



Governor's Task Force on Student Debt

WELCOME

AUGUST 5, 2020

Today's Agenda

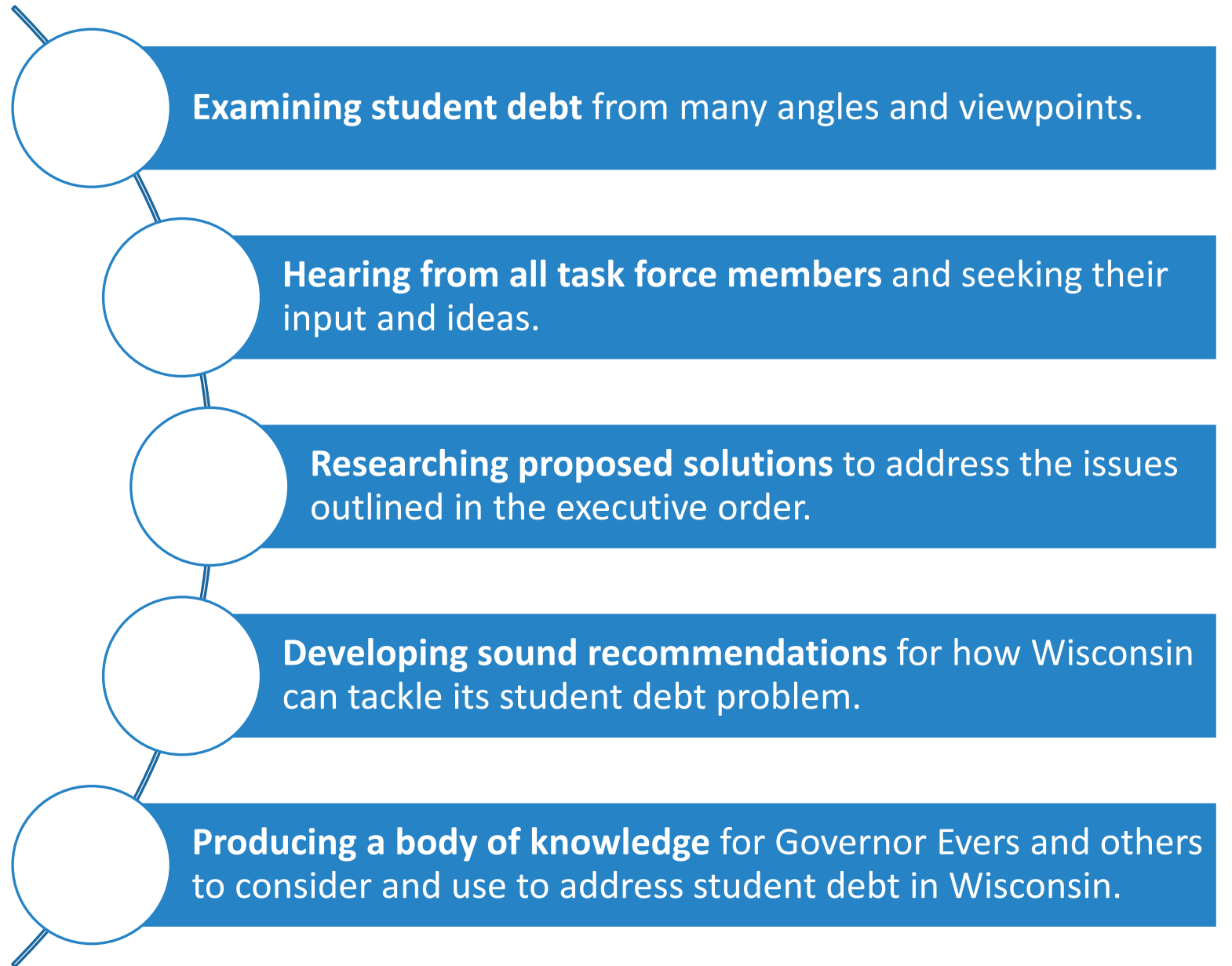
Time	Description	Facilitator
10:00 a.m.	Welcome Roll Call Overview	Secretary Kathy Blumenfeld, DFI Michelle Reinen, DATCP Secretary Kathy Blumenfeld, DFI
10:15 a.m.	Government, Public & Private Institution Subsidies & Financing Solutions Recommendations and Discussion	Secretary Kathy Blumenfeld, DFI
11:00 a.m.	Break	
11:10 a.m.	Consumer Protection Recommendations and Discussion	Lara Sutherlin, DATCP
11:55 a.m.	Break	
12:05 p.m.	Borrower Education & Management of Higher Education Expenses Recommendations and Discussion	Executive Secretary Connie Hutchison, HEAB
12:50 p.m.	Next Steps & Adjourn	Michelle Reinen, DATCP Secretary Kathy Blumenfeld, DFI

Reminder: This meeting is being recorded.

Roll Call

- Department of Financial Institutions (DFI) Secretary [Kathy Blumenfeld](#)
- Office of the Governor Designee [Derek Campbell](#), Policy Advisor
- Higher Educational Aids Board (HEAB) Executive Secretary [Connie Hutchison](#)
- Department of Agriculture, Trade and Consumer Protection (DATCP) Designee [Lara Sutherlin](#), Administrator, Trade and Consumer Protection
- Department of Public Instruction (DPI) State Superintendent Designee [Keona Jones](#), Assistant State Superintendent
- Department of Veterans Affairs (DVA) Designee [Larry Graves](#), Education Consultant
- University of Wisconsin System Designee [Jeff Buhrandt](#), Senior Director, State Relations
- Wisconsin Technical College System (WTCS) Board Designee [Brandon Trujillo](#), Policy Advisor
- Wisconsin Association of Independent Colleges & Universities (WAICU) Designee [Rebecca Larson](#), Senior Vice President for Advocacy
- State Representative [Joan Ballweg](#)
- State Representative [Dianne Hesselbein](#)
- State Senator [Jeff Smith](#)
- Wisconsin Tribal Nation Designee [Shannon Holsey](#), President of Stockbridge-Munsee
- [Masood Akhtar](#), Founder & President, We Are Many United Against Hate
- [Keyimani Alford](#), President, WASFAA and Director of Student Financial Support Services, Madison College
- [Karen Bauer](#), Staff Attorney, Legal Aid Society of Milwaukee
- [Shannon Conlin](#), Assistant Attorney General, Wisconsin Department of Justice
- [Jodi Chung](#), Legal Assistant, Moen Sheehan Meyer
- [Lucy Fenzl](#), Interim Dean of Letters and Science at College of Menominee Nation
- [Renee Gasch](#), Media Consultant
- [Austin Hammond](#), Student, UW-Oshkosh
- [Maricha Harris](#), Lead Community Relations Analyst, Goodwill of SE Wisconsin
- [Rene Howard-Paez](#), Diversity Director, Marquette University High School
- [Silbi Isein](#), Student, UW-Milwaukee
- [Derek Kindle](#), UW-Madison Vice Provost for Enrollment Management
- [Paul Kundert](#), President & CEO, UW Credit Union
- [Kevin McShane](#), Vice President of Financial Aid & Compliance, Herzing University
- [Jamie Miller](#), Bankruptcy Attorney
- [Michael Moderski](#), President and COO, McFarland State Bank
- [Michael Rosen](#), Retired Economics Professor and Former Union President
- [Alexzandra Shade](#), Director, Corporate Social Responsibility, CUNA Mutual Group
- [Casey Wachniak](#), School Administration Consultant with the Educational Approval Program (EAP), Department of Safety and Professional Services

Success in Action



Proposed Solutions Winnowing Process

During Meeting #7:

Action: Work Group Facilitators Share Top Solutions & Draft Recommendations Identified by Work Groups in Meeting #6

Goal: Finalize Draft Recommendations for Final Report

Meeting #7
(August 5)

During Meeting #8:

Action: Review Final Recommendations & Final Report Draft

Meeting #8
(August 12)

Proposed Solutions by Work Group



Legend for More Information:

- **Meeting #** = A topic that was discussed during a task force meeting indicated by the meeting number.
- **NEW!** = A new solution summary task force members received via email on July 17.
- ***** = A foundational topic that will be included in the final report.
- **DFI** = Wisconsin Department of Financial Institutions

Borrower Education & Management of Higher Education Expenses

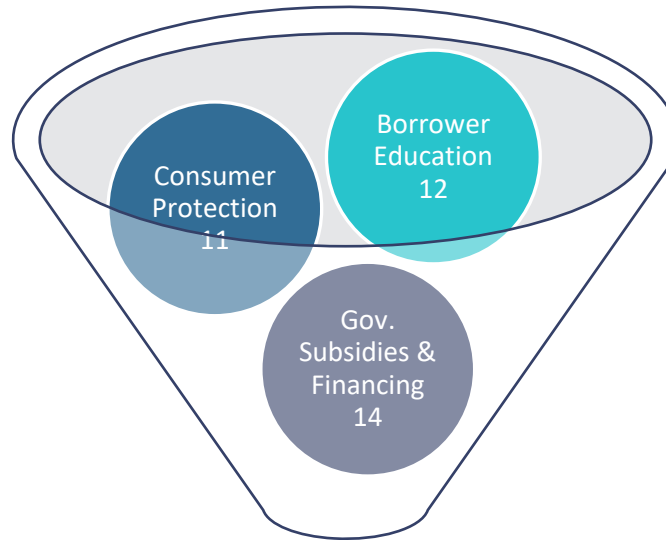
1. Add Veteran Affairs School Certification Official to WDVA Council on Veterans Programs (Larry Graves) – **NEW!**
2. Add Veteran Student to WDVA Board of Veterans Affairs (Larry Graves) – **NEW!**
3. Connecting the Dots (Masood Akhtar) – **NEW!**
4. Destination Graduation: Supporting College Completion (Carole J. Trone) – **NEW!**
5. Emergency Grants (Meeting #2) (Ascendium Education Group) – **NEW!**
6. Financial Literacy and College Affordability Awareness (Meeting #4) (DFI) – **NEW!**
7. Financial Literacy at Institutional Level (Shannon Conlin) – **NEW!**
8. Free Application for Federal Student Aid (FAFSA) Support Services (Meeting #1) (Jack Porter)
9. Improved Loan Counseling Practices (Meeting #3) (Jack Porter)
10. Income Share Agreements (ISAs) (DFI)
11. Tech-Integrated Platform for Borrowers (Meeting #6) (Savi Solutions PBC)
12. Wisconsin's College Savings Program (DFI) – **NEW!**

Consumer Protection

1. Borrowers' Liaison (Casey Wachniak) – **NEW!**
2. Data Collection and Sharing Integration* (Meeting #1) (Nicholas Hillman & Kim Dancy)
3. Enhanced Student Borrower Protections (Shannon Holsey) – **NEW!**
4. Federal Advocacy Initiatives* (Meeting #3) (Kevin McShane) – **NEW!**
5. Legal Services Advocates for Student Loan Debtors (Karen M. Bauer) – **NEW!**
6. Pass A Wisconsin Consumer Privacy Law (Renee Gasch) – **NEW!**
7. Protecting Students From Predatory For-Profit Colleges (Michael Rosen) – **NEW!**
8. Reinstating the Wisconsin Educational Approval Board (State Rep. Dianne Hesselbein) – **NEW!**
9. Student Loan Borrower Bill of Rights (Meeting #4) (DFI) – **NEW!**
10. Student Loan Ombudsman & Student Loan Advocate Team (Kevin McShane) – **NEW!**
11. Student Loan Ombudsman Programs (Meeting #4) (DFI) – **NEW!**

Government, Public & Private Institution Subsidies & Financing Solutions

1. BadgerCLAW Student Debt Repayment Program (Andy Gronik) – **NEW!**
2. College Promise Programs (Michael Rosen) – **NEW!**
3. Loan Forgiveness Programs (Meeting #3) (DFI)
4. Private Refinancing Authorities (Meeting #3) (DFI)
5. Promise Programs (Meeting #2) (DFI)
6. Rural Opportunity Zones (Meeting #3) (DFI)
7. State Income Tax Credits (Meeting #3) (DFI) – **NEW!**
8. State Refinancing of Private Student Loans (Michael Rosen) – **NEW!**
9. Strategic Use of State Grant Aid to Reduce Student Loan Challenges (Kevin McShane) – **NEW!**
10. Student Debt Employee Benefit (Meeting #6) (DFI) – **NEW!**
11. Student Loan Refinancing Authorities (Meeting #3) (DFI)
12. Student Loan Refinance Interest Rate Subsidies (Paul Kundert) – **NEW!**
13. Support Increases in State-Based Student Financial Aid (The Wisconsin Grant) – (Rebecca Larson) – **NEW!**
14. Tuition Remission & Supports for Former Foster Youth (Wisconsin Department of Children & Families)



8 Recommendations (Mtg #7)

Foundational Issues: Advocacy, Disparate Impact, and Data Collection



Final Report (Mtg #8)

Proposed Solutions Winnowing Process

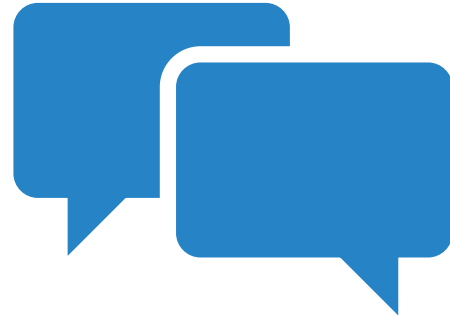
Bridging the Governor's Executive Order to the Final Report

Draft Recommendations	Decrease Cost of Attendance for Students	Decrease Existing Debt Burden for Borrowers	Decrease Racial & Vulnerable Population Gaps	Increase Ease of Student Loan Management	Increase Completion of Post-Secondary Education	Improve Economic Outcomes Post-Graduation	Lift: Light, Medium, or Heavy	Pre-Debt; During School; Post-Graduation	Notes
1. Create a Borrower Bill of Rights & Student Loan Ombudsman	No	Yes	Yes	Yes	No	Yes	Medium	During & Post	Depends on Size
2. Enhance Proprietary School Regulations & Reinstate the Wisconsin Educational Approval Board	Yes	No	Yes	No	Yes	Yes	Medium-to-Heavy	All	Requires Legislation
3. Financial Literacy Education	Yes	No	Yes	Yes	Yes	Yes	Light-to-Medium	All	Depends on Size
4. Increase Need-Based & Targeted Aid for Post-Secondary Education	Yes	No	Yes	Yes	Yes	Yes	Heavy	Pre & During	Requires Budget Authorization; However, Infrastructure Exists Today
5. Loan Counseling	Yes	Yes	Yes	Yes	Yes	Yes	Light-to-Medium	All	Depends on Size
6. Loan Forgiveness	No	Yes	Yes	Yes	No	Yes	Medium	Post	Depends on Targeted Aid
7. Refinancing	No	Yes	Maybe	Yes	No	Yes	Light-to-Heavy	Post	Depends on Structure
8. State Student Debt Relief Tax Credit	No	Yes	Maybe	No	No	Yes	Heavy	Post	Requires Legislation

Draft Final Report Format Preview

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Government, Public & Private Institution
Subsidies & Financing Solutions
Draft Recommendations

Gov. Subsidies &
Financing Work Group

Draft
Recommendations

Increase Need-Based & Targeted Aid
for Post-Secondary Education

Loan Forgiveness (Honorable Mention)

Refinancing (Honorable Mention)

State Student Debt Relief Tax Credit

Increase Need-Based & Targeted Aid for Post-Secondary Education

Increase Targeted Aid and Grants: Increase aid to the Wisconsin Grant, Talent Incentive Grant, and other grants/appropriations for all sectors of higher education to support low-income and underrepresented students in their efforts to achieve a postsecondary credential. These grants serve a crucial role in expanding access to higher education.

Statewide Promise Program: Implementing a statewide Promise Program would increase early awareness of postsecondary education opportunities. A first-dollar program, which would provide more favorable terms for students who need the most help paying for college, should be considered.

Overall Recommendation: By increasing need-based, targeted grant aid to vulnerable communities and creating a state-wide Promise Program, we can reduce the overall cost of post-secondary education; increase access to post-secondary education for vulnerable communities; and increase higher education attainment and completion rates.



Loan Forgiveness (Honorable Mention)

Recommendation: Loan forgiveness provides much needed student debt relief to vulnerable populations while also helping fill shortages in high-need professions and areas. Wisconsin should consider the expansion of the Wisconsin Teacher Education Loan program and Wisconsin's Health Professions Loan Assistance Program, while also considering other fields and areas to support with loan forgiveness programs.



Refinancing (Honorable Mention)

Recommendation: Refinancing can provide meaningful relief to borrowers, but Wisconsin should consider how to most effectively provide support to the most vulnerable borrowers. The Task Force concluded that the State's role in refinancing must be to make student loan refinancing as accessible as possible.

Currently, neither state refinancing authorities nor private lending authorities offer solutions for those with lower credit scores and lower balances. As a result, the Task Force recommends the creation of a state program targeted to benefit those borrowers whose credit profiles do not enable them to currently access market-based refinancing options. This can be achieved through an expansive state-run authority, but due to the high costs of creating and administering a program, it may be more feasible to partner with another State's existing refinancing program, or provide subsidies to private financial institutions engaged in student debt refinancing to expand their program to be more accessible to borrowers with lower credit scores.

In summary, the Task Force recommends taking a creative approach to refinancing under the purview of the Student Debt Ombudsman so that it achieves the desired policy outcomes.

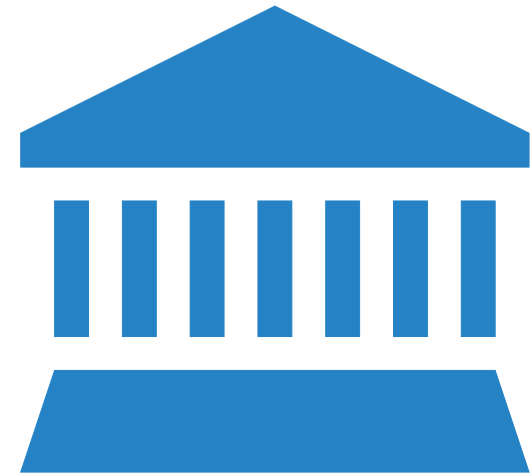


State Student Debt Relief Tax Credit

Tax Credits for Borrowers: While there are several options to consider for eligibility parameters, we recommend using Maryland's 2017 tax code amendment as a model for program design. Maryland prioritizes borrowers who have a high debt to income ratio, work in high-demand fields, and attended college in-state.

Tax Credits for Employers: Many employers are offering educational debt assistance to employees via a heightened awareness on employee Financial Wellness. For example, Connecticut recently passed an act providing eligible employers with a tax credit of up to \$2,625 per employee per year for making eligible education loan payments on a qualified employee's behalf. This concept has been recently highlighted in the IRS Abbott Labs Private Letter ruling and was included in the March 2020 stimulus package known as the CARES Act.

Overall Recommendation: Governor Evers should consider implementing new tax credits to help alleviate borrowers' student debt burden and incentivize employers to assist employees with their student debt. These credits should be drafted in a way that targets low- and middle-income student debtholders.





Break



Consumer Protection Draft Recommendations

Consumer Protection
Work Group

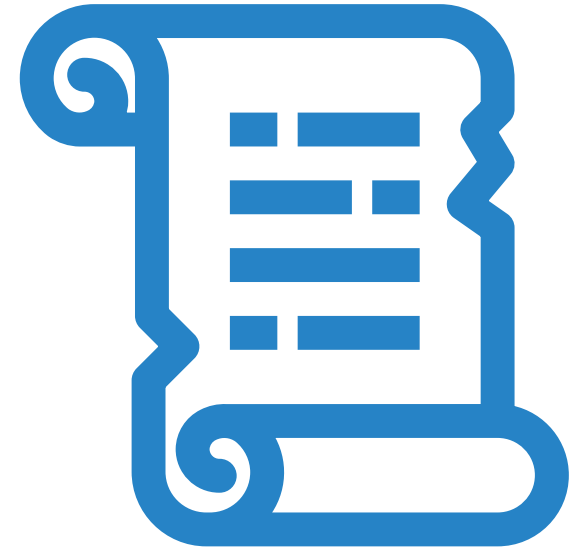
Draft
Recommendations

Create a Borrower Bill of Rights &
Student Loan Ombudsman

Enhance Proprietary School
Regulations & Reinstate the Wisconsin
Educational Approval Board (EAB)

Create a Borrower Bill of Rights & Student Loan Ombudsman

Recommendation: Wisconsin should adopt a Borrower Bill of Rights (BBOR) and create an Office of the Student Loan Ombudsman that licenses student loan servicers and creates loan servicing standards. The BBOR would create a legal mechanism to enforce those standards when not adhered to by the loan servicer. The Student Loan Ombudsman would act as an independent advocate for student borrowers, providing needed consumer protections to navigate the student loan repayment process and enforce the BBOR.



Enhance Proprietary School Regulations & Reinstate the Wisconsin Educational Approval Board

Recommendation: Consider adoption of the following best practices for regulating proprietary schools and monitor the states that have adopted additional best practices for their effectiveness.

Best Practice 1: Intervene in future school closures by securing monetary relief in the form of debt cancellation from the federal government and tuition remission, ensuring that students have transfer options and access to their academic records, requiring teach-out plans be made public and transparent to students, and holding school owners responsible if their school goes out of business.

Best Practice 2: Become More Active in National Council for State Authorization Reciprocity Agreements (NC-SARA) Oversight. Request clear complaint procedures and refund policies, bar institutions from enrolling students in instances where graduates would not be qualified for location-specific licensure(s), and make it clear that the state has the authority to enforce all consumer protections.

Best Practice 3: Give students the information they need to pick the right institution by requiring colleges to provide the Educational Approval Board (EAB) data on program enrollment, cumulative student debt and repayment, employer characteristics, verified job placement and employment wage rates.

Best Practice 4: Examine School Spending Priorities. Require reporting to the EAB, or similar regulator, on a variety of metrics including: how much money is spent on instruction versus marketing; retention, transfer, and graduation rates; loan repayment outcomes of graduates; employment status of graduates; and the design and implementation of student support services.

Reinstate the EAB along with the authority it had prior to the 2017-19 state budget.





Break



Borrower Education & Management of
Higher Education Expenses
Draft Recommendations

Borrower Education
Work Group

Draft
Recommendations

Financial Literacy Education

Loan Counseling

Financial Literacy Education

Expand Financial Literacy and Academic and Career Planning: Wisconsin should continue to be innovative in building financial capability while supporting research and evaluating what works. Building on Wisconsin's existing Academic and Career Planning (ACP) mandate is at the core of building borrower awareness in the state. The "Look Forward to Your Future" website is a resource that should be expanded with the most current calculators and apps available to borrowers, such as the Consumer Financial Protection Bureau's new tool called Paying for College.

In addition, Wisconsin should fully support financial literacy in K-12 classrooms. Financial literacy in a classroom setting could provide students an opportunity to review a mock awards statement to understand the difference between subsidized and unsubsidized loans, grants, and scholarships. Additionally, promotion of Wisconsin's College Savings Program would give more families access to this important resource.

Financial literacy education should build on the state's updated financial literacy standards related to credit card debt as many students acquire credit cards to help manage higher education expenses. Some students may not realize how much credit card debt they accrue and the impact of it on their credit scores. Credit card financial literacy would inform students of incentives credit card companies use to target students, while understanding the risks of having a credit card.

FAFSA Awareness Campaign: The Task Force recommends a FAFSA awareness campaign that would increase FAFSA completion. Currently, "College Goal Wisconsin" is an organization that holds FAFSA completion and information sessions in various cities throughout the state. Another event that resonated with the Task Force was a "FAFSA Completion Month" that took place in Ohio. The State of Wisconsin should promote FAFSA completion through a statewide outreach campaign similar to Ohio's and by expanding its financial literacy program to include an overview of the FAFSA.

Collaboration on Financial Literacy and Academic and Career Planning: Wisconsin's higher education financial literacy program could be created in a collaboration between the Department of Public Instruction, the Higher Educational Aids Board, the Office of Financial Literacy, and the Student Loan Ombudsman. The Ombudsman could work with related state agencies to create effective materials for high school students planning for post-secondary education. Washington's Student Loan Advocate's student loan courses could serve as a model for Wisconsin's Student Loan Ombudsman's financial literacy program.



Loan Counseling

Enhanced Loan Counseling: The Task Force believes that borrowers would benefit if loan counseling standards were strengthened to include additional personalized assistance through state loan counselors and additional institutional support. Loan counseling in Wisconsin should also assist borrowers with compliance for programs such as Public Service Loan Forgiveness. In 2017, less than 1% of applicants received Public Service Loan Forgiveness due to issues with compliance.³ Creating a Student Loan Ombudsman could help lead this effort in strengthening Wisconsin's loan counseling awareness and accessibility.

Tech -Based Platforms: Additionally, the State of Wisconsin should consider a tech-based platform for borrowers. Savi Solutions PBC's platform and Vault are examples that the Task Force reviewed. These platforms allow borrowers to receive personalized assistance with their student loans and could help borrowers in choosing a repayment plan that better fits their needs.

Ultimately, the success of loan counseling programs relies on adequate funding to support such services. Loan counseling services should alleviate some of the stress for borrowers while providing helpful and clear support.



Meeting #8:

August 12, 2020

10:00 a.m. – 1:00 p.m.

WebEx

Contact: StudentDebtTaskForce@dfi.wisconsin.gov

WWW.LOOKFORWARDWI.GOV/STUDENT-DEBT-TASK-FORCE

Feedback: Michelle.Reinen@wisconsin.gov

Next Steps



Thank you!
