

Dear Colleague:

Thank you for your input that resulted in the below and attached HBCP/PBI Community letter to Secretary Arne Duncan, from the public, private, land-grant and denomination- affiliated, 2- and 4-year colleges and universities regarding the negotiated Parent Plus Loan consensus position.

We look forward to continuing working aggressively with and for you, our colleges and universities, students and families to make certain that the nation's student financial aid policies and those in the states promote excellence, access and success, close the achievement and attainment gaps, and reward those institutions that are graduating disproportionate percentages of the growing populations: low-income, first generation, and/or traditionally underrepresented, under-served minority students and families.

Warm personal regards,

Lezli Baskerville, Esquire
President & CEO

The Voices for Blacks in Higher Education!

As you know, the U.S. Department of Education (Department) recently concluded a four-month process of negotiated rulemaking on the regulatory definition of "adverse credit history" for the PLUS Loan program. On behalf of UNCF and National Association for Equal Opportunity in Higher Education (NAFEO), the 100 Historically Black Colleges and Universities (HBCUs), approximately 30 Predominantly Black Institutions (PBIs) and nearly 500,000 students that we represent, we thank you and the Department for including the Parent PLUS Loan issue among the six issues considered by the Department of Education's 2013-2014 Program Integrity and Improvement Rulemaking Committee.

No one has fought harder over the last three years than the HBCU/PBI Community and the Congressional Black Caucus to restore the pre-2011 PLUS Loan credit standards. Our request and ultimate goal has been to return the PLUS Loan program to the credit standards that were working well before the October 2011 change that adversely impacted access for so many of the students we traditionally serve. After more than eighteen months of informal negotiations, when a decision was made by the Department to address the PLUS Loan issue only through a formal rulemaking process, we agreed to "play by the rules" and work within this framework toward a positive solution for our

institutions and the students they serve.

While no negotiation with multiple stakeholders and divergent views yields everything any one stakeholder group is seeking, the HBCU/PBI Community was fortunate to have Dr. David Swinton, President of Benedict College, and Dr. George French, President of Miles College - the HBCU/PBI Community's negotiator and alternate negotiator, respectively - effectively represent the interests of the HBCU Community and with aplomb. They advanced the position of the HBCU Community that the Department should return to the pre-2011 regulatory interpretation, until it was clear that no consensus could be forged around that position. At that time, our negotiators moved the body of the whole to agreement on new PLUS Loan credit criteria. The end result was consensus on a regulatory proposal that will move us in the right direction. In the near term, this could result in approximately 15,000 parents - who previously were denied PLUS Loans because of negligible debt - receiving loans that will enable their sons and daughters to complete a degree at an HBCU or PBI. In future years, the negotiated position should benefit tens of thousands of additional students who would have been denied an HBCU education under the Department's post-2011 interpretation of the PLUS Loan regulations.

UNCF, NAFEO and the institutions we represent stand by the work of our negotiators. The consensus regulation honors the purpose of the PLUS Loan program, which is to help provide the financial means for students to access a postsecondary education and to foster postsecondary success by closing some of the financial gap between what is required and what students and families are able to amass. At the same time, the consensus position incorporates reasonable underwriting criteria, coupled with new loan counseling requirements for some parents and graduate students to help them avoid borrowing more than they can manage.

Of particular note is that under the consensus PLUS Loan regulations, thousands of HBCU students whose parents have negligible (up to \$2,085) overdue payments on their credit records would no longer be automatically denied a PLUS Loan. Without other credit blemishes, they would be eligible for the PLUS Loan. The onerous credit history checks extending back five years or more would be replaced with more reasonable two-year credit history checks for PLUS Loan applicants with delinquent balances exceeding \$2,085. Parents who are denied loans would continue to be eligible to appeal and be reconsidered, but they would be required to undergo loan counseling provided by the Department.

The consensus regulation is not a perfect solution, but it is a first step in making the program work better for students whose best hope for a higher education rests on their ability to access PLUS Loans. We should not let the perfect be the enemy of the good.

Nearly three years have passed since the Department took unilateral action to tighten the underwriting standards for the PLUS Loan program, which has made it more difficult for parents and graduate students to obtain PLUS Loans. There is a critical need now to restore access to PLUS Loans for low-income families. Some in the HBCU Community remain of the opinion that the quickest route to relief

for families and institutions from what we believe to be a dubious shift in Departmental regulatory interpretation is to revert back to the pre-2011 interpretation by administrative fiat. We understand, however, that the Department disagrees and is not going to take this action. We believe that under these circumstances, and given the Congressional climate, the best route to relief for these families and our institutions is rapid implementation of the consensus regulation.

We ask the Department to move with urgent speed in implementing the consensus regulation so that new PLUS Loan underwriting criteria are in place as soon as possible. To expedite this process, we request that the Department issue an Interim Final Rule on the definition of "adverse credit history" for the PLUS Loan program since negotiators reached agreement on this issue. An Interim Final Rule can be made effective immediately upon its date of publication in the Federal Register and in time for the start of the 2014-15 academic year. Other issues before the negotiated rulemaking committee on which the panel did not reach consensus should proceed in a separate Notice of Proposed Rulemaking.

We appreciate your consideration of our views. PLUS Loans are a critical component of federal student financial aid, particularly for many low-income families who are willing to sacrifice financially to break the cycle of poverty and disadvantage for their children. The consensus regulation will enable thousands of deserving low-income students to go to and through college at a time when the earnings premium from a four-year college degree has never been higher.