MENLO COLLEGE
Silicon Valley's Business School

TALKING POINTS FOR CSAC MEETING - June 21, 2013

On behalf of Menlo College, I am grateful for this opportunity to present our appeal to the Commission. I understand the predicament our appeal puts before you; the Commission must consider whether granting our appeal would set a precedent that might come back to haunt you. While I sympathize, I urge you to recognize the truly unique aspects of our case. There are no other schools in our same situation. Two factors that make our situation singular: (1) we were at the time –and remain to this day- in compliance with Cal Grant eligibility requirements, and (2) it was the error of a third-party loan agency in their determination of only one student that made it appear that we did not meet the eligibility requirements.

As I hope to explain, our college has something special to offer to California's first generation and low-to-moderate-income students. To deny our ability to offer Cal Grant support is to deny these students the opportunity to form connections and do business with students whose families have already found significant professional and/or leadership success.

Menlo College takes FINANCIAL LITERACY EDUCATION seriously. Our College has taken a leadership role in financial literacy education. Going back to the fall of 2012, we require all entering students to take a four-credit course called "Personal Finance for College." The course is designed to help students successfully manage money during college and after graduation. This course began as a community service pilot program for low-to-moderate high school and college students. In January, we held a very successful national conference on "Financial Literacy and College Persistence." Representatives from California community colleges and public universities, as well as private colleges and non-profits from throughout the U.S. met on our campus to learn from experts and discuss curriculum, research, and strategies for helping students manage debt.

1. **I ACKNOWLEDGE OUR RESPONSIBILITY**. We should have caught the error to the CDR within the USDE appeal timeframe. We were complacent when we saw that the interim report issued by the US Department of Education showed us at a default rate of 14.2% -- well below the Commission's (then) threshold of 30%. We were aware that subsequently California changed the default threshold to 15.5%, but even then we were complacent as the interim report had showed us to be below even the reduced threshold. We let down our guard and were therefore not on alert to watch for the final Department of Education report (the one that reflected the error).

2. **WE ARE A UNIQUE INSTITUTION**
   a. **WE ARE TINY**. Our college is has only 700 students. For that small student body, though, we work extremely hard and effectively to meet all of the same rigorous requirements that larger higher education institutions achieve -- but with significantly fewer staff. We have one financial aid person who was busily tending to the many and ongoing needs of incoming students and families.

   b. **WE WERE NEVER OUT OF COMPLIANCE**. We were never out of compliance for Cal Grant eligibility requirements. Only an error by a third party agent made our numbers appear otherwise. In effect, we have been penalized for a third party's error.

   c. **WE RECOGNIZE THE COMMISSION'S CONCERN ABOUT PRECEDENCE**
   We understand that the Commission must use caution in granting an appeal so that it does not set a precedent that will allow other institutions to leverage a decision to overturn their eligibility determination. We believe that our situation is unique; only one student was placed in the wrong cohort by a third party provider and that one student caused the CDR to be incorrectly calculated. As the USDE letter from Under Secretary Kanter suggested, if the error had been found and verified within the USDE timeframe, the 3-year CDR would be lower and the college would be in compliance.

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d. **SEVERAL NOTES REGARDING THE ETHNIC AND SOCIOECONOMIC DIVERSITY OF STUDENT POPULATION SERVED BY MENLO COLLEGE**

i. 56% of our students are of color - most of whom are low-moderate income students and/or first-generation college students

ii. We offer our students an opportunity to mix in a safe and supportive environment - networking of the best kind. Students of many ethnic and economic backgrounds become friends and form business connections at our college. Our college has remade itself in the last 6 years to provide a talented pool of business-ready entrepreneurs who are workforce-ready - the types of citizens we need to fuel the state's economy. We are a microcosm of California with a portion of the student body being from highly privileged homes, while the greater portion is represented by low-to-moderate income families -- many of whom are first generation college students and/or ethnic minorities. Our fall 2012 total student population ethnicity breakdown is shown below.

Hispanic/Latino	24%
American Indian/Alaska Native	0.5%
Asian	14%
Black or African American	7%
Native Hawaiian or Other Pacific Islander	4%
Two or more races	6.5%
White	44%
	100.00%

2. **GRADUATION RATES**

The Public Policy Institute of California (PPIC) 2025 report, as revised January 2013, noted the need to make sure that more Californians graduate from college. According to the report, "California is facing a serious shortfall in its supply of college-educated workers. In a future with fewer college-educated adults, unemployment rates will be higher and wages will be lower." Menlo College is making great strides in increasing its graduation rate. Our retention rates are at all-time highs. By enabling us to develop and graduate Cal Grant recipients, the CSAC is directly addressing this key state educational imperative.

4. **CONTEXT AND TIMING**

I'm sure you have plenty of reminders that we are in the midst of an economic crisis, with high unemployment as a result of a shutdown of hiring in the private and public sectors. It was an enormously difficult time for graduates across the nation to find employment; for some the cost of loan repayment was onerous. During this time, many parents lost their jobs and were therefore unable to even temporarily help students with repayment.