

CSAC



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California Student Loan Debt Service Review Workgroup Update

September 9, 2021

Patrick Perry, CSAC
&
HCM Strategists

Agenda

- Legislative Charge
- Overview of California Student Loan & Debt Review Workgroup
- Overview of Evaluative Criteria
- Report Outline
- Summary of Workgroup Recommendations

Legislative Charge

The Budget Act of 2020 established the California Student Loan and Debt Service Review Workgroup with an expressed charge of researching **“implementable strategies and concepts that are focused on better ensuring that [...] borrowers are able to access the most financially beneficial loan programs, most affordable repayment plans, and any available debt service forgiveness programs.”**

The Workgroup will deliver a report to the California State Legislature and Department of Finance by **September 1, 2021.**

The Budget Act also defined the Workgroup’s composition, requiring representation from DOF, CSAC and the Scholarshare Investment Board, along with three members of the public with “expertise in private, state and public loan programs.”

Workgroup Members

Dr. Lande AJose, Office of Governor Gavin Newsom

Dr. Sandy Baum*, Urban Institute

Catalina Cifuentes, California Student Aid Commission

Dr. Jamillah Moore*, California Student Aid Commission

Chris Ferguson, California Department of Finance

Hal Geiogoue, Scholarshare Investment Board

Samantha Seng*, NextGen Policy

Bob Shireman*, The Century Foundation

**Member of the Public*

Workgroup Meetings

Date	Meeting Topic	Objectives
October 28, 2020 8:00 am - 10:00 am	Introduction (e.g., workgroup charge, norms)	<ul style="list-style-type: none">• Refine workgroup charge and establish workgroup norms• Begin to assess the landscape and student loan research and trends
December 10, 2020 8:00 am - 11:00 am	Background Research (e.g., debt levels by student characteristics)	<ul style="list-style-type: none">• Understanding of research on student loan debt; available data disaggregated by student and institutional characteristics• Establish evaluative criteria for assessing policy interventions• Finalize topics of interest for further study

Workgroup Meetings

Date	Meeting Topic	Objectives
January 21, 2021 11:00 am – 2:00 pm	Issue Area #1: Early Education & Outreach	<ul style="list-style-type: none"> • Understand early outreach and education practices that empower students and families in making informed borrowing decision • Identify possible policy interventions
March 5, 2021 8:00 am – 11:00 am	Issue Area #2: Student Persistence & Borrower Protections	<ul style="list-style-type: none"> • Understand which CA borrowers experience high rates of adverse outcomes, either prior to attainment or after completion • Understand the challenges affecting undocumented borrowers in the state-mandated Dream Loan program • Identify possible policy interventions

Workgroup Meetings

Date	Meeting Topic	Objectives
April 15, 2021 8:00 - 11:00 am	Issue Area #3: Loan Repayment and Debt Forgiveness	<ul style="list-style-type: none"> • Understand the Biden administration's priorities for federal student loan support and debt relief • Identify where gaps exist within federal loan repayment policies and programs and where further state action may complement federal efforts • Identify possible policy interventions
May 24, 2021 10:00 - 1:00 pm	Issue Area #4: Private Sector Strategies, Employer Repayment Assistance, Data Sharing	<ul style="list-style-type: none"> • Identify interventions that utilize data sharing to target support to borrowers, as well as strategies to engage employers in borrower repayment assistance • Learn directly from California borrower experiences, concerns and priorities • Identify possible policy interventions

Workgroup Meetings

Date	Meeting Topic	Objectives
July 7, 2021 10:00 - 1:00 pm	Review Policy Interventions to Date	<ul style="list-style-type: none">• Review policy interventions to date• Identify remaining questions and additional information needed to help inform which interventions will become recommendations
August 4, 2021 9:30 - 12:30 pm	Report Review and Identify Final Recommendations	<ul style="list-style-type: none">• Review and discuss draft recommendations• Review and discuss draft report

Workgroup Meetings

Date	Meeting Topic	Objectives
August 25, 2021 10:00 - 1:00 pm	Report Review	<ul style="list-style-type: none"> Review and discuss draft report
September 7, 2021 11:00 - 12:00 pm	Report Review and Approval	<ul style="list-style-type: none"> Review and approve the final report

Engaging Experts and Stakeholders

HCM & CSAC actively engaged stakeholder groups and experts along the way to plan meeting agendas, identify topics/speakers, and present content to the Workgroup.

- **Policy Research Organizations and Issue Area Experts**

California Policy Lab at UC Berkeley; Public Policy Institute of California (PPIC); New America; National Governors Association; Urban Institute;

Sara Adan, Independent Consultant; Dr. Rajeev Darolia, University of Kentucky; Professor Dalié Jiménez, UC Irvine School of Law; Dr. Christiana Stoddard, Montana State University

- **Consumer Protection Groups**

Consumer Reports; National Consumer Law Center; Student Borrower Protection Center; Student Debt Crisis

Engaging Experts and Stakeholders

- **Advocacy Organizations**

NextGen Policy; TICAS; UNITE-LA; Young Invincibles

- **Legal Aid and Direct Service Organizations**

Bay Area Legal Aid; Education Debt Consumer Assistance Program (EDCAP); Savi; uAspire, Western Center on Law & Poverty

- **Local, State and Federal Government Agencies**

CSAC; CA Department of Financial Protection and Innovation; City and County of San Francisco Office of Financial Empowerment; US Department of Education

- **Borrowers**

Noah Chutz; Inna Kopelevich; Katie Rodger, Christine Shea

Overview of Evaluative Criteria

The workgroup analyzed the proposed interventions using the following evaluative framework:

- **Administrative Feasibility:** Who would have the power to implement this intervention (e.g., CSAC, the DFPI, Institutions of Higher Education (IHEs), and do they have the existing organizational capacity to do so?
- **Cost and Cost-Effectiveness:** How much would this intervention cost to implement? What is the return on investment that we expect?
- **Effectiveness:** Will this intervention address systemic challenges in order to positively affect the outcomes we want? By how much?
- **Equity:** Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support?
- **Political Feasibility:** What type and amount of support or opposition need to be considered?
- **Sustainability:** How likely would it be to sustain this intervention in the long term?

Report Outline

- Background
- Understanding Student Debt
 - Who Holds Debt
 - Disparities in Student Borrowing
 - Repayment Challenges and Who Struggles to Repay
- Federal and State Roles in Addressing Student Debt
- Building Upon California's Existing Policies and Initiatives
 - Agencies and Expanded Protections
 - CalGrant Reform and FAFSA Completion
 - Other Programs for College Affordability
- Considerations for Policy
 - Prospective Borrowers
 - Current Borrowers
 - Borrowers in Repayment
- Workgroup Recommendations
 - Framework for Evaluating Recommendations
 - Final Recommendations

Summary of Workgroup Recommendations

Thirty-one policy interventions were presented to the workgroup, and the workgroup categorized these into **six** topline recommendations that encompass the scope of those interventions:

1. Create a central state hub and network for borrower outreach and triaged borrower assistance in the Department of Financial Protection and Innovation (DFPI).
2. Develop methods to strengthen prospective borrowers' understanding of available resources to finance their education, including student loans.
3. Prioritize the availability of targeted, tailored, and personalized information and support services.
4. Strengthen protections for borrowers.
5. Fill gaps in federal loan access and relief, particularly for undocumented students.
6. Improve data collection, reporting, and use around student loan borrowing and debt.