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**May 6, 2011**

*A bi-weekly report from the Coalition of Higher Education Assistance Organizations*

## **COHEAO News**

- [\*\*Register Today for the May 12 COHEAO Webinar, "What's New in Private Student Loans"\*\*](#)  
The COHEAO webinar series continues with "What's New in Private Student Loans." Scheduled for Thursday, May 12 at 2:00 PM EASTERN, this is a webinar you will not want to miss as it will provide an update on issues related to a major source of funding for students and families.
- [\*\*Register Today for the COHEAO Mid-Year Conference!\*\*](#)  
To be held in St. Louis July 31-August 2, the COHEAO Mid-Year Conference will provide you with multiple opportunities to learn more on regulatory and operational issues related to Perkins Loans, campus-based loan servicing, accounts-receivable management, and other student financial services issues.
- [\*\*Financial Literacy Corner: COHEAO Task Force Hosts Webinar\*\*](#)  
The COHEAO Financial Literacy Task Force held a meeting via webinar today.

## **The Congress**

- [\*\*After Bin Laden Celebration, Congress to Return Focus to Budget\*\*](#)  
Following the death of Osama Bin Laden, a brief period of bi-partisan praise for the President and the troops marked the occasion. It was a welcome change. On Thursday, when the budget talks actually began, the tone took a sharp but familiar turn towards partisanship.
- [\*\*Two Possible Avenues Toward "Deficit Reduction"\*\*](#)  
After applauding the President and the team of Navy Seals for their courageous decisions and actions in the killing of Osama Bin Laden, Congress has returned what seems to be the topic du jour of the 112<sup>th</sup>, "deficit reduction"
- [\*\*Senate Republicans Seeking CFPB Changes for Director Confirmation Vote\*\*](#)  
Compared to their House counterparts, Senate Republicans had been largely silent on the creation of CFPB, but this changed with a letter from 44 GOP Senators warning President Obama they would not confirm a Director without significant changes to the structure of the Bureau.
- [\*\*Kline, Andrews, and Hastings Lead Coalition of 100+ in Writing President Obama on Gainful Employment\*\*](#)  
Education and the Workforce Committee Chairman John Kline (R-MN), Rep. Robert Andrews (D-NJ), and Rep. Alcee Hastings (D-FL) led a group of more than 100 Members of Congress in writing a letter to President Obama requesting that the Department of Education withdraw its proposed "gainful employment" regulation.

## The Administration

- [ED Announces New Neg Reg Hearings](#)  
The Department of Education announced its intention to enter into negotiated rulemaking on the student loan and student aid programs this week.
- [New Neg Reg Hearing & Roundtables Schedule](#)  
In conjunction with field hearings on the proposed topics for negotiated rulemaking (see above article), the Department is hosting roundtable discussions on a second day at each site. The schedule for the hearings and roundtables is included in this edition.
- [FSA COO Taggart to Step Down July 15](#)  
Federal Student Aid COO William Taggart announced his resignation this week, effective July 15.
- [ED Offers Guidance on Elimination of Year-Round Pell](#)  
In a Dear Colleague Letter published last week, the Department of Education offered additional clarifications on the elimination of year-round Pell Grants.
- [GAO Examines VA Administration of Post 9/11 GI Bill](#)  
The GAO recently reviewed the Department of Veterans Affairs administration of the education benefits in the Post-9/11 GI Bill.
- [ED to Host Webinar on \(Published\) Gainful Employment Regs](#)  
The Department of Education announced the first in a series of webinars designed to provide institutions with information on new regulatory requirements related to Title IV-eligible educational programs that lead to gainful employment in a recognized occupation.

## Industry News

- [VSAC Receives \\$1.3M for DL Conversion, Start-up Costs—Still Needs 250-300K Additional Accounts to “Break Even”](#)  
Following the announcement of the terms of the SAFRA federal student loan servicing contracts for non-profit lenders, the Vermont Congressional Delegation issued a press release on their role in helping non-profit servicers “like the Winooski, Vt.-based VSAC secure a higher rate from the U.S. Department of Education for servicing student loans.”

## Employment Opportunities with COHEAO Members

- [University of Minnesota, Office of Student Finance—Principal Collections Representative](#)  
The University of Minnesota has an opening for a Principal Collections Representative.

## Attachments

- [Board of Directors](#)
- [COHEAO Commercial Members](#)
- [2011 Mid-Year Conference Draft Agenda](#)

## COHEAO News

### **Register Today for the May 12 COHEAO Webinar, “What’s New in Private Student Loans”**

The COHEAO webinar series continues with “What’s New in Private Student Loans.” Scheduled for Thursday, May 12 at 2:00 PM EASTERN, this is a webinar you will not want to miss as it will provide an update on issues related to a major source of funding for students and families.

[Click here](#) to register.

(If link is not working, please paste the following into your browser: <http://bit.ly/lu4c1r>)

COHEAO is also pleased to offer this event at a special discounted price:

- \$49 for employees of COHEAO member colleges and companies
- \$99 for non-members

The financial crisis of 2008 had a significant impact on the availability of private student loans and, although there have been signs of improvement, significant challenges remain. **Tom Lustig, President of PNC Education Lending, Bob Frick, President of University Accounting Service (an NCO Company), and Tom Sakos, Director of Student Lending at DeVry**, will provide an update on the current situation in the marketplace and offer their analysis on the future of private student loans. The panel will also discuss the regulatory challenges facing lenders and schools, including preferred lender lists and the complex disclosure regulations stemming from the latest reauthorization of Higher Education Act as well as issues that may arise with the creation of the new Consumer Financial Protection Bureau.

[Sign up](#) today. This is a webinar you don’t want to miss!

(If link is not working, please paste the following into your browser: <http://bit.ly/lu4c1r>)

What: COHEAO “What’s New in Private Student Loans” Webinar

When: Thursday, May 12, 2:00-3:15 PM EASTERN

Who Should Attend: Campus Loan Administrators, Business Officers, Financial Aid Officers, Lenders, Campus Reps, (Anyone interested in gap financing!)

Rebroadcast Available?: Free to attendees, costs the same for live and playback (\$49 members/\$99 non members)

### **Register Today for the COHEAO Mid-Year Conference!**

To be held in St. Louis, the COHEAO Mid-Year Conference will provide you with multiple opportunities to learn more on regulatory and operational issues related to Perkins Loans, campus-based loan servicing, accounts-receivable management, and other student financial services issues.

[Register](#) today! (If this link does not work in your email client, please paste the following into your browser: <http://bit.ly/I5dQAu>)

As you will see from the attached agenda, the conference will focus on providing information and training that will help campus loan and accounts receivable administrators do their jobs. The Department of Education and the Federal Reserve have published volumes of regulatory changes taking effect this year and last. This conference will draw on experts and provide a chance to share experiences that will help you cope with compliance.

Understanding compliance will be key as a big new regulator, the Consumer Financial Protection Bureau, will have just assumed responsibility for enforcing regulations affecting institutional credit programs stemming from legislation of great importance to COHEAO members, such as the Truth in Lending Act, the Fair Debt Collection Practices Act and others.

We are inviting the Department of Education to provide an update, including discussion of Perkins Loan issues. And this conference will take place only weeks after its complex set of new program integrity regulations takes effect. A session will be devoted to understanding how these rules affect schools and their servicers.

The COHEAO Mid-Year Conference will also again feature interactive discussions among COHEAO's topical task forces and committees. At last year's Mid-Year, the Perkins, A/R Management, and Financial Literacy Task Force sessions were considered by many attendees to be the highlight of the conference.

For the third straight year, COHEAO is holding the line on prices. Early registration fees are the same as last year, and remain significantly less than 2009 levels! Be sure to register soon before prices rise. The Westin St. Louis is a fabulous hotel centrally located for many of St. Louis' top attractions, including the famous Gateway Arch and Busch Stadium, home of the St. Louis Cardinals.

COHEAO members are eligible for an incredible rate of \$162 per night for the Mid-Year Conference. Please [click here](#) to register for the special rate online. (If this link does not work, please paste the following into your browser: <http://bit.ly/kRE9Pc>) You may also call 1-800-Westin1 to register

### **Financial Literacy Corner: COHEAO Task Force Hosts Webinar**

The COHEAO Financial Literacy Task Force held a meeting via webinar today. The meeting featured a discussion of future goals for the Task Force in multiple areas, including continuing to serve as an information resource, providing a Washington presence on higher education financial literacy issues, and offering high-quality program content for COHEAO events and webinars.

The meeting also featured a Washington update specifically tailored to financial literacy by COHEAO's Wes Huffman. If you are interested in viewing the PowerPoint presentation or would like to listen to a recording of this webinar, please email [whuffman@wpllc.net](mailto:whuffman@wpllc.net).

If you are interested in joining the task force or, please contact Wes Huffman ([whuffman@wpllc.net](mailto:whuffman@wpllc.net)) or Task Force Chair Carl Perry ([cperry@progrssivefinanccail.com](mailto:cperry@progrssivefinanccail.com)).

## **The Congress**

### **After Bin Laden Celebration, Congress to Return Focus to Budget**

Congress returned to Capitol Hill this week on the heels of an announcement that Osama Bin Laden had been found and killed. A brief period of bi-partisan praise for the President and the troops marked the occasion. It was a welcome change. The tone remained cordial at a dinner held at the White House on Monday to mark the beginning of talks by a bicameral congressional group, led by Vice-President Biden, charged with negotiating the terms of a bill to raise the federal debt ceiling.

On Thursday, when the budget talks actually began, the tone took a sharp but familiar turn towards partisanship. The six negotiators on the commission led by the Vice President have a difficult task ahead of them. The budget resolution for FY 2012 that was adopted by the Republican House prior to the recess

would make deep cuts in spending, block grant the Medicaid program, and convert Medicare to a private insurance system where eligible recipients receive federal subsidies to purchase coverage.

Though the Democratic majority in the Senate has not put forward an alternative plan, the President's proposal that serves as their marker would instead reform the tax system, resulting in increased revenues for the government, and make far fewer cuts or changes in entitlements. There is a deep divide between the parties on how to address the debt crisis but a strong commitment on both sides to find a solution. The stakes are high as default is not an option.

Senate Budget Committee Chair Kent Conrad (D-ND) would like to mark up a FY 2012 budget resolution next week but as yet there is not enough agreement within the Democratic Caucus to move forward. Conrad has remained intent on producing \$4 trillion in savings, the number put forward by the President's Fiscal Commission, but so far he has been met with strong resistance by many Senators in his party for "starting from the middle" in terms of negotiations.

In the House, the Appropriations Committee recently announced a May 20<sup>th</sup> deadline to receive all funding requests from Members, reinforcing their intent to have all 12 subcommittee spending bills adopted in the House before the August Recess. It is a goal that the Senate, already a month behind in the process, will have trouble meeting. Talk of a continuing resolution for FY 2012 is already in the air.

## **Two Possible Avenues Toward "Deficit Reduction"**

After applauding the President and the team of Navy Seals for their courageous decisions and actions in the killing of Osama Bin Laden, Congress has returned what seems to be the topic du jour of the 112<sup>th</sup>, "deficit reduction." Right now, there are essentially two tracks on long-term deficit reduction that may be taken. The first involves bipartisan cooperation on comprehensive deficit reduction measures. The second involves legislation to raise the debt ceiling.

The first track consists of all of the current efforts aimed at long-term deficit reform. This includes the "Gang of Six" Senators, three Democrats and three Republicans, working on a deficit reduction package as well as efforts from the White House to broker a deal. The conventional wisdom is that the partisan environment limits the opportunity for full-fledged comprehensive deficit reduction legislation.

However, the Gang of Six is expected to deliver its proposal next week. The group's bill is considered a "legislative framework" for the recommendations put forward by the Simpson-Bowles Commission. The bill would place date certain requirements on deficit reduction and allow for automatic enforcement measures without Congressional action. Importantly, the Gang of Six is expected to hold to the Simpson-Bowles call for 2/3 of its savings to come from spending reductions and 1/3 to come from increases in revenues, but the automatic sequestration of discretionary spending is still considered to be "on the table" in these negotiations.

While the Gang of Six negotiations do represent a good faith effort at bipartisan compromise without the brinkmanship that accompanied the debate over the final FY2011 budget, the House does not appear very interested in these efforts. House Republicans, adhering to what has now become an age-old adage for conservatives, Washington "doesn't have a revenue problem, it has a spending problem," have indicated that raising revenues to address the deficit is a non-starter.

The second track for addressing the deficit issue is tying budget enforcement measures to legislation to raise the debt ceiling. Currently, this appears to be the most likely and the most troublesome in terms of the fiscal environment at the Department of Education. Though nothing is certain with the timing, House

Republicans are expected to pass legislation to raise the debt ceiling sometime in mid-June to put pressure on the Senate to act before the U.S. begins defaulting on its debt obligations, which the Department of Treasury currently projects as July 8.

The House legislation is expected not only to raise the debt ceiling, but would also include cuts to the Medicaid and Medicare programs, and a trigger for automatic spending cuts. A budget-wide spending cap would focus solely on spending cuts to address the deficit and, according to Democratic budget experts, are a back-door way to achieve the cuts proposed by the House Republicans' budget proposal for FY2012. This proposal was introduced by Budget Committee Chairman Paul Ryan (R-WI), who named it "Path to Prosperity."

The most well-known of these cap proposals is a bill by Sens. Bob Corker (R-TN) and Claire McCaskill (D-MO). Although a similar version was rejected last year, the general notion of global spending caps is beginning to gain traction in the Senate. In addition to the bill from Corker and McCaskill, Sens. Richard Shelby (R-AL) and Mark Udall (D-CO) are cosponsoring similar legislation, and there are three additional spending cap proposals that have been proposed in the Senate.

Each of these proposals varies slightly on the details, but present the same challenge to education spending—they require the deficit reduction solution to consist solely of spending cuts, but also protect Congress from the political fallout from significant reductions to specific programs.

Information from Sen. McCaskill's office in support of the proposal is available online:

<http://mccaskill.senate.gov/files/documents/pdf/CAP-one-pager.pdf>

The Center for Budget and Policy Priorities is strongly opposed to the global spending caps proposed by Corker-McCaskill. Information from CBPP is available online:

<http://www.cbpp.org/cms/index.cfm?fa=view&id=3471>

### **Senate Republicans Seeking CFPB Changes for Director Confirmation Vote**

Compared to their House counterparts, Senate Republicans had been largely silent on the creation of CFPB, but this changed with a letter from 44 GOP Senators warning President Obama they would not confirm a Director without significant changes to the structure of the Bureau. The letter warns of a single person with "unfettered authority" and offers the following "common-sense solutions" as prerequisites for confirmation of a Director:

- *Replace the single Director with a board to oversee the Bureau. This would prevent a single person from dominating the Bureau and provide a critical check on the Bureau's authority.*
- *Subject the Bureau to the Congressional appropriations process. This would provide oversight and accountability to the American people on how public money is spent.*
- *Establish a safety-and-soundness check for the prudential financial regulators, who oversee the safety and soundness of financial institutions. This would help ensure that excessive regulations do not needlessly cause bank failures.*

Many of the same proposals are currently at some point of the legislative process in the House, but this effort, which was led by Senate Banking Ranking Member Richard Shelby (R-AL) and includes Minority Leader Mitch McConnell, is the strongest effort to date in the Senate. The 44 signatories is quite significant, particularly considering that 60 votes are necessary to proceed with a vote on confirmation.

“Senate confirmation is about accountability and giving the American people a voice in the process,” Shelby said. “I would hope the president won’t silence the people’s voice.”

For their part, the Administration and Senate Democrats were quick to characterize the letter as an effort to “delay, defund, and de-fang” (as said by White House advisor Elizabeth Warren on the “Daily Show”) the Bureau at the bidding of bankers.

“Republicans fought the creation of a strong consumer watchdog from the start and now they are at it again,” Senate Banking Committee Chairman Tim Johnson (D-SD) said.

If you would like to view the full letter, please email [whuffman@wpllc.net](mailto:whuffman@wpllc.net).

## **Kline, Andrews, and Hastings Lead Coalition of 100+ in Writing President Obama on Gainful Employment**

Education and the Workforce Committee Chairman John Kline (R-MN), Rep. Robert Andrews (D-NJ), and Rep. Alcee Hastings (D-FL) led a group of more than 100 Members of Congress in writing a letter to President Obama requesting that the Department of Education withdraw its proposed "gainful employment" regulation.

“In your first State of the Union, you proclaimed the United States would once again lead the world in college graduates by 2020. However, contrary to this objective, the Department's arbitrary proposed rules on private sector colleges and universities will disproportionately affect the most disadvantaged of students and limit access to one of the few sectors of higher education that continually evolves to meet workforce needs.

“While the regulations attempt to address real problems, they miss the target. Instead, the implementation of these new rules will be so burdensome and the projected impact so broad that many reputable schools, particularly those serving the most at-risk students, will be adversely impacted. These rules will limit student access to higher education while failing to effectively address problem schools and rising student debt,” states the letter.

The Administration has not responded to the letter. The revised gainful employment regulations are now under review at the White House Office of Management and Budget. OMB must sign off on all regulations, in particular focusing on their economic impact. There is no exact timetable for OMB to act, but the regulations are expected within the next week to two weeks.

If you would like to view the full letter, please email [whuffman@wpllc.net](mailto:whuffman@wpllc.net).

## **The Administration**

### **ED Announces New Neg Reg Hearings**

The Department of Education announced its intention to enter into negotiated rulemaking on the student loan and student aid programs this week. The new neg reg is in response to the changes made by the SAFRA legislation, as current regulations refer to a program that is no longer in existence (FFEL), among other things. The relevant part of the announcement is included below:

*We intend to convene at least one committee to develop proposed regulations to address title IV loan program issues. These regulations would address issues such as those arising from the changes made*

*to the HEA by the Student Aid Fiscal Responsibility Act (SAFRA), title II of the Health Care and Education Reconciliation Act of 2010 (Pub. L. 111–152), which ended the origination of loans under the Federal Family Education Loan (FFEL) Program as of July 1, 2010. With this statutory change, all new Stafford, PLUS and Consolidation loan originations with a first disbursement on or after July 1, 2010, are made under the William D. Ford Federal Direct Loan (Direct Loan) Program. As a result of the statutory change, the Department intends to streamline the loan program regulations by repealing unnecessary FFEL Program regulations in 34 CFR part 682 and incorporating and modifying necessary requirements within the Direct Loan Program regulations in 34 CFR part 685, as appropriate. In addition, we intend to address, through negotiated rulemaking, other issues in the Federal student loan programs, including possible changes in the regulations governing the income contingent and income-based repayment plans and the process for making total and permanent disability determinations.*

*As noted elsewhere in this notice, we are also considering developing proposed regulations to streamline institutional reporting requirements, and proposed regulations regarding better State identification of low performing teacher preparation programs pursuant to sections 205 and 207 of the HEA through focusing reporting on improved measures of program quality.*

*After a complete review of the public comments presented at the public hearings and in the written submissions, we will publish a subsequent document (or documents) announcing the specific subject areas for which we intend to establish one or more negotiated rulemaking committees, and a request for nominations for individual negotiators who represent the interests significantly affected by the proposed regulations.*

As the notice indicates, this negotiated rulemaking is expected to go beyond SAFRA changes to statutory language. The Department has identified three additional areas for discussion—teacher preparation, college completion, and the First in the World Fund (a college completion program proposed in the President’s budget)—“to inform its policies.” Department officials have said they do not necessarily intend for additional regulations in these areas, but they could arise as a result of the discussions and hearings. The deadline for the public to propose items for the negotiating agenda is May 20, 2011.

"Once you get out and talk to people," Assistant Secretary for Postsecondary Education David Bergeron told *Inside Higher Ed*, "anything's possible."

Additional information on negotiated rulemaking is available online:

<http://www2.ed.gov/policy/highered/reg/hearulemaking/2011/hearings.html>

## **New Neg Reg Hearing & Roundtables Schedule**

In conjunction with field hearings on the proposed topics for negotiated rulemaking (see above article), the Department is hosting roundtable discussions on a second day at each site. The schedule for the hearings and roundtables is included below:

All public hearings will be held from 9:00 a.m. - 4:00 p.m., local time. Roundtable discussions will be held from 9:00 a.m. to 1:00 p.m., local time.

### **May 12, 2011 - Tennessee State University, Nashville, TN 37209 (roundtable only)**

- *Walter S. Davis Humanities Bldg  
3500 John A. Merritt Blvd.,  
Nashville, TN 37209*

[Campus Map](#)

**May 16-17, 2011 - Pacific Lutheran University, Tacoma, WA 98447**

**Hearing: May 16, 2011**

- University Center-Chris Knutzen Hall (CK Hall) 12180 Park Avenue

**Roundtables: May 17, 2011**

- Chris Knutzen Hall and Scandanavian Hall  
12180 Park Avenue and 12180 Park Avenue, South

[Campus Map](#)

**May 19-20, 2011 - Loyola University, Lake Shore Campus - Chicago, IL 60660**

**Hearing: May 19, 2011**

- Simpson Hall  
6333 North Winthrop

**Roundtables: May 20, 2011**

- Simpson Hall  
6333 North Winthrop
- Regis Hall  
6340 North Winthrop
- McCormick Lounge  
1010 West Sheridan Road

[Campus Map](#)

**May 26-27, 2011 - College of Charleston, Charleston, SC 29424**

**Hearing: May 26, 2011**

- School of Sciences & Mathematics Building  
Sciences auditorium - 129  
202 Calhoun Street

**Roundtables: May 27, 2011**

- Theodore S. Stern Student Center Ballroom  
71 George Street
- Thaddeus Street Jr. Education Center- Room 116  
25 St. Philip Street
- F. Mitchell Johnson Center- Exercise Deck  
28 George Street

[Campus Map](#)

## **FSA COO Taggart to Step Down July 15**

Federal Student Aid COO William Taggart announced his resignation this week, effective July 15. Taggart is highly regarded by many at the Department and in the higher education/financial aid community for his work on the conversion to 100% Direct Lending. Below is the full text of his announcement:

*In February 2009, President Obama challenged our country to once again regain its leadership in higher education completion by 2020. When I joined Federal Student Aid as Chief Operating Officer a few months later, I was charged in part with helping to achieve this goal. During the last two years, I have had the distinct honor of working with many of you in pursuit of this objective.*

*I have also had the privilege of meeting many of you on campus, at our conferences or in our offices in DC. We have shared many successes, such as completing the transition to 100 percent Direct Lending and simplifying the FAFSA. These accomplishments could not have been realized without your hard work and commitment.*

*While my experience in public service far exceeded my expectations, it is now time to turn my attention to other endeavors. Effective July 15, 2011, I will resign my position as Chief Operating Officer of Federal Student Aid.*

*James (Jim) Runcie, Federal Student Aid's Deputy Chief Operating Officer, will assume my position in an acting capacity. Jim is a dynamic leader whose talents and breadth of experience are well-suited to serve Federal Student Aid and the higher education community.*

*I consider it a great privilege to have served under President Obama and Secretary Arne Duncan and want to thank them for this opportunity. I also want to thank you for your service and dedication to our nation's students and their families.*

## **ED Offers Guidance on Elimination of Year-Round Pell**

In a Dear Colleague Letter published last week, the Department of Education offered additional clarifications on the elimination of year-round Pell Grants. The DCL notes the final continuing resolution for FY2011 eliminated the provision allowing for multiple Pell Grants in a year, but not until the 2011-2012 academic year.

The guidance explains the first real impact of the elimination of multiple Pell awards would be in the Spring of 2012 and references the use of "crossover payment periods" in paying year round Pells in the Summer of 2011. The letter provided two examples for further explanation:

### *Example A – Summer 2011 Assigned to the 2010-2011 Award Year*

*A student, enrolled in a 2011 summer term that is a crossover payment period, receives, as determined by the institution, a Pell Grant disbursement from the 2010-2011 award year. The award was from either any of the student's remaining 2010-2011 first Scheduled Award or, if the student was eligible for it, the student's second Scheduled Award, or both. The student may receive a 2011-2012 Scheduled Award for 2011-2012 payment periods following the 2011 crossover payment period. It is important to remember that, if full-time in the fall 2011 and spring 2012 semesters, the student will not be eligible for additional Pell Grant funding from the 2011-2012 award year for a 2012 crossover payment period. Students who would have remaining 2011-2012 award year eligibility for a 2012 crossover payment period would typically be students who were less-than-full-time for one or more payment periods in 2011-2012. These students may be eligible to receive 2011-2012 Scheduled Award funds during a 2012 crossover period.*

### *Example B – Summer 2011 Assigned to the 2011-2012 Award Year*

*A student, enrolled in a 2011 summer term that is in a crossover payment period, receives, as determined by the institution, a Pell Grant disbursement from the 2011-2012 award year of one-half of the student's Scheduled Award as a full-time student. The student, also as a full-time student, receives the other half of the 2011-2012 Scheduled Award for the fall 2011 semester. Since all of the student's Scheduled Award for the 2011-2012 award year has been received, there is no remaining eligibility for the rest of the 2011-2012 award year, starting with the spring 2012 semester. Since the spring semester is not a crossover payment period, there will be no opportunity for the student to receive Pell Grant funds from the 2012-2013 award year during that payment period.*

The full letter is available online: <http://www.ifap.ed.gov/dpclletters/P1102.html>

## **GAO Examines VA Administration of Post 9/11 GI Bill**

The GAO recently reviewed the Department of Veterans Affairs administration of the education benefits in the Post-9/11 GI Bill with a particular focus on the VA's handling of the changes to the program. The VA has been plagued by systems issues and other inefficiencies in its administration of the program, but continues its efforts at improvement. Below is the summary from the GAO:

*With the passage of the Post-9/11 Veterans Educational Assistance Act of 2008 (Post- 9/11 GI Bill), Congress created a comprehensive education benefit program for veterans, service members, and their dependents pursuing postsecondary education. Since implementation, the Department of Veterans Affairs (VA) has provided just over \$5.7 billion for the Post-9/11 GI Bill to fund education expenses for about 381,000 veterans, service members, and their dependents through fiscal year 2010, and estimates it will provide almost \$8 billion in fiscal year 2011--an amount that would represent about 71 percent of all expected costs for education benefits. From the passage of the law to August 1, 2009, the start of the first semester in which funds were available, VA had about 13 months to implement the program. The Post-9/11 GI Bill program is substantially different from previously authorized VA education benefits or GI Bill programs that characteristically provide monthly payments to eligible claimants. The Post-9/11 GI Bill, by contrast, includes a more complex payment system that channels funds to both students and schools. GAO and VA have reported on various challenges VA faced when implementing the new program, including claims processing delays. We were asked to review the progress of the program's implementation and answer the following questions: (1) What were VA's implementation challenges, the steps taken to address them, and any unintended consequences? (2) To what extent has VA met its timeliness and accuracy goals for processing Post-9/11 GI Bill claims and been responsive to call center inquiries? (3) What processes, if any, can VA adopt from the Department of Education's administration of student aid programs to improve its administration of Post-9/11 GI Bill education benefits?*

*VA faced several challenges in implementing the Post-9/11 GI Bill program, including inadequate information systems, staffing, and program guidance. For instance, some schools told us that a lack of critical program information, such as information about students' eligibility levels and how payments were determined, affected their ability to timely and accurately process program benefits. Although VA took steps to address these challenges, many remain, and VA experienced a number of unintended consequences such as emergency payments made to ineligible recipients, increased use of overtime, and diverting staff from processing other types of benefit claims. VA has met some of its timeliness and accuracy performance goals for processing Post-9/11 GI Bill claims and responding to Education Call Center inquiries, but delays continue to occur during peak processing times. Although VA has met its accuracy targets for education benefit claims, the amount of improper payments for education benefits has significantly increased. VA officials have attributed the increase, in part, to the higher level of education benefit paid under the new program relative to VA's other education benefit programs, as well as the fact that some payments--such as tuition and fees--are paid up front before courses have been completed. Some of Education's practices for administering federal student aid may improve VA's administration of the Post-9/11 GI Bill program such as providing program information including eligibility and benefit levels, streamlining how funds are returned, and reconciling payment differences. Leading up to program implementation, VA officials conferred with Education officials on a limited basis to learn more about Education's systems and processes for student aid delivery. However, VA did not continue its coordination with Education because of the limited applicability of Education's systems and processes, according to VA officials. To improve VA's administration of the Post-9/11 GI Bill program and address ongoing challenges, we recommend that the Secretary of Veterans Affairs take the following two actions: (1) Take steps to provide for schools to receive more critical program information such as a student's eligibility for benefits or how payments have been calculated, for example, to enable certifying officials, financial aid officials, and business office administrators to effectively administer the program and deliver benefits. (2) Collaborate with the Department of Education and the*

*higher education community, leveraging their experiences in administering aid. These collaborations should include assessing the applicability and viability of adopting processes and actions taken by the Department of Education, where practical, such as returning overpayments of program funds or reconciling benefit payments.*

Additional information, including the full report and recommendations from GAO, is available online: <http://www.gao.gov/products/GAO-11-356R>

## **ED to Host Webinar on (Published) Gainful Employment Regs**

The Department of Education announced the first in a series of webinars designed to provide institutions that participate in the Federal student assistance programs authorized by Title IV of the Higher Education Act of 1965, as amended, with information on new regulatory requirements related to Title IV-eligible educational programs that lead to gainful employment in a recognized occupation (GE Programs). The first webinar to be broadcast on May 25 and 26, 2011 (see below for details) will include information about two components of the gainful employment final regulations published in the Federal Register on October 29, 2010.

This first webinar will provide information on the definition of a GE Program, the requirements for and the process that will be used to meet the GE Program reporting requirements, and the regulatory requirements related to the disclosure by institutions of information about each of their GE Programs. In announcing the webinars ED said, "It is important that financial aid administrators and other campus personnel who will participate in the webinar review the October 29 regulations and the information provided in Dear Colleague Letter GEN-11-10, posted on April 20, 2011 to the Information for Financial Aid Professionals (IFAP) Web site.

Dear Colleague GEN-11-10 is available online: <http://ifap.ed.gov/dpcletters/GEN1110.html>

The announcement of the webinar is available online: <http://ifap.ed.gov/dpcletters/ANN1111.html>

## **Industry News**

### **VSAC Receives \$1.3M for DL Conversion, Start-up Costs—Still Needs 250-300K Additional Accounts to "Break Even"**

Following the announcement of the terms of the SAFRA federal student loan servicing contracts for non-profit lenders, which included increased per account pricing for the first 100,000 accounts and additional funding for conversion and startup costs, the Vermont Congressional Delegation issued a press release on their role in helping non-profit servicers "like the Winooski, Vt.-based VSAC secure a higher rate from the U.S. Department of Education for servicing student loans."

The announcement indicated FSA agreed to provide VSAC with \$1 million in conversion fees and up to \$300,000 to cover initial start-up expenses for implementing a structure to service these new loans.

"I am pleased that Senator Sanders, Congressman Welch and I have succeeded in convincing the U.S. Department of Education to recognize VSAC's importance as an instrumental partner in guiding Vermont students through the complexities of financing their college educations," said Sen. Patrick Leahy (D-VT).

Recognition is great, but additional federal student loan servicing accounts are what VSAC officials really need. According to the *Burlington-Free Press*, the organization indicates an estimated 350,000-400,000 servicing accounts will be required for VSAC to "break even financially."

A press release from the Vermont Congressional Delegation announcing the agreement can be found here:  
[http://leahy.senate.gov/press/press\\_releases/release/?id=f46e45b9-0d20-4d1f-b9f6-095b2ef43a43](http://leahy.senate.gov/press/press_releases/release/?id=f46e45b9-0d20-4d1f-b9f6-095b2ef43a43)

An article from the *Burlington Free-Press* is available online:

<http://www.burlingtonfreepress.com/article/20110429/NEWS02/110428022/VSAC-wins-1-3M-contract-?odyssey=tab%7Ctopnews%7Ctext%7CFRONTPAGE>

## **Employment Opportunities with COHEAO Members**

### **University of Minnesota, Office of Student Finance—Principal Collections Representative**

The University of Minnesota has an opening for a Principal Collections Representative. A brief description is included below, and additional details and applications instructions are available online:

[https://employment.umn.edu/applicants/jsp/shared/position/JobDetails\\_css.jsp](https://employment.umn.edu/applicants/jsp/shared/position/JobDetails_css.jsp)

**Position:** *Principal Collections Representative*

**Office:** *Student Account Assistance, Office of Student Finance*

*Full time, permanent position handling the collection of student receivables for the University of Minnesota Twin Cities campus.*

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**COHEAO Would Like To Thank Its Commercial Members  
For Supporting More Education for More People**



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**COHEAO Mid-Year Conference Agenda 2011**  
*All Meetings and Sessions Are Located at the  
Westin St. Louis*



**Sunday, July 31, 2011**

- 8:30am-3:00pm Board of Directors Meeting
- 3:30pm-5:00pm Perkins Task Force Meeting
- 5:00pm-6:00pm Accounts Receivable Management Task Force Meeting

**Monday, August 1, 2011**

- 7:30am-9:00am Registration & Breakfast
- 8:00am-9:00am Commercial Members Meeting
- 9:00am-9:10am The President's Welcome & Opening Remarks
- Speaker: Bob Perrin, COHEAO President
- 9:10am-10:00am Session: A Legislative Update on Perkins Loan and Related Student Aid Issues  
*Although the pending sunset of the program is no longer an issue, Perkins Loans continue to face significant legislative challenges. This session will provide an outlook on what to look for from the 112<sup>th</sup> Congress in terms of higher education and student lending issues.*
- Speaker:
- Introduction:
- 10:00am-11:00am Session: What's New with the FDCPA?  
*With a new regulator on the scene, compliance with the Fair Debt Collection Practices Act (FDCPA) will be more important than ever for colleges and universities. This session will provide an update on what is happening with regulation and enforcement between the FTC and CFPB as well as providing attendees with tips for remaining compliant and maintaining effective collection efforts.*
- 11:00am-11:15am Break
- 11:15am-12:30pm Session: Department of Education Update

*The Obama Administration has proposed significant changes to the student aid programs in the name of “protecting” Pell Grants. This session will review the status of those proposals, the program integrity regulations that are to take effect on July 1, 2011, regulations stemming from the most recent reauthorization of the Higher Education Act, and other issues associated with the student aid programs.*

- 12:30pm-1:45pm      Lunch and Luncheon Address
- 2:00pm-3:00pm      Compliance Training: Preparing for the CFPB  
*As we will review earlier in the day, the Consumer Financial Protection Bureau will have assumed jurisdiction over a number of laws governing your operations on campus. In addition to the FDCPA, the Truth in Lending Act (TILA), the Fair Credit Reporting Act (FCRA), the Telephone Consumer Protection Act, among others, will all be under the jurisdiction of the new Bureau. This session will review the pertinent regulations associated with these laws and provide you with tips and tools for remaining compliant.*
- 3:00pm-3:15pm      Break
- 3:15pm-4:15 pm      Session: Private Student Loans & Gap Financing  
*Perkins Loans and institutional loan programs are critical piece of the gap financing puzzle. However, the program is not equipped to cover the remaining costs for millions of students who need additional financing beyond state and federal aid. This session will review the private student loan market landscape and the interaction between the private and federal loan programs.*
- 4:15pm-5:00pm      Student Loan and Student Aid Benefits for Active Duty and Veteran Students  
*There are numerous benefits available to both active duty and veteran students. This session will provide a review of those benefits, focusing on the deferment and cancellation benefits for these students in the federal loan programs, as well as providing a high level overview of the updated GI Bill.*
- 6:00pm-7:00pm      Reception  
*A full day of in-depth student loan and student aid discussions most certainly should conclude with drinks. Please join your friends and colleagues for a reception to close the first day of the conference.*

**Tuesday, August 2, 2011**

- 8:00am-9:00am      Financial Literacy Task Force Breakfast Roundtables  
*This breakfast will feature a series of roundtable discussion on a variety of topics related to providing these essential services to students. Regardless of membership with the Financial Literacy Task Force, all conference attendees are encouraged to attend this meeting.*
- 9:00am-10:15am      Session: Understanding the Program Integrity Regulations  
*It is safe to say the program integrity regulations are the most controversial set of regulations ever promulgated by the Department of Education. Many of these regulations take effect on July 1. While most of the attention in the media and in Washington has focused on their impact on the for-profit higher education sector, these regulations will affect all of higher education and this session will provide a timely review.*
- 10:15am-10:30am      Break
- 10:30am-11:30am      Session: Direct Loan Servicing and the Impact on Student Borrowers  
*The SAFRA legislation brought about fundamental changes in the federal student loan programs. This session will examine the details of the Direct Loan servicing model with a particular focus on what it means for student borrowers.*
- 11:30am-12:30pm      Session: Bankruptcy & Litigation  
*It is unfortunate, but inevitable, that some former students will face financial difficulties and, in many cases, they ultimately file for bankruptcy. An expert will provide information on going to court for tuition receivables and student loans as well as a review of relevant bankruptcy laws.*
- 12:30pm              Conference Concludes