COMMONWEALTH OF PENNSYLVANIA HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE
BUDGET HEARING

STATE CAPITOL
HARRISBURG, PENNSYLVANIA
HOUSE CHAMBER

PENNSYLVANIA HIGHER EDUCATION ASSISTANCE AGENCY

TUESDAY, MARCH 8, 2022 1:00 p.m.

BEFORE:

HONORABLE STANLEY SAYLOR, MAJORITY CHAIRMAN HONORABLE MATTHEW BRADFORD, MINORITY CHAIRMAN HONORABLE LYNDA SCHLEGEL-CULVER HONORABLE TORREN C. ECKER HONORABLE JONATHAN FRITZ HONORABLE KEITH J. GREINER HONORABLE DOYLE HEFFLEY HONORABLE JOHNATHAN D. HERSHEY HONORABLE R. LEE JAMES HONORABLE JOHN A. LAWRENCE HONORABLE ZACHARY MAKO HONORABLE NATALIE MIHALEK HONORABLE TIMOTHY J. O'NEAL HONORABLE CLINT OWLETT HONORABLE CHRISTOPHER B. QUINN HONORABLE GREG ROTHMAN HONORABLE LOUIS C. SCHMITT, JR. HONORABLE MEGHAN SCHROEDER HONORABLE JAMES B. STRUZZI, II HONORABLE JESSE TOPPER HONORABLE RYAN WARNER HONORABLE JEFF C. WHEELAND HONORABLE DAVID H. ZIMMERMAN HONORABLE AMEN BROWN

Pennsylvania House of Representatives Commonwealth of Pennsylvania

1	BEFORE (continued):						
2	HONORABLE ELIZABETH FIEDLER						
3	HONORABLE MANUEL GUZMAN HONORABLE PATTY KIM						
4	HONORABLE EMILY KINKEAD HONORABLE STEPHEN KINSEY						
	HONORABLE LEANNE KRUEGER						
5	HONORABLE KYLE J. MULLINS HONORABLE BENJAMIN V. SANCHEZ						
6	HONORABLE PETER SCHWEYER HONORABLE JOE WEBSTER						
7	NON-COMMITTEE MEMBERS PRESENT:						
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9	HONORABLE MARK GILLEN HONORABLE SHERYL DELOZIER HONORABLE MARY ISAACSON						
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11	COMMITTEE STAFF PRESENT:						
12	DAVID DONLEY REPUBLICAN EXECUTIVE DIRECTOR						
	RITCHIE LAFAVER						
13	REPUBLICAN DEPUTY EXECUTIVE DIRECTOR						
14	ANNE BALOGA DEMOCRATIC EXECUTIVE DIRECTOR						
15	TARA TREES DEMOCRATIC CHIEF COUNSEL						
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REPRESENTATIVE TOPPER: For this afternoon's Appropriations hearings, we will have testifiers from PHEAA, our Pennsylvania Higher Education Assistance Agency.

And testifying today will be: James Steeley, President; Nathan Hench, Senior Vice President for Public Affairs; and Elizabeth McCloud, Vice President for State Grants and Special Programs.

I don't believe I've missed anybody that will be testifying. So at this time, I invite you, the three of you, to rise and raise your right hand to be sworn in as we begin our hearing.

* * *

(Whereupon, the testifiers were sworn en masse.)

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REPRESENTATIVE TOPPER: You may be seated.

And this afternoon, we'll begin with the lady from Northumberland County, Ms. Culver.

REPRESENTATIVE CULVER: Thank you,

Mr. Chairman.

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Thank you for all of you being here today.

I just, for years, we've heard about nursing shortages. And I think the pandemic exacerbated the situation and highlighted it.

And we see nursing shortages from our hospitals to our nursing homes to our rehab centers to Hospice to home nursing care and private duty nursing care, which actually, clogs up the system because hospitals can't discharge to one of those places. And then we have the bed situation going on.

It just has been a really difficult time.

But in response to this issue, the General

Assembly created a loan forgiveness program for

nurses in Pennsylvania using a portion of the

Commonwealth's COVID relief money. And in

September of last year, PHEAA unveiled the

student loan forgiveness for nurses in PA,

proving to be what we thought a very popular

program, but probably more popular than any of us

probably anticipated.

Initially, it was funded with \$5 million.

And then we all added an additional \$15 million,

for a total of \$20 million for the program.

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Can you briefly describe how the program is working and how the operation of the program is progressing?

MS. MCCLOUD: Certainly. Thank you -
REPRESENTATIVE CULVER: And if you could

just pull -- I can see it's not close enough to

you.

REPRESENTATIVE TOPPER: Yes, these microphones, as we have to remind our testifiers, are not omnidirectional. Get them as close as you can and --

REPRESENTATIVE CULVER: It's -- if you're very uncomfortable, then you know you're close enough.

MS. MCCLOUD: Is that good?

Hopefully you can hear me now. Okay.

Good.

Well, thank you for that question. So yes, so the Student Loan Relief for Nurses Program was created this fall. And PHEAA was asked to administer that to provide student loan relief to nurses and encourage them to remain in the profession during what, as you had pointed out, has been a very challenging time, so that we

have the nursing workforce that we need to continue addressing the Commonwealth's health needs, particularly related to the pandemic, as we move forward. And interest has been extremely strong in that program.

So PHEAA opened up an application window at the end of December, which was open for two months. So that just closed on March 1st. And while we're still finalizing entering the last few applications into our system, I can tell you that we've had over 20,000 applications for that relief program.

So the program is structured in such a way that a nurse who is eligible to participate and is selected could receive up to \$7,500 in loan relief. Twenty million dollars sounds like a lot, but when you divide that by \$7,500, that comes out to 2,666 nurses, if every nurse has a full \$7,500 in qualifying student loan debt that's outstanding.

And so clearly, with 20,000 applications, the demand for the program exceeds available funding at this point, but we'll continue moving forward with administering the program over the coming months with the hopes of starting to get

loan relief payments out to the servicers for those nurses' loans starting in the second half of the summer.

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REPRESENTATIVE CULVER: So you answered part of my next question, is \$20 million enough?

And clearly the answer is no.

How much would you estimate additional that we would need to satisfy all the demand from nurses?

MS. MCCLOUD: Well, you know, it's hard for us to say exactly how much outstanding student loan debt exists for the nurses who applied during that two-month window. We're still processing applications. But assuming that they all have the maximum amount that the program covers, that would be in excess of \$150 million of qualifying student loan debt. And that is for the nurses who applied during that two-month window.

REPRESENTATIVE CULVER: Okay. All right.
Thank you. That's all the questions I have.

MS. MCCLOUD: Thank you.

REPRESENTATIVE CULVER: Thank you, Mr. Chairman.

REPRESENTATIVE TOPPER: The Chair thanks

the lady and recognizes the lady from Allegheny, Ms. Kinkead.

REPRESENTATIVE KINKEAD: Thank you, Mr. Chairman.

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Thank you all for joining us today.

I wanted to talk a little bit about how it is that you guys sort of serve the students in need and identify them. Obviously, right now, the PHEAA grant is at its highest amount in the program's history, but at the same time, we know that college costs are at their highest levels.

So how far does a PHEAA grant go for the average student?

And how has the program kept up with inflation?

MS. MCCLOUD: Thank you, Representative.

So the first part of your question had to do with how we determine the need that students show to qualify for the Pennsylvania State Grant Program. And the way that we measure that is using information that a student submits on the FAFSA, which is a Federal form, the Free Application for Federal Student Aid. That collects income and asset information for students and their household, and it calculates

what's called an expected family contribution.

And we use that same need analysis formula for
the State Grant Program, so that we can ensure
that grant dollars are assisting students with

the largest amount of need.

The other part of your question had to do with how much of a student's need is being covered by the program and how that's kept up with inflation. And so what I can share with you is that in the short term, this year's maximum PA State grant, which is \$5,000, it's the highest amount in the history of the program for a single-year award, and it's meeting a little bit more of the average student's tuition and fees than the prior year award did.

So it's meeting -- to be specific, it's meeting 13.7 percent of the average tuition and fees. And there's a chart on page 7 of the briefing book that we shared with the Committee members today that gives you a little bit of the recent history of the percentage and fees being met. But that's one part of the story.

The longer story around that question has to do with the second highest award students received in the history of the program, which was

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in the 2007-8 academic year.

During that award year, students received \$4,700 for the maximum award amount. And if that amount was adjusted for inflation since 20070-8, the current award for this upcoming year would be \$6,160. So we're not there yet. There's still room to catch up in meeting an inflation adjustment value for students, but certainly, the \$5,000 this year was a step in the right direction.

REPRESENTATIVE KINKEAD: So to pivot to a different topic. You guys have announced that you're going to be leaving the Federal loan, I guess, business if you will. And so that is going to cause a decrease in your staffing, and I'm wondering if you can talk a little bit about what your plans are to ensure that the folks that you're going to have to let go as a result of that have a soft landing.

MR. STEELEY: Thank you. Thank you, Representative.

You are correct. We are exiting the Federal student loan servicing business. It's a business that PHEAA entered into back in 2009 on the heels of the financial crisis, and also

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coupled with the end of the Federal Family
Education Loan Program, which really was the
center of PHEAA's business activities for the
first 50 years of the Agency.

In terms of impacted employees, we're doing a number of things. Our Board in September approved a retention incentive, which is offered to all the front-line employees, you know, think of the call center agents, the people that know they're directly impacted because they work in that line of business. And for our union-covered employees, it's \$2,500 for each of two -- up to \$2,500 for each of two retention periods. So in total, individuals could earn up to \$5,000 if they stay through the ultimate work-through date, which we'd anticipate being sometime later in the summer, possibly into the fall.

For employees that are not covered by that, we also have a severance program in place that provides two weeks of pay for every year of service, capped at 16 weeks, and with a floor of six weeks, as well as Cobra coverage and outpatient services. So we're doing a lot, I'll say, financially to soften it.

But then what we're also doing is, you

know, the employees that are impacted by this have a unique set of skills. They're also federally cleared. And what's proven to be one of the big bottlenecks in student loan servicing the last couple years is the Federal clearance process. So having trained, cleared employees is a valuable commodity, particularly with today's remote work environment.

So we're working with servicers that are staying in the business to try to match up and make sure our employees are aware of opportunities with those servicers. There's been a few individuals that have already accepted and moved. You know, the tricky thing, while we're working with them, is ideally, we'd like to work together so that they finish with PHEAA one day and then they start with another servicer the next day. And they would also be eligible for these retention incentives, as well.

REPRESENTATIVE KINSEY: Thank you.

Mr. Chairman, can I have one follow-up question?

REPRESENTATIVE TOPPER: Ever so brief, but yes.

REPRESENTATIVE KINSEY: Thank you.

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The other loan servicers that you're 1 working with to try and direct your staff to, are 2 they in Pennsylvania or are they outside the 3 State? 4 MR. STEELEY: They are not in 5 Pennsylvania. 6 REPRESENTATIVE KINKEAD: 7 okay. MR. STEELEY: The other loan servicer 8 9 that was located in Pennsylvania also notified the Federal government that they did not want an 10 extension. 11 REPRESENTATIVE KINKEAD: 12 okay. So inherently, we're losing those folks to outside 13 state opportunities? 14 MR. STEELEY: We are, with the caveat 15 that many of the individuals, particularly the 16 call center agents, will likely have the ability 17 to work remote. 18 19 REPRESENTATIVE KINKEAD: Okay. Thank 20 you. MR. STEELEY: So they may be still in 2.1 Pennsylvania. They'll just be working for an 22 entity in another state. 23 REPRESENTATIVE KINKEAD: Thank you. 24

Thank you, Mr. Chairman.

REPRESENTATIVE TOPPER: The Chair thanks 1 the lady and recognizes the gentleman from 2 Indiana. Mr. Struzzi. 3 REPRESENTATIVE STRUZZI: Thank you, 4 Mr. Chairman. 5 Good afternoon. I'd like to ask a couple 6 of questions about the PA-TIP Program or the 7 8 Targeted Industry cluster Scholarship Program. We're seeing a lot of changes in our 9 workforce, obviously a lot of unmet needs, people 10 kind of reinventing themselves. And programs 11 like this seem to really make a lot of sense 12 right now. 13 14 15

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And just so people understand, these are scholarships for programs that are two years or less in study; is that correct? In specific fields like agriculture, energy, et cetera, where obviously there's a lot of demand right now.

So my question is, it was previously funded at \$6.3 million. This year in the budget, the Governor is proposing \$8.7 million, about a \$2.4 million increase.

Can you give us an update on that program?

> MS. MCCLOUD: Certainly. Thank Yes.

you, Representative Struzzi.

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So as you mentioned, PA-TIP is helping a specific set of students, students who are studying programs that are shorter than two years in length and therefore not eligible for the Pennsylvania State Grant Program, and they're programs in these specific occupational areas, such as energy, such as the health programs of study.

And so they're meeting specific workforce needs for the Commonwealth. And what we have found in the last few years is that the number of eligible applicants for PA-TIP funds has exceeded the available award funding. And so we've had to decline to make awards to some students. And we've administered the program on a first come, first served basis in that regard. But PHEAA's Board had requested additional funding for the program for next year, specifically to be able to fund all eligible applicants.

And the area where we have particularly seen growth in the last couple of years is since 2019-20, when health professions were added as one of the occupational clusters. And at this point, about \$4 million of the awards for this

current year are going to students who are in health -- eligible health programs of study. And certainly, that's something that the Commonwealth is benefitting from right now, to have students studying in those fields. So we're hopeful to be able to fund more of the applicants moving forward.

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REPRESENTATIVE STRUZZI: Sure.

Absolutely. There's definitely a need there.

And I think there's probably even a more

widespread need.

with that said, is \$2.4 million enough to meet those needs?

MS. MCCLOUD: We do anticipate that that will be enough. And thank you for asking that.

That is based, however -- you know, there's always a caveat with data, right?

REPRESENTATIVE STRUZZI: Right.

MS. MCCLOUD: That is based on the demand that we saw last year as a whole. And you know, schools do reapply on an annual basis to have specific programs of study that they offer be eligible within the PA-TIP Program. And so that's based on current school involvement and programs of study that exist, but that list

changes every year.

So it's possible that there could be a growth in demand if more funding is put into the program.

REPRESENTATIVE STRUZZI: And how do you determine what are targeted industry clusters?

MS. MCCLOUD: Sure. So PHEAA staff work together with the Pennsylvania Department of Labor & Industry, and we take a look at a tool they pointed us towards at L&I. That's the Pennsylvania In Demand Occupations List to align what the occupations are, where there's a shortage, and figure out how they map to programs of study that are available at institutions.

And that review process is set to take place every three years. The first revision to eligible programs of study happened in going into effect for the 2020-21 award year. And we're looking at that list again later this calendar year with a revised list of programs for 2023-24.

REPRESENTATIVE STRUZZI: Okay. So these grants, they don't go to the individuals; they go to the educational facility?

MS. MCCLOUD: Well, they do go to the individual students to cover their educational

costs at that institution where they are studying.

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REPRESENTATIVE STRUZZI: So they are administered through the tech schools or what have you?

MS. MCCLOUD: That's correct. Yes. So we work together with the financial aid staff at those schools to ensure that the students who have submitted applications are meeting all of the application requirements, some of which we're able to check at PHEAA, but others, we need the school's input on.

REPRESENTATIVE STRUZZI: And do you find that you have a greater percentage of high school students applying for these or adults maybe reinventing a new career path?

MS. MCCLOUD: Right. So that's a very good question. Thank you.

And what we have found is that PA-TIP benefits a different population than the Pennsylvania State Grant Program. PA-TIP recipients, the average recipient is 29 years old, is -- you know, so they're independent students. They're students with typically lower household income even than the income for the

average Pennsylvania State Grant recipient. So it's helping a very specific population of students who, as you mentioned, are likely looking for a second career path and expanded opportunities.

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REPRESENTATIVE STRUZZI: Well, thank you.

I see that I'm almost out of time, but I think

there's great value in programs like this,

especially given our workforce needs right now.

So thank you for your time today.

MS. MCCLOUD: Thank you.

REPRESENTATIVE TOPPER: The Chair thanks the gentleman and recognizes the gentleman from Berks, Mr. Guzman.

much, Mr. Chair.

And thank you Team PHEAA for your time this afternoon.

First, I just want to say that I was one of those students at Kutztown University who defended on PHEAA to achieve his piece of the American dream. So I want to just thank you and thank you all for what you do to help Pennsylvanians all across the Commonwealth achieve their piece of the American dream.

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I don't know if I would have been able to afford to go to college had it not been for the grants that I received from PHEAA. So thank you so much in that regard for changing my life and changing my family's life, as well, and the trajectory of that -- of that plan.

So you know, I want to talk about that because, of course, as I was a student at Kutztown University, I was also a student who fell in that Act 101 Program category. And so it's something that's near and dear to my heart, of course. And of course, earlier on in the pandemic, this body appropriated \$5 million of CARES Act money to PHEAA to support that Act 101 Program, which by the way, helps provide services to students who struggle economically and educationally -- which I was one of those students -- when they reach the campus in making sure that they succeed. So obviously, that was a one-time funding, but it was more than two times the investment that this body has ever given you all on an annual basis.

So my question is, how did colleges and universities use this one-time funding for their Act 101 programs?

MS. MCCLOUD: Thank you, Representative Guzman.

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It's always great to hear from, you know, a student, a former student who has benefited from these programs, both the State Grant Program and programs such as Act 101. And I appreciate your asking that question.

So yes, so for 2020-21, Act 101 had that additional \$5 million available from the Federal CARES Act funds. And we worked closely with the participating institutions. For that year, we had 34 participating programs, and we worked closely with the Act 101 Directors at each of those programs to help them sort through what their options were, because of course, the Federal funds had limited usage that they could be applied to.

And what we found happened most often was that it enabled those schools to provide services specifically to assist their students in navigating the transition to a remote education process during that academic year and ensuring that they had access to Internet, that they had the technology available to them that they needed, that perhaps would have been out of reach

financially otherwise, that students had access
to electronic materials where necessary, and that
they also had increased academic advising support
and counselling services to help them navigate
their specific student needs while learning in a

different environment than what they had been

accustomed to in person, perhaps, in prior years.

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REPRESENTATIVE GUZMAN: So in your opinion, and on that same note, you know, what are some of the other needs that the programs have identified that we could, in this body, support to help make students more successful?

MS. MCCLOUD: Sure. Yes.

all of the institutions to provide some basic tutoring and academic support services as well as programing. Schools have a certain amount of flexibility. So some institutions, for example, put summer bridge programs in place to bring their Act 101 students in a little bit earlier and help them sort of get set up to learn best, you know, to help them learn some new study skills and that type of thing, but all of the programs are required to be having touch points with students throughout the year in a way to

ensure that students are staying on track, for example.

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So there's a wide variety of services that can be helpful to students. And what the Act 101 program does is it makes that funding available to the institutions, so that they can continue to support whichever tools within that toolkit are the best fit or the best match with their particular student population.

REPRESENTATIVE GUZMAN: Well, I can say that Act 101 goes a long way towards helping poor white, brown, and black folks achieve their piece of the American dream. So whatever more funding that this body Can do to help support that program, please count on my support individually in that regard.

I do want to pivot though because I appreciate Representative Struzzi bringing up the TIP Program. And that's obviously something that I'm very interested in. And in my opinion, you know, over the last couple of weeks, you know, we've been debating as a body, you know, our desire to invest State resources wisely. And I can't think of a better program than this in terms of programs that deserve more funding.

So I mean, we're talking about graduation rates in the seventies, eighties, ninety percent. And so given all the challenges that we have -- in the very little time that I have left -- in terms of our workforce development, trying to find CDL drivers, trying to find more manufacturing workers, if we were to invest more money into this TIP Program, more money than the Governor requested, are there other in-demand fields that we could support in the Commonwealth

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of Pennsylvania?

MS. MCCLOUD: Well, I think that's a good question. Thank you for asking that.

You know, when we are directed by the General Assembly to take a fresh look at our program, we do so. And so if additional funding is put into a program, if that comes with guidance from the General Assembly on the direction that it's meant to be targeted, then, you know, we would work within those parameters obviously, but we don't necessarily need to have those specific parameters built out around a program because we do have the structure in place where we work with the in-demand occupation list to evaluate where there is a need within the

Commonwealth.

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And certainly, we could look at that with an expanded lens to come up with additional areas where there are needs that aren't met within the current clusters of health energy, manufacturing, agriculture.

REPRESENTATIVE GUZMAN: Well, my time is up, but one of the ways I think you guys can immediately be helpful in this regard is if you start funding some of these driving schools and help people in our community obtain a CDL driver's license. It would really go a long way towards addressing that shortage that we have.

Thank you very much, Mr. Chairman.

REPRESENTATIVE TOPPER: The Chair thanks the gentleman, recognizes the gentleman from Lancaster, Mr. Zimmerman.

REPRESENTATIVE ZIMMERMAN: Thank you, Mr. Chairman.

And thank you to the leadership team for being here and joining us. So my question is, in the Governor's budget, he proposes a significant increase in funding of the Ready to Succeed Scholarship Program from \$5.55 million currently, up to currently \$16.38 million for 2022 and '23.

So could you give us a bit of an update on the current year?

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And also, was the \$5.55 million spent already? Or where's that at at this point?

MS. MCCLOUD: Certainly. Yes. I'm happy to share an update on the Ready to Succeed Scholarship Program.

So this is a program that is still relatively new, but in the time that it has existed, the funding has never been sufficient to meet the need of all potentially eligible students. It's always been over-prescribed. So the Ready to Succeed Scholarship Program, it was created to assist middle income students and to mitigate their student loan indebtedness.

And it's aimed towards a population of students who were right around not qualifying for the Pennsylvania State Grant Program or having very minimal awards within the State grant program. And so -- and just to give you an idea of families that we're talking about, within the State Grant Program, if you have a family of four with one in college, around roughly \$75 to \$85,000 in income is where students lose eligibility. If there are two in the household

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in college, maybe around \$100 to \$110,000 in income.

And so the Ready to Succeed Scholarship is filling in a little bit of the need for those students that they don't have met through the State Grant Program. So when PHEAA's Board submitted a budget request to the Governor last fall, what we did is we took a look at the prior award year 2021-22, at that budget, and said, okay, what would it take to fully fund all of the potentially eligible students? And that's where that \$16 million came from.

REPRESENTATIVE ZIMMERMAN: Okay. So you believe that would sufficiently fund the request? MS. MCCLOUD: We do, yes.

> REPRESENTATIVE ZIMMERMAN: okay. Good.

well, I think that really ends my question, but I really appreciate, you know, having a program like that that kind of meets a need where, you know, you have some students that might kind of fall through the cracks and so it's a good -- it was a good move. So thank you for doing that.

Thank you.

Thank you, Mr. Chairman.

REPRESENTATIVE TOPPER: The Chair thanks the gentleman, recognizes the gentleman from Lehigh, Mr. Schweyer.

REPRESENTATIVE SCHWEYER: Thank you, Mr. Chairman.

Good afternoon everyone.

Like pretty much everybody here who's gone through the PHEAA System, I want to start by thanking you for, you know, giving me a solid 15 years to pay off my student loans. That was very nice. I appreciate that.

I will -- I'm happy to report they're all paid off and I'm -- as a father of a 14-year-old daughter, I look forward to picking up some new ones in about four years. So but with that, I represent the City of Allentown. And I only represent the Allentown School District.

People know the statistics of Allentown.

We have -- 90 percent of our students are

students of color. And one of the things that

has been an ongoing concern that we heard from

Representative Guzman yesterday when he was

talking to our friends with the community

colleges, I believe, or with -- I think it was

PDE. It was a question of what is the definition

of a resident.

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It is an ongoing concern for communities like mine. And I'm curious to hear what exactly -- what your opinion and perspective is on that question.

MS. MCCLOUD: Thank you for that question.

I'm assuming that's in relation to the Pennsylvania State Grant Program that we're talking about here with the grant program?

REPRESENTATIVE SCHWEYER: Any and all -- MS. MCCLOUD: Any and all, okay.

REPRESENTATIVE SCHWEYER: -- that is controlled by the Commonwealth, not Federal dollars.

And what is our definition of resident?

MS. MCCLOUD: Sure. Yes, so within the aid programs that PHEAA administers on behalf of the Commonwealth, I can pretty broadly state that in either statute or regulations around all of those programs, that there is a requirement that they be primarily benefitting students who are residents of the Commonwealth.

And the way that that is defined, for example, with the State Grant Program is that the

student needs to have lived in Pennsylvania as a qualifying resident for the 12 months prior to beginning their attendance at a post-secondary level. And so the students being considered a resident of the Commonwealth does look at their eligibility from a citizenship standpoint, as well.

And so that, you know, that is part of how that is determined.

REPRESENTATIVE SCHWEYER: Is that a decision made by the PHEAA Board or is that something that, from your perspective, would have to be addressed if the legislature were to choose to, as a legislative initiative?

In other words, do you need our approval for that or is that something that you could do without our input?

MS. MCCLOUD: That would need to be a legislative action. And I apologize for this, but I would have to look at a program-by-program basis to be able to answer for certain -- regarding the founding statute for some of the smaller programs that we administer.

REPRESENTATIVE SCHWEYER: Okay. Fair enough. And I appreciate that.

What about DOCA -- what about students that are categorized as DACA?

MS. MCCLOUD: Students who are categorized as DACA would not be eligible for the Pennsylvania State Grant Program at this point. If a student, however, was born in the United States and they have parents who are not U.S. citizens, those students can be eligible within the Pennsylvania State Grant Program.

REPRESENTATIVE SCHWEYER: And it is PHEAA's perspective that even with the Federal designation for this, relatively speaking small group of Pennsylvania residents that might be eligible for student loans, that DACA would also have to be considered or approved by the legislature and not the PHEAA Board?

MS. MCCLOUD: There are certain areas where Federal regulations or requirements around aid programs don't match up with what is in statute with Pennsylvania programs. And so that would, you know, that would be an area where there isn't a complete alignment between Federal and State rules around student eligibility for financial aid.

REPRESENTATIVE SCHWEYER: So is

Pennsylvania out of compliance with the Federal government with regard to DACA students?

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MS. MCCLOUD: We aren't -- when it comes to our State Grant Programs, we aren't under the umbrella of Federal oversight.

REPRESENTATIVE SCHWEYER: Got you. Okay. I appreciate that.

Has there been any conversation internally in PHEAA about ways that the Agency would be interested in assisting these students even if they're -- even if there's a work-around or something along those lines?

MS. MCCLOUD: We've had students ask questions about eligibility that -- so I'm aware of those types of conversations. I'm not aware of larger conversations that, perhaps, have happened, but I'm not aware of them.

REPRESENTATIVE SCHWEYER: So nobody on the Board ever said, hey, we're missing a group of students?

That's fine. You don't have to answer that. I won't put you in that spot. I'm just going to say, it sounds like nobody ever once on the Board said, hey, we might be missing a group of students.

That's all I have, Mr. Chairman.

I very much appreciate it. Again, on a personal level, I've had -- I legitimately had very good experiences as a PHEAA recipient of both the grant programs and the subsidized and unsubsidized student loans and hope that we have an opportunity to change some of those policies.

Thank you very much.

REPRESENTATIVE TOPPER: The Chair thanks the gentleman and next recognizes the gentleman from Washington, Mr. O'Neal.

REPRESENTATIVE O'NEAL: Thank you, Mr. Chairman.

Thank you all for being here.

So in 2013, the Pennsylvania's Distance Education Pilot Program allowed PHEAA to incorporate online education into the State Grant. Act 5 of 2018 fully integrated this and made it a permanent -- a permanent change.

So first and foremost, how would you rate the performance of the program of incorporating it -- of incorporating distance education into the PA State Grant, in terms of access to higher education and workforce development?

MS. MCCLOUD: Sure. Thank you for that

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question.

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So that has been a very seamless transition, I would say, bringing eligibility to the State Grant Program to students who are primary enrolled online. The year -- the first year where students didn't see any difference in their grant eligibility, as a result of studying wholly online at a headquartered school, was the 2019-20 academic year.

And so as you think about how things unfolded coming out of that year, that was really brilliant timing on the part of PHEAA's Board to have moved to that point because then when we moved into the 2020-21 academic year, award year, and the bulk of students were seeing at least some of their course work online, if not being fully remote for their studies, the State Grant Program was agile and right there with him.

So what we saw was that in the 2019-20 year, we had about \$12 million in State grant awards going to students who were taking more than 50 percent of their course work online. And the following year, that \$12 million jumped up to \$98 million out of the State grant awards that were going to students who were more than

50-percent online. And that has been very smooth.

REPRESENTATIVE O'NEAL: Well, that's good to hear.

So really -- and you're kind of alluding to my next question. The Act -- Act 5 actually allowed PHEAA to actually reduce the grant amounts if course work was only 50-percent online.

Is that currently happening in the current system?

Ms. MCCLOUD: So that is not happening for the current year. And just to clarify, what Act 5 did was it expanded the State Grant Program to allow awards for the first time to students who were more than 50 percent in online enrollments, where they had had zero eligibility before. And so that had an impact on the total spending within the State Grant Program.

And so our Board had eased into that by having awards the first year that, you know, were about half of the in classroom awards, and then the second year 75 percent, and then by the third year of integration equal.

REPRESENTATIVE O'NEAL: Okay. So right

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now, there's -- if you have 100 percent online, you're getting the same State grant as if you're 100 percent in person.

MS. MCCLOUD: So long as the student is attending a school that is headquartered and domiciled in Pennsylvania.

REPRESENTATIVE O'NEAL: Okay. And what would be your view on expanding the program to make more students eligible?

What -- are there any outcomes you would expect from that? And what would you -- I mean, I would assume you would need more resources to do it.

Any thoughts along those lines?

MS. MCCLOUD: Well, within the State Grant Program, PHEAA's Board votes every spring to set an awarding formula for the upcoming award year. And they do that following advisement from our State Grant Advisory Committee, which is comprised of representatives from the various sectors of higher education across the Commonwealth, both from school staff and from associations representing them.

So that's a, you know, a very thoughtful deliberative process, where the Board is looking

at the demand for the program from a student 1 perspective, the need that students are showing 2 in the Commonwealth, the cost of their programs, 3 and so on. And there are various inputs within 4 the formula that can be adjusted to incorporate 5 students with different amounts of need or, you 6 7 know, look at their costs in different ways, all 8 sorts of different ways that that can be considered. And so that's something that's evaluated 10 on an annual basis. And there's -- there is 11 always room to address additional funding with 12 additional head count if asked to do so by the 13 General Assembly. 14 REPRESENTATIVE O'NEAL: Great. Thank 15 16 you. Thank you, Mr. Chairman. 17 REPRESENTATIVE TOPPER: The Chair thanks 18 19 the gentleman and recognizes the lady from Delaware, Ms. Krueger. 20 2.1 REPRESENTATIVE KRUEGER: Thank you, Mr. Chairman. 22

Hello everybody. Thank you so much for joining us here today.

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So I want to follow up on a previous

colleague's questions. My colleague from 1 Northumberland and Snyder County asked about the 2 new student loan forgiveness program for nurses. 3 I was proud to support this. There was 4 bipartisan support in this chamber, and I have 5 heard heartbreaking stories from nurses on the 6 front line in Delaware County who have been 7 8 pushed to their limits during this pandemic. And I think we need to do everything we can to 10 support and retain these nurses. Otherwise, you know, our very lives will depend on having these 11 folks for health care. 12 So my first question for you, I believe I 13

So my first question for you, I believe I heard you say that you were up to 20,000 applications for this program when it closed on March 1st; is that correct?

MS. MCCLOUD: That is correct. Yes, we are above that number now.

REPRESENTATIVE KRUEGER: So far we've allocated \$20 million for the program.

How far will you be able to get?

How many nurses will get funded with the resources that you currently have appropriated?

Ms. MCCLOUD: Right. So we can't answer that 100 percent with certainty, but if each

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nurse has eligibility for the maximum amount of relief, which is \$7,500, with \$2,500 per year for three years, that would fund 2,666 nurses.

REPRESENTATIVE KRUEGER: Two thousand six hundred and sixty-six nurses, and you've got 20,000 applications pending.

MS. MCCLOUD: Right.

REPRESENTATIVE KRUEGER: So the need is great. And this is a program we've heard a lot of interest on in my district. I was even helping the mom of a recent nursing graduate navigate the program application.

How soon will it be before the nurses actually receive their payment if they're funded in this first round?

MS. MCCLOUD: Yeah. So we've been building out this process very quickly, but there are several steps to it. So we will need to reach back out to employers to verify some of the eligibility criteria. We have to communicate with the servicers of the student loans for the nurses who have applied.

So because of those various steps and ensuring that there is enough time for responses back, so that no one loses eligibility as a

result of a lack of response, and just the normal selection process that needs to occur because the program is oversubscribed with demand at this point, we're anticipating it will be the second half of the summer before we're able to send any loan payments to the servicers to provide relief for specific nurses.

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REPRESENTATIVE KRUEGER: Okay. And I know the Governor has proposed using another \$35 million in American Rescue Plan funds to expand the program.

So how far would that get us?

If we're at 2,666 with the first round,
how many more nurses would we help?

MS. MCCLOUD: So that's a specific math question I didn't think to calculate before today, but -- so thank you for asking that though. Basically, we'd be looking at \$35 million divided by \$7,500 if every applicant has the full amount of student loans to be covered. And so that would get us, you know, a portion of the way in assisting more of those 20,000-plus applicants, but certainly not -- not the entire way there because we had, you know, calculated that it would be a little over \$150 million to

cover that whole group.

REPRESENTATIVE KRUEGER: And so the full \$35 million would go directly to fund nurses; that wouldn't be going to overhead for the program?

MS. MCCLOUD: That, you know, that's always a question, if there are nuances to any new program that require a system build or something like that, that would have to be evaluated, but typically PHEAA has been covering out of our business earnings the administrative costs for all of the programs we administer. And in recent years, the only expenses that have been applied have been for building out systems to process.

REPRESENTATIVE KRUEGER: And I would hope that the resources you needed to build it out have been taken out of the first \$20 million and wouldn't need to come out of subsequent rounds. So I heard you say again that we'd need about \$150 million to fund the whole need.

If the legislature decided to send you more money, would you have the capacity to administer that?

MS. MCCLOUD: Yes. So we're always happy

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to administer programs as requested and figure out how to get things in place to help Pennsylvania residents, whether it's current students enrolled, or nurses with outstanding student loan payments that they're making. But that's our wheelhouse.

That's what we're good at here at PHEAA, administering programs for students and loan borrowers. And so we would do as requested there.

not the only profession that has had a high stress and burnout rate due to COVID. Teachers also are facing something similar. And I asked the Department of Education Secretary yesterday about the need for a similar student loan forgiveness loan program for teachers, for example, if that's something that the legislature decided to approve, would you have the capacity to administer this for another profession?

MS. MCCLOUD: Again, we -- we take on as, you know, requested any new program that's brought to us to administer and figure out what the necessary steps are to put that in place.

I'm not necessarily the one to speak to our, you

know, workforce and specific needs surrounding 1 that, but we're always happy to administer these 2 3 programs. REPRESENTATIVE KRUEGER: Well, again, 4 thank you for administering the program for 5 nurses. Please get the money out as fast as 6 7 possible and keep the overhead to a minimum, as well, if possible. 8 Thank you. REPRESENTATIVE TOPPER: The Chair thanks 10 the lady, recognizes the lady from Bucks, 11 Ms. Schroeder. 12 13 REPRESENTATIVE SCHROEDER: Thank you, Mr. Chairman. 14 Good afternoon, everyone. 15 I'd like to ask you some questions about 16 outcomes for the recipients of the State grants 17 for students. 18 19 Do you know what percentage of State grant recipients graduate? 20 MS. MCCLOUD: Is the -- that's the 2.1 22 question --REPRESENTATIVE SCHROEDER: Yes. 23 MS. MCCLOUD: -- just the graduation 24 rates? 25

So I'm looking back here. I know that we have statistics around this. Yes, so in the most recent cohort that we looked at, 77 percent of the State grant award dollars went to students who had graduated from their program of study.

REPRESENTATIVE SCHROEDER: Okay. Do you have any data on what percentage of State grant recipients go on to find employment in areas related to their field of study?

MS. MCCLOUD: That is not something we track specifically within the State Grant Program. That would require a large amount of data collection from post-secondary schools and, you know, employers in a way that isn't currently tracked in the Commonwealth. But we do -- we track things, such as the percentage of the dollars that go to students who graduate, what percentage of recipients graduate within six years, and what their persistence is from one year to the next within the program.

REPRESENTATIVE SCHROEDER: Okay. So do you have a breakdown on how many students -- grant recipients go to get employment in Pennsylvania?

MS. MCCLOUD: No. I do not have that.

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REPRESENTATIVE SCHROEDER: Oh, okay. Is that something you ever talked about maybe trying to keep track of, to know, you know, that we're keeping students here and they are getting employed in Pennsylvania when they're done with their education?

MS. MCCLOUD: Yeah. I mean, there are many data points that we've talked about that, you know, would be interesting to see, but there aren't necessarily mechanisms in place for that right now. So we've had to, you know, sort of pick and choose what we have focused on with the available data. That would require having a new structure in place to track down.

REPRESENTATIVE SCHROEDER: Okay. Would you, I guess, have to survey students in seeing if they're using money that way or to go into their field or if they get employment after they leave school or --

MS. MCCLOUD: Yeah. I think we -- I'd probably ask if we could get back to you on that with an answer.

REPRESENTATIVE SCHROEDER: Oh, that's okay. Sure.

MS. MCCLOUD: Because we'd want our staff

to brainstorm around that.

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REPRESENTATIVE SCHROEDER: I just, for long term planning purposes, that's why I was getting -- you'll see. We're getting there.

What do you see as PHEAA's role in guiding students to programs of study that will prepare them for high need occupational areas in the Commonwealth?

MS. MCCLOUD: Well, right now, within the State Grant Program, we don't direct students in that way. I mean, one off the benefits of the State Grant Program is that it gives students access to higher education and allows them to sort of drive their own path. So the State Grant Program provides funding to students, whether they were attending a community college, a State university, a State-related school, an independent two or four-year school, a business trade and technical school, a school of nursing, et cetera. And it doesn't limit students to only study particular programs either.

So to me, that's one of the beauties of the State Grant Program, right, that it gives students that ability to --

REPRESENTATIVE SCHROEDER: Be flexible.

MS. MCCLOUD: -- pursue --

REPRESENTATIVE SCHROEDER: Yeah, what they want to do.

So is there anything then from that -- do you think there's anything that can be done legislatively that would help PHEAA encourage students to enter these high demand jobs that we're seeing that are needed right now in the Commonwealth?

You can always get back to me, too.

MS. MCCLOUD: Yeah, I think we'd like -- I'd like some time to think about that one.

Thank you.

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REPRESENTATIVE SCHROEDER: No. Yeah, you're welcome.

So I just thought, you know, it's really important that we focus on educating and keeping graduates here in the Commonwealth. And any assistance that you can give in seeing that through would serve all of us, I think, in the long term. So maybe ways to survey students, making sure that, you know, another tool to make sure that they're here and that they stay here and that we find jobs for them here. But thank you so much for being here. And that's all.

REPRESENTATIVE TOPPER: The Chair thanks the lady.

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And for now, our final questioner, unless there are those who we have missed, will be the gentleman from Montgomery, Mr. Webster.

REPRESENTATIVE WEBSTER: Thank you, Mr. Chairman.

I think this is an easy one. We've talked about some of the programs, and in particular, nurses in health care, at other times this afternoon. And somehow, over the last few days, it's been something I've been sort of digging into more and more across departments in our government and in education.

So I thought I'd summarize it this way.
Obviously, you've been paying attention and
targeting certain areas of education that lead to
specific qualifications and jobs across
Pennsylvania, and one of those has been a
healthcare focus. You know, I think all of our
colleagues have felt that pressure around nurses
and health care in particular, but I -- let's,
you know, finish up where we started and talk
about how we can make adjustments, not just, you
know, the student loan repayment, that piece, but

also creating the pipeline for more nurses where we need them.

Thank you.

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Ms. MCCLOUD: Thank you.

REPRESENTATIVE WEBSTER: Anybody?

MR. HENCH: Sure, Representative.

Appreciate the perspective.

The healthcare industry, obviously with the pandemic has certainly, you know, been stressed as we've maneuvered through it. And you know, with the overwhelming demand for nurse educators, and also nurses that are working on, you know, the floors in the hospitals, it's something that we need to take into account.

One thing that I would say is we do have a department within PHEAA called PA School Services. It's 14 individuals that work across the Commonwealth and do financial literacy events, not just with juniors and seniors coming out of high school, but also with adult students that might want to be retooled.

And one thing that we do is we do educate potential students on high demand occupations and also earnings that could come from that to be successful. So I think that, you know, we can

certainly enrich our communications around the health care and nursing field to make sure that that's more widely known across the Commonwealth.

REPRESENTATIVE WEBSTER: Maybe I can focus a little bit in terms of PA-TIP Program and that is there, you know, a way that we should be, maybe legislatively, be thinking about how to incentivize health care, or in this case, very specifically, nurses across, you know, across Pennsylvania?

MR. HENCH: Sure. So the PA-TIP Program is, as Elizabeth McCloud was talking about, is for, you know, degrees that are less than two years in length. However, if the legislature would want to expand that to a B.S.N. for nursing, that's something, you know, if the legislature would pass legislation, we could certainly expand that program into other health-related fields.

And just to address what Representative Schroeder was talking about, you know, some data collection. We do do a lot of data collection around PA-TIP on graduates when they graduate from their school. And then we also do a data match with L&I to see if they're actually working

in their field of study, in which we educated them in.

We don't currently have that authority in the PA State Grant Program, but if we were given that authority to do additional data matches with Labor & Industry on employment, we could probably get some more specific data on that.

REPRESENTATIVE WEBSTER: I'll allow us to close out the hearing, but wanted to make sure that we were beginning and ending with a very valuable, you know, contribution, health, safety, and also career paths for our nurses.

Thank you.

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MR. HENCH: Thank you.

REPRESENTATIVE TOPPER: Chairman Bradford, are we good?

All right. Well, thank you. It's been a good day as we discussed higher education and the way that we can continue to help develop our students here in the Commonwealth.

Thank you all for appearing before us.

Thank you for the work you do for the

Commonwealth.

The Committee will reconvene tomorrow morning at 10:00 a.m. with the Department of

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Human Services. And this hearing is now
 1
      adjourned.
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                Thank you.
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                (Whereupon, the hearing concluded.)
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I hereby certify that the proceedings are contained fully and accurately in the notes taken by me on the within proceedings and that this is a correct transcript of the same.

Tracy L. Powell,

Court Reporter