gonna make sure that students are not taken advantage of and that there's not predatory lending going on.

But, some healthy competition in the federal student aid space is probably a good thing.

**ADEDOYIN:** So we're, a few months shy of some of these big changes really taking place. Yeah. Including changes to repayment plans that are available, the loan limits like we've been talking about.

What do borrowers need to know right now?

**KENT:** Borrowers need to know that we're there to support them. Borrowers also need to realize what the truth is. The era of not being held accountable as a borrower is over. Right? We are here to support students from the very start of their educational journey all the way to the end of their educational journey.

One of the priorities of this administration has been to give borrowers and institutions more information that they ever have. I'll tell you a very quick story if I can. So, when we came in, we were thinking about how can we provide students more information? Earlier in the educational sort of shopping experience, right?

And one of the priorities for the secretary is to make sure that students had certain information specifically about earnings when they went to complete the fafsa, right? So we figured that's a really critical moment in the educational sort of decision making process. And we wanted to make sure that when they went to complete the fafsa, they knew when they were gonna submit their FAFSA to certain in schools.

How do those schools perform? What are the earnings? What could you expect to earn on average, right? And I remember the first time that we sat down with the secretary and we said, this is a, this is an initiative that we think that we wanna move forward with. And the secretary's thought was, I can't believe that we don't do this already.

Right? That she couldn't believe that students were engaging in such an important decision making process without having that information, right? So we put that into place. And some schools yelled about it, some schools were not happy that we were shining a light on some really low value behavior.

But by and large, we have received overwhelming support for that initiative. So that's an example of how we starting to work with students from the very beginning. We have also in

the Office of Federal Student Aid revamped our Office of Ombudsman. The Office of Ombudsman was just really just about taking in complaints from students.

Legitimate complaints oftentimes, but complaints nonetheless. And we revamped it to be known as the Office of Consumer Education and Ombudsman. We want to be educating Stu students about the benefits of the student loan program, but also the things that they should be aware of. And that is because we wanna make sure that when a student.

Starts their educational journey and they decide to invest in themselves or others, invest in them. They understand that on the backend there is a responsibility to repay those student loans. And so we wanna make sure that they have all the tools and resources to understand throughout their educational journey.

What the expectation is on the backend. So it's really important for students to understand that the era of Unpromised loan forgiveness is over, right? And that if they take out a loan, they have a responsibility to repay it. But we're gonna hold hands with you from the start of your educational journey.

All the way to the end to make sure that you have the tools and the knowledge to make informed decisions, but once you make that decision, you're gonna be held accountable for it.

**ADEDOYIN:** You've been saying a lot about accountability, both on the institutional side Yeah. And for borrowers as well.

Absolutely. How do you see, the role of student loan forgiveness? Today for borrowers, you mentioned like you can't just sit back and wait for that to happen anymore. I'm curious, what your take is on that.

**KENT:** Well, let me empathize with some of the borrowers who are out there that are confused who are frustrated, who are upset about everything that they've seen in the student loan space for the number of years.

Unfortunately the previous administration lied to millions of borrowers and promised them loan forgiveness. They promised them loan forgiveness in a variety of different ways. One of those ways was struck down by the Supreme Court, right? One of those ways. The save plan was recently ruled unlawful by an appellate court, so there were multiple ways that the administration tried to, honestly buy votes.

And we came in and said. We wanna make sure that there is a healthy federal student loan portfolio, and part of that is holding borrowers accountable to repay. So we have been working really hard, the federal government, along with institutions of higher education, to get out the word to borrowers that, if you have a loan payment out there, there are tools and resources such as income driven repayment that can help you.

And, the one big beautiful Bill Act institutes a new income driven repayment plan where for the first time we are gonna see this concept of NA negative amortization go away, right? It is frustrating for borrowers that over the course of the last many years, they have seen repayment plans where they enroll in them and they make payments, and yet their their principal payment or their principal just keeps on growing and growing.

They actually can never get ahead of it. Right. Under the repayment assistance plan, the new income driven repayment plan that will be available on July one, that won't happen anymore for a borrower who is making payments towards their principal every month they're gonna see their principal go down.

Right? And so we are very interested in how we can support borrowers in a variety of vehicles, but at the same time, we need borrowers to understand that loan forgiveness is not coming. Those days are gone. They made a commitment and we're gonna make a commitment to help them through the process, but we have a variety of tools there to help support them.

**ADEDOYIN:** One thing that I've been following is. One of the tools that, that borrowers are trying to avoid, obviously and that the department has been urging borrowers to get back into repayment from is wage garnishment. And that was something that was announced that was maybe possibly coming to borrowers earlier this year and has since been delayed.

Do you have any updates on what's going on with wage garnishment on what borrowers might expect?

**KENT:** Sure. So let me talk about why we were contemplating wage garnishment and the, and treasury offset and why we put a temporary pause on that. We made clear last year again that the era of unlawful loan forgiveness is over and that students needed to get back into healthy repayment.

And we made clear what the tools were to help borrowers do that, including enrolling in an income driven repayment plan. There are tools that the federal government can use. We don't like to use them, right? But they are there in the instance where, we attempt to work with a borrower, but the borrower for one reason or another doesn't make a good faith effort to engage in, in repayment.

And wage garment is one of those. One of the things that we thought really intentionally is an administration about earlier this year is again, the one big beautiful Bill Act made sweeping changes to improve our federal student loan portfolio, including, creating a new repayment plan, the repayment assistance plan that I just mentioned, but it also gave students an ability to rehabilitate their loan a second time.

So these are new tools that won't become available to borrowers until at least July one of this year. And so we wanted to give students the opportunity to say, you know what, I just need a little bit more time. So that I can jump into this new repayment plan that is very generous and get on the right track.

We wanna help borrowers again, the whole point of the one big beautiful back is to make higher education more affordable for borrowers. And so we wanna give students a little bit more time. We've been very clear. This is temporary. It is a temporary pause, but we wanna work with borrowers to get them into that new repayment plan, starting on July one and put them on track, right?

Nobody benefits when a student is in default, right? Specifically the student. And also the taxpayer. We know students wanna buy houses, they wanna start families. They they want to lease a car. These are all things that are prohibitive when a student is in default. Their credit is tanked.

And so we wanna help them get out of that. And so we're giving a few more months to realize the opportunities they have under one big, beautiful bill to enroll in that new plan.

**ADEDOYIN:** Thank you. I wanna open it up now to questions. Anybody with questions, please feel free to raise your hand or stand up.

We'll start with you.

**AUDIENCE QUESTION:** Hi. My name is Anish, I go to Georgetown University. My question is, considering the high likelihood for structural unemployment that will be brought upon by the advent of AI by the tariffs, how will the workforce, the workforce PE program correctly and accurately identify what is a high demand job in the next, like five to 10 years?

And what mechanism exists to adapt it to those changes?

**KENT:** Well, for one I'll, I would've said this anyways, but you're a student, so I'm definitely going to mention this, that I meet with college and university presidents almost daily, and system heads and governors and secretaries of education in the states.

And there is one topic that every single college and university wants to talk about. They come, of course, with a laundry list of questions, oftentimes some complaints too. But the one topic that permeates through every conversation, and this is not hyperbole, this is honest to God. The truth is AI, every single college president is thinking about AI in some form or fashion, whether it's teaching or learning or research, or what I'm really trying to press college and university leaders to think about is AI in, in creating more efficiencies on college campuses to reduce again, the cost of higher education.

And some colleges are doing a great job about it. I often say that AI is not going to take anybody's job, but somebody who knows about AI is definitely gonna take your job. Right. And so college and university leaders are leaning into this concept and we see a lot of college and university leaders thinking about how AI in some form or fashion can be integrated into the teaching and learning experience.

So I have a very high hope for our college and universities that they are adapting. I was just in Florida a couple years a couple weeks ago at an innovation in higher education summit in Miami. And the whole topic was really about how does higher education adapt? Certain college presidents like to remind me that, colleges and universities were actually at the forefront of using AI for the last several decades.

I, again, I was in Virginia prior to this job and the university Virginia Tech Uni university's president likes to remind me all the time that, that they've been doing AI for more than a year or two. And so, the beauty of the Workforce Pell program is that it actually mandates.

That there'll be conversations amongst governors and state legislatures and workforce board to determine what are those high demand, high quality, high value programs. So it's not us sitting on the seventh floor of the LBJ building here in dc it's governors and legislatures making those determinations.

And that's what we want. Right? We want governors and legislatures and secretaries of education and workforce directors to be making those determinations for their local communities. Oftentimes Washington thinks they know what is best. Most times than not, we don't. And so we wanted to give more power to the states.

It's all about what we're about. Returning education to states and the Workforce Power Program is a great example about how we intend to do that.

**ADEDOYIN:** Yeah. Oh, there's a question in the back.

**AUDIENCE QUESTION:** Hey I'm a resident physician and really proud graduate of my state's public medical school. I guess what would you say to myself and my colleagues about how we, with these limits on graduate loans, like how can medical students and the future physicians of our country afford tuition and the cost of living while attending medical school.

**KENT:** Sure. So you brought up physician, I assume you mean MD or DO programs. Right. Okay, great. So, this is a little bit of an easy question on its surface to, for be able to answer because physician programs DO and MD programs are included in the definition of professional student as laid out by Congress.

So the Department of Education really has no discretion under the law on how much how many, how much loans a doctor could take out, for example. In terms of the broader question, however, we know that you. For the most part, again, I'm generalizing that many physicians who enroll and take on student debt often see high value on the back end of their educational experience.

So, we have had conversations with, private lenders about what there is in available in the market. And so, again, we will see I am, I'm confident that certain programs that provide high value to their students will have opportunities elsewhere. And let's not forget, there's private philanthropy.

There are state appropriations that can step in. So there are a variety of funding mechanisms that students will have access to. So I'm personally not worried about physicians.

**ADEDOYIN:** Any other questions? Don't be shy.

**AUDIENCE QUESTION:** I won't be shy.

**KENT:** Nice to see you, Sarah.

**AUDIENCE QUESTION:** So let me,

**KENT:** Sarah and I worked in Virginia together, so

**AUDIENCE QUESTION:** No I, and I appreciate the scale of your portfolio now.

So back to, say a physicians example. Yeah. But let's think about, actually one of the biggest benefits for physicians and other healthcare workers is actually the public service loan forgiveness program. And I'm wondering if you're thinking about maybe restructuring that again, thinking about.

There are many physicians that do very well financially after they graduate, but others actually choose to work in very low income areas and with very high need populations. Yet the margin for public service loan forgiveness is not is not who you're serving but it's who you're working for.

Sure. So somebody in plastic surgery at Mass General is likely to get forgiveness where somebody doing rural healthcare in din witty county, yeah. If they're working for Sentara, would not be. Eligible. That's right. So that's one challenge. Yep. And then there's, but at the same time, overall we, the average PSLF forgiveness is about \$72,000.

**KENT:** That's quite high.

**AUDIENCE QUESTION:** How do we think about that in a budget balance sense? What a previous adminis administration had proposed caps that did not get through Congress. Is that something that's on your agenda?

**KENT:** Well, I'm not gonna preview too much about what changes could or could not come from PSLF. We, we just finished a rulemaking on PSLF, so, but the part of that rulemaking was intended to get at, a small sliver at what you're talking about was making sure that loan

forgiveness is going to borrowers who are employed with organizations that are serving a public good and that are not breaking the law.

And you're right, I think. People often forget that public service loan forgiveness program started in 2007, I believe. And it was started before 100% direct lending. So the concept of what public service loan forgiveness was whenever happened, whenever, there was still the fell program, right?

And so I don't think that anybody ever intended for public service loan forgiveness to cost this much because we weren't in the direct lending space, the a hundred percent direct lending space at that time. And so Sarah just pointed out a really important point about public service loan forgiveness, and certainly a point that I think resonates with conservatives especially, and that's that you could have a nurse.

Doing the same job, right? Same education, graduated from the same school same RN license, doing the same exact duties at two different hospitals. And because one hospital is classified as a nonprofit and the other is classified as a for-profit, one student gets loan forgiveness and one student doesn't.

Right? So there are real challenges with the public service loan for forgiveness program. It's off. It's also a program that's very hard to operationalize. You're counting payments students, oftentimes, nowadays you don't stay somewhere the same employer for 10, 10 in a row. So, it's also a very hard program to operationalize.

And I know I have colleagues from the previous administration who will probably at least agree with me on that point if I haven't said anything else that they agree with today. And so the public service loan forgiveness is a real challenge. That being said, it is a program that Congress passed and it is a program that we are implementing with fidelity.

**ADEDOYIN:** Yeah. All right. Well thank you so much for your time.

**KENT:** Thanks so much. Appreciate it. Thank you.

**ADEDOYIN:** Yes, thank you.

**Speaker 11:** Okay,

**ADEDOYIN:** thanks.

**Speaker 11:** Oh.