The Torch

January 20, 2012

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

COHEAO News

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- **Employment Announcement: Principal Collections Representative/Supervisor, University of Minnesota**
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The Congress

- **Sen. Durbin Promises Legislation on Veterans and For-Profit Higher Ed**
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- **First Week of 2012 Student Loan Neg Reg Yields an Agenda**
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- **Southern Vermont College President Named as Advisor to Kanter**
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- **Look to KS Speech for SOTU Preview**
  A reliable source, Jon Carson, Director of the White House Office of Public Engagement, recently indicated education advocates should look to President Obama's recent December speech in Kansas for a preview for what's to come in the January 24 State of the Union Address.
- **College Costs as a Top Issue in the 2012 Race?**
  Vice President Joe Biden and Secretary of Education Arne Duncan have been touring "battleground states" to discuss college affordability.
- **Sallie Mae's Upromise & FTC Reach Settlement over Alleged Privacy Violations**
  Upromise, Inc., a subsidiary of Sallie Mae, has agreed to settle FTC charges and will be barred from its allegedly deceptive practice of using a web-browser toolbar to collect consumers' personal information without adequately disclosing the extent of the information it is collecting.

Industry News

- **Kantrowitz Offers Policy Recommendations on Student Debt & "Occupy" Movement**
  Offering a "Student Aid Perspective" on the NASFAA website, Finaid.org's Mark Kantrowitz indicates the "Occupy" movement has highlighted the issue of excessive student debt and offers multiple policy options to address the situation.
- **Risk Managers Express Concern with Student Loan Defaults**
  The Professional Risk Managers' International Association (PRMIA), working with FICO, published "US CONSUMER CREDIT RISK, Trends and Expectations, FOURTH QUARTER 2011."

Attachments

- **Board of Directors**
- **COHEAO Commercial Members**
- **2012 COHEAO Annual Conference Agenda**

COHEAO News

COHEAO Annual Conference: Chronicle's Jeff Selingo to Address "Tuition Bubble"

COHEAO Is pleased to announce that Jeff Selingo, Vice President and Editorial Director for *The Chronicle of Higher Education*, will provide a luncheon address on Monday, January 30 at the upcoming COHEAO 2012 Annual Conference.

There is still time to register! If you have yet to do so, please click here to register for the conference. (If the link does not work, please paste the following into your browser: http://bit.ly/tv0qkq).

Selingo is in charge of long-term editorial strategy at *The Chronicle* and he also writes a regular blog and column for *The Chronicle and The Huffington Post* called "Next," where he explores innovation in higher education. His remarks will address the so-called "tuition bubble" which has been appearing in the media on a regular basis, as well s the significant challenges facing higher education and what may lie ahead in the future.

Selingo's full bio and select writings are available at http://www.jeffselingo.com/. Also, look for Congressional speakers to be added to the conference agenda soon.

Set for January 29-February 1 just across the Potomac River from Washington, the COHEAO Annual Conference begins 2012 with an outlook on policy issues affecting campus-based student loans and financial services, including Perkins Loans and the other Federal Student Aid programs, institutional loans and tuition accounts, the new Consumer Financial Protection Bureau, campus-based financial literacy programs, regulatory compliance, e-commerce and data protection.

Visits to Capitol Hill are another important aspect of this event and continue to be a highlight of the COHEAO Annual Conference. A conference session will help you understand best practices in advocacy and COHEAO mentors will help you navigate the halls of Congress. Conference attendees will receive additional information regarding these Hill visits early next week.

A draft agenda is attached and available at www.coheao.org.

If you have any questions on the COHEAO Annual Conference, please feel free to direct them to Wes Huffman (whuffman@wpllc.net, 202.289.3910). Please check back with www.coheao.org for additional information as we will be posting updates on the conference often.

Unable to Attend the Annual Conference? You Can Still Support the COHEAO Scholarship Fund!

The silent auction reception to support the COHEAO Scholarship Fund has long been a tradition of the COHEAO Annual Conference at the 2012 is no different. Please consider donating an item to be auctioned at the reception, which is set for Monday, January 30.

In addition, for the first time, COHEAO will be allowing members unable to attend to bid on a select item in advance of the in-person Silent Auction. Look for an email with additional information early next week on our advance bidding item, accommodations (at a time subsequent to the conference) at the Ritz-Carlton Pentagon City.

We have already begun receiving items from attendees, so thank you. Additionally, though some attendees prefer to bring their items with them (or do some last minute shopping at the Pentagon City Mall located next to the hotel), please feel free to ship your items in advance of the auction. Donation items may be sent to

COHEAO
1101 Vermont Ave, NW
Suite 400
Washington, DC 20005

If you have any questions on possible donation items, please feel free to direct them to Wes Huffman (whuffman@wpllc.net, 202.289.3910).

Employment Announcement: Principal Collections Representative/Supervisor, University of Minnesota

The University Of Minnesota – Twin Cities campus, has a Principal Collections Representative/Supervisor position open in the Office of Student Finance. This is a collections position with supervisory responsibilities. It is responsible for supervising collections and support staff, who deal with campus based student loan accounts; and also independently coordinates collections on an assigned body of delinquent loan accounts. The student loan programs at the university include Federal Perkins, various Health Professions, Primary Care, Nursing, Nurse Faculty and university loan funds.

If you would like to learn more or to apply, start at http://www1.umn.edu/ohr/employment/index.html, and search for Requisition Number 175911.

Also, please note *Torch* employment ads are a free service for COHEAO members. If you would like to announce a job opening, please send an email to Wes (whuffman@wpllc.net).

The Congress

Sen. Durbin Promises Legislation on Veterans and For-Profit Higher Ed

With the House of Representatives in town for all of one day before the Republican retreat in Baltimore, it was a relatively quiet week here in Washington. However, although the Senate has yet to return from recess (they come back next week), there does seem to be some legislative activity on the horizon on that side of Capitol Hill.

Senate Majority Whip Dick Durbin issued a media advisory for an event next Monday in Chicago on for-profit colleges. The announcement indicates the longtime critic of the sector will be joining Holly Petraeus of the CFPB at a forum to discuss his plans for legislation which "will reduce incentives for for-profit colleges to target and aggressively recruit service-members and veterans," suggesting Durbin's legislation will be designed to address the treatment of Veteran's benefits in the 90/10 calculation of federal aid at for-profit colleges.

Durbin's media event, as well as the rumors flying around Washington, suggest he and Senate HELP Committee Chairman Tom Harkin (D-IA) will continue to push for legislation aimed at the for-profit sector. Additionally, given Mitt Romney's support for for-profit higher ed, the issue could become elevated as the presidential campaign wears on (see related article).

The Administration

Shortly After Private Loan Comment Deadline, CFPB Director Cordray Discusses Student Loans, Role of Financial Aid Office

Following his controversial appointment, CFPB Director Richard Cordray has granted several media requests this month. He recently gave an interview with the *Associated Press* in which he discussed the Bureau's priorities, including student loans. An excerpt from the interview is below:

> *Q: Student loans were a big issue during the Occupy protests and graduates are burdened with more and more debt. Do you see any parallels to the mortgage industry?*
>
> *A: I've read a lot that suggests that student loans may be a bubble that is developing. Obviously the major driver of the total amount of student loans is the rapid increases in tuition and the costs of higher education in the last 10 years. We don't control that.*
>
> *What we can control and what we can affect is the choices that consumers make. That they know what their choices are, that they know the difference between federal loans and private student loans _ how that can affect terms of repayment, how that can affect the price and interest rate. These are important things for consumers to know.*
>
> *We're working right now with the Department of Education on an easy to navigate shopping sheet for students and their families.*
>
> *Q: What role do school financial aid offices have in explaining the costs?*
>
> *A: You have to examine the particular approach of an institution in context. You have to look at the facts and circumstances. So I wouldn't make a blanket statement about all student loan offices, but obviously that's an initial point of contact for the student and their families on the terms of what's being offered. That needs to be done clearly and it needs to be done so that the student and their family can understand that choice.*
>
> *It's our belief that if consumers are presented with information in a clear and understandable fashion, they are the ones who will be able to make the best choices for themselves. It will never be for us to try and make these choices for anyone.*

The interview comes just days after the deadline for comments on the CFPB's request for information on private education loans. COHEAO responded to that request, focusing on institutional loans, and the letter was sent to COHEAO members this week as a "Spark." If you did not receive this "Spark" or would like to see the comments of other associations, such as the joint letter from NASFAA and NACUBO or the comment letters from several student loan trade associations, please email Wes (whuffman@wpllc.net).

The full interview with CFPB Director Cordray is available online:
http://www.stltoday.com/business/national-and-international/q-a-consumer-watchdog-spells-out-agency-s-tasks/article_a57bce80-e3fb-5b1f-8fa4-29bc5afbcae0.html#ixzz1k1vAq1O4

Campus-Based Volume of FSA Handbook Now Available

FSA announced the availability of Volume 6 – Managing Campus-Based Programs of the 2011-2012 Federal Student Aid Handbook.

The Federal Student Aid Handbook consists of the Application and Verification Guide and six numbered volumes. Each volume is posted on the Information for Financial Aid Professionals (IFAP) Web site after being reviewed and approved by the appropriate offices in Federal Student Aid and the Office of Postsecondary Education.

All currently posted volumes of the 2011-2012 Federal Student Handbook are available online: http://ifap.ed.gov/ifap/byAwardYear.jsp?type=fsahandbook&awardyear=2011-2012

First Week of 2012 Student Loan Neg Reg Yields an Agenda

The Department of Education's Student Loan negotiating team spent four days debating the list of issues that will be negotiated during weeks two and three of the negotiating process, agreeing on 25 topics. The topics range from correcting a drafting error in regulations made after a previous negotiation to installing the Obama Administration's proposals to expand income contingent and income-based repayment to revising regulations governing loan forgiveness for total and permanent disability.

The representatives of consumer groups and students did most of the talking at the negotiations, but despite concerns that the Department was going to propose big new initiatives, that didn't happen. Efforts to significantly expand ICR and IBR and other proposals from consumer groups and students to make it easier for borrowers to avoid repaying their loans in full were generally resisted by the Department negotiators who indicated that the Office of Management and Budget would not permit costly initiatives that would increase the federal deficit.

The next round of negotiations will take place Feb. 13-17. The exact directly the Department plans to take will be revealed the preceding week, when draft regulatory language will be circulated.

COHEAO President Bob Perrin and Vice President Maria Livolsi are serving as negotiators. Bob, Maria, and Judi Flink of the University of Illinois will be addressing the topic of negotiated rulemaking, as well as the impact of budget cuts on the Title IV programs during a panel at the upcoming COHEAO Annual Conference.

A COHEAO "Spark" provided additional details on last week's proceedings. A more detailed summary of the issues is also available at The Department's neg reg page:
http://www2.ed.gov/policy/highered/reg/hearulemaking/2011/index.html

Southern Vermont College President Named as Advisor to Kanter

Southern Vermont College granted its president, Karen Gross, a one-year leave of absence to serve as a senior policy advisor to Under Secretary Martha Kanter at the Department of Education.

Under the terms of her appointment, Gross will focus on issues in higher education including increasing student access to college, improved alignment between high school and college, educational affordability, programmatic quality and college completion rates. Prior to becoming the president of SVC, Gross has written extensively on problems many Americans face with the bankruptcy code.

"At SVC, we have been working on the very issues that are engaging the Department of Education and our nation. I look forward to sharing what we are doing here at SVC with a larger audience as we reflect on how to improve affordable college access and completion for many worthy Americans," Gross said of her appointment.

Before becoming Southern Vermont College's eighth president in 2006, Karen Gross was a tenured law professor for more than two decades at New York Law School where she specialized in consumer finance and over-indebtedness. She has served on a variety of governmental committees and task forces and has testified before a wide range of governmental bodies including the Vermont House of Representatives, the U.S. House of Representatives and the U.S. Senate. Gross has also been a consultant for non-governmental organizations.

President Gross' board service has included the New England Board of Higher Education, Campus Compact (a national service-learning organization) and The Sage Colleges. She recently completed three years of service on the NCAA Division III Presidents' Advisory Council and as President of the New England Collegiate Conference.

A prolific author and speaker on such topics as vulnerable student success, financial empowerment education, and asset building in low income communities, Gross is a Phi Beta Kappa cum laude graduate of Smith College and a cum laude graduate of Temple University School of Law, having spent her final year of law school at the University of Chicago.

- Additional information from Southern Vermont College is available online: **http://www.svc.edu/pr/index.html?release_id=1330**
- The Google Books entry for Gross' largest work on bankruptcy, Failure and Forgiveness: Rebalancing the Bankruptcy System, is available online: **http://books.google.com/books?hl=en&lr=&id=Q5jMyqivHJEC&oi=fnd&pg=PR7&dq=Karen+Gross&ots=fO3fJPLxIb&sig=sxGDrSsOT0GKEG2GfVhtiRRidgw#v=onepage&q=Karen%20Gross&f=false**

Look to KS Speech for SOTU Preview

A reliable source, Jon Carson, Director of the White House Office of Public Engagement, recently indicated education advocates should look to President Obama's recent December speech in Kansas for a preview for what's to come in the January 24 State of the Union Address.

President Obama is scheduled to give the address on January 24. His budget request for FY2013 is expected to come the following week.

A few relevant excerpts from the Kansas speech are below:

…

Now, for this, Roosevelt was called a radical. He was called a socialist -- (laughter) -- even a communist. But today, we are a richer nation and a stronger democracy because of what he fought for in his last campaign: an eight-hour work day and a minimum wage for women -- (applause) -- insurance for the unemployed and for the elderly, and those with disabilities; political reform and a progressive income tax. (Applause.)

Today, over 100 years later, our economy has gone through another transformation. Over the last few decades, huge advances in technology have allowed businesses to do more with less, and it's made it easier for them to set up shop and hire workers anywhere they want in the world. And many of you know firsthand the painful disruptions this has caused for a lot of Americans.

Factories where people thought they would retire suddenly picked up and went overseas, where workers were cheaper. Steel mills that needed 100 -- or 1,000 employees are now able to do the same work with 100 employees, so layoffs too often became permanent, not just a temporary part of the business cycle. And *these changes didn't just affect blue-collar workers. If you were a bank teller or a phone operator or a travel agent, you saw many in your profession replaced by ATMs and the Internet.*

Today, even higher-skilled jobs, like accountants and middle management can be outsourced to countries like China or India. And if you're somebody whose job can be done cheaper by a computer or someone in another country, you don't have a lot of leverage with your employer when it comes to asking for better wages or better benefits, especially since fewer Americans today are part of a union.

Now, just as there was in Teddy Roosevelt's time, there is a certain crowd in Washington who, for the last few decades, have said, let's respond to this economic challenge with the same old tune. "The market will take care of everything," they tell us. If we just cut more regulations and cut more taxes -- especially for the wealthy -- our economy will grow stronger. Sure, they say, there will be winners and losers. But if the winners do really well, then jobs and prosperity will eventually trickle down to everybody else. And, they argue, even if prosperity doesn't trickle down, well, that's the price of liberty.

….

And yet, over the last few decades, the rungs on the ladder of opportunity have grown farther and farther apart, and the middle class has shrunk. You know, a few years after World War II, a child who was born into poverty had a slightly better than 50-50 chance of becoming middle class as an adult. By 1980, that chance had fallen to around 40 percent. And if the trend of rising inequality over the last few decades continues, it's estimated that a child born today will only have a one-in-three chance of making it to the middle class -- 33 percent.

It's heartbreaking enough that there are millions of working families in this country who are now forced to take their children to food banks for a decent meal. But the idea that those children might not have a chance to climb out of that situation and back into the middle class, no matter how hard they work? That's inexcusable. It is wrong. (Applause.) It flies in the face of everything that we stand for. (Applause.)

…

The race we want to win, the race we can win is a race to the top -- the race for good jobs that pay well and offer middle-class security. Businesses will create those jobs in countries with the highest-skilled, highest-educated workers, the most advanced transportation and communication, the strongest commitment to research and technology.

The world is shifting to an innovation economy and nobody does innovation better than America. Nobody does it better. (Applause.) No one has better colleges. Nobody has better universities. Nobody has a greater diversity of talent and ingenuity. No one's workers or entrepreneurs are more driven or more daring. The things that have always been our strengths match up perfectly with the demands of the moment.

But we need to meet the moment. We've got to up our game. We need to remember that we can only do that together. It starts by making education a national mission -- a national mission. (Applause.) Government and businesses, parents and citizens. In this economy, a higher education is the surest route to the middle class. The unemployment rate for Americans with a college degree or more is about half the national average. And their incomes are twice as high as those who don't have a high school diploma. Which means we shouldn't be laying off good teachers right now -- we should be hiring them. (Applause.) We shouldn't be expecting less of our schools -- we should be demanding more. (Applause.) We shouldn't be *making it harder to afford college -- we should be a country where everyone has a chance to go and doesn't rack up $100,000 of debt just because they went. (Applause.)*

In today's innovation economy, we also need a world-class commitment to science and research, the next generation of high-tech manufacturing. Our factories and our workers shouldn't be idle. We should be giving people the chance to get new skills and training at community colleges so they can learn how to make wind turbines and semiconductors and high-powered batteries. And by the way, if we don't have an economy that's built on bubbles and financial speculation, our best and brightest won't all gravitate towards careers in banking and finance. (Applause.) Because if we want an economy that's built to last, we need more of those young people in science and engineering. (Applause.) This country should not be known for bad debt and phony profits. We should be known for creating and selling products all around the world that are stamped with three proud words: Made in America. (Applause.)

For the text of the full speech, visit: **http://www.cbsnews.com/8301-250_162-57338052/text-obama-address-on-the-economy-in-kansas/#ixzz1jNXBIAQp**

College Costs as a Top Issue in the 2012 Race?

Vice President Joe Biden and Secretary of Education Arne Duncan have been touring "battleground states" to discuss college affordability.

At these events, Biden, Duncan, and other supporters generally touched on some of the "greatest hits" of the Administration on college cost and access, such as eliminating FFELP/increasing Pell, FAFSA simplification and the new "Pay as You Earn" proposal (expansion of Income Based Repayment for a limited number of students), but did not offer any hints on new proposals. However, the appearances show that the Administration believes higher education issues, particularly in terms of the middle class, may be a winner for President Obama this election year.

"The one ticket today for the middle class is some kind of education beyond high school," Biden said in an effort to frame the debate during the Ohio stop.

College costs usually receive some attention, but are not considered in the top tier, when it comes to presidential election issues. However, with costs continuing to rise, the employment outlook continuing to look bleak, and talk of a student loan bubble, some observers of higher education believe it will happen in 2012.

In fact, the first signs of the importance of higher education as a Presidential issue are beginning to appear during the Republican primary campaign. Earlier this week, the *New York Times* ran an article on Romney's support for for-profit education and, in particular, Full Sail University. The piece looked at some of Romney's early comments on the trail regarding for-profit higher education, which suggested it is cheaper than traditional higher ed, and noted the fundraising support of Full Sail's CEO for the Romney campaign.

"This may become the first election in modern history where higher education rises to the level of being one of the top half-dozen issues," Richard Vedder of the Center for College Affordability and Productivity recently told the *Scripps-Howard News Service.*

An article on this topic, "The Campaign and Higher Ed" from *Inside Higher Ed*, is available online: **http://www.insidehighered.com/news/2012/01/16/presidential-race-brings-scrutiny-candidates-higher-education**

Sallie Mae's Upromise & FTC Reach Settlement over Alleged Privacy Violations

Upromise, Inc., a subsidiary of Sallie Mae, has agreed to settle FTC charges and will be barred from its allegedly deceptive practice of using a web-browser toolbar to collect consumers' personal information without adequately disclosing the extent of the information it is collecting. The FTC describes the settlement as part of the Commission's "ongoing efforts to make sure that companies live up to the promises they make about privacy and data security."

The settlement order will require Upromise to clearly disclose its data collection practices and obtain consumers' consent before installing or re-enabling any such toolbar products, and to notify consumers how to uninstall the toolbars already on their computers. The settlement also will bar misrepresentations about the extent to which the company maintains the privacy and security of consumers' personal information, and require the company to establish a comprehensive information security program and to obtain biennial independent security assessments for the next 20 years.

Upromise offers consumers a membership service that allows them to save money for college. When consumers buy goods or services from Upromise partner merchants, they receive rebates that are placed into consumers' college saving accounts. In its complaint against Upromise, the FTC alleged that to allow consumers to identify and select merchants that would provide rebates, Upromise's website offered a "TurboSaver Toolbar" download that would highlight partner merchants in consumers' search results. When downloading the toolbar, consumers saw a message that encouraged them to enable the "Personalized Offers" feature of the Toolbar, which Upromise allegedly claimed would collect information about the websites they visited "to provide college savings opportunities tailored to you."

The FTC alleges the Toolbar with the "Personalized Offers" feature enabled, collected and transmitted, in clear text, the names of all websites consumers visited and which links they clicked on, as well as information they entered into some webpages, such as search terms, user names, and passwords. In some cases, the information collected included credit card and financial account numbers, user names and passwords used to access secured websites, security codes and expiration dates, and any Social Security numbers consumers entered into the webpages. The Toolbar transmitted consumers' information without encryption.

According to the FTC complaint, Upromise's failure to disclose the extent of information collected by the Toolbar, and its claims that it encrypted consumer data and took reasonable measures to protect data from unauthorized access, were deceptive and violated federal law. The FTC also charged that Upromise's failure to take reasonable and appropriate measures to protect consumers' data was an unfair practice.

The proposed settlement order requires Upromise to destroy the data collected through the Personalized Offers feature of the Toolbar, and to provide clear and prominent disclosures to consumers and receive their affirmative consent before installing any similar product. The disclosures must be made prior to installation and be separate from any user license agreement. The company also must notify consumers who had the Personalized Offer feature enabled, informing them as to the type of information collected, and how to disable the feature and uninstall the Toolbar. The settlement order also prohibits Upromise from misrepresenting privacy and security practices and requires the company to establish and maintain a comprehensive information security program and to obtain biennial, independent, third-party audits for 20 years.

The Commission vote to issue the administrative complaint and accept the consent agreement package containing the proposed consent order for public comment was 4-0. The FTC will publish a description of the consent agreement package in the Federal Register shortly. The agreement will be subject to public comment for 30 days, beginning today and continuing through February 6, 2012, after which the Commission will decide whether to make the proposed consent order final.

The full FTC complaint is available online: **http://www.ftc.gov/os/caselist/1023116/index.shtm**

Industry News

Kantrowitz Offers Policy Recommendations on Student Debt & "Occupy" Movement

Offering a "Student Aid Perspective" on the NASFAA website, Finaid.org's Mark Kantrowitz indicates the "Occupy" movement has highlighted the issue of excessive student debt and offers multiple policy options to address the situation. Kantrowitz's 15 recommendations are listed below:

1. Congress must repeal the exception to bankruptcy discharge for federal and private student loans. The anti-abuse provisions of the US Bankruptcy Code are sufficient to prevent able-bodied borrowers from discharging their debts immediately after graduation. If Congress feels that a five-year waiting period is necessary, it should be encoded both prospectively and retrospectively, such as by requiring the circumstances that prevent the borrower from repaying the debt to either have lasted for a continuous period of at least 60 months or be expected to persist for a continuous period of at least 60 months.
2. The failure of need-based grants to keep pace with increases in college costs causes students to graduate with thousands of dollars of additional debt. The average Federal Pell Grant has slipped from covering a third of the cost of a bachelor's degree at public colleges and universities in 1986-87 to less than a fifth in 2007-08. The maximum Pell Grant has slipped from covering half of college costs at public 4-year colleges and universities to a third. Congress should immediately double the maximum Pell Grant to $11,000, with future increases indexed to the inflation rate (CPI-U) plus 1%. Eligibility for the Pell Grant should be limited to students with family adjusted gross income at or below 250% of the poverty line.
3. Congress should make the improved income-based repayment plan available immediately for all federal student loan borrowers, including borrowers already in repayment.
4. Congress should explore the tradeoffs involved in making the income-based repayment plan available to borrowers of Parent PLUS loans.
5. Congress should end the offset of Social Security disability benefit payments for defaulted borrowers. This is a morally bankrupt policy, as it places the recovery of government debt ahead of compassion for victims of misfortune. Congress should freeze the loans of these disabled borrowers for the duration of the disability, so that no new interest accrues. A borrower who has received Social Security disability benefits for five years or is expected to receive these benefits for at least five years should have their student loan debt permanently discharged.
6. Congress should apply the affordable debt restrictions from the new gainful employment rules to all colleges and universities, not just for-profit colleges. When a student borrows money to pay for college, there is an expectation that the student will earn enough money after graduation to be able to afford to repay the debt.
7. Congress should provide colleges and universities with the authority to reduce annual and aggregate loan limits based on field of study, degree program and enrollment status. The statutory requirement that adjustments to loan certifications be made on a case-by-case basis precludes colleges and universities from adopting policies that prescribe lower loan limits based on factors that contribute to excessive debt. For example, students in 2-year associate's degree programs have the same aggregate loan limits as students in 4-year bachelor's degree programs. Guidance published by the US Department of Education also precludes colleges and universities from limiting unsubsidized Stafford loan borrowing by independent students from limiting loans to institutional charges.
8. Congress should require all qualified education loans, including private student loans, to be school certified. This will give college financial aid administrators the opportunity to counsel students about smarter borrowing and avoiding excessive debt. Lenders should be required to report all private education loans to the National Student Loan Data System (NSLDS), not just federal education loans, to permit better tracking of the total student loan debt burden.

9. Colleges and universities must take steps to prevent students from graduating with excessive debt. Institutions must do a better job of counseling students about debt even if it means that some students enroll at other lower-cost institutions. The best interests of students and their families must always come first.
10. Colleges and universities must help families make informed decisions concerning college affordability by providing clear and comparable college cost and financial aid disclosures. A lack of clarity concerning the real cost of college contributes to over-borrowing. Net price, the difference between the total cost of attendance and only grants and gift aid, is a more realistic measure of the true bottom-line cost of college. It is the amount of money the family must pay from savings, income, or loans to cover college costs.
11. Colleges and universities should require every incoming student to participate in a financial literacy mini-course during orientation or their first semester. Institutions should also work with local secondary schools to add financial literacy and problem solving to the secondary school curricula. Not only will this help students make smarter borrowing decisions and minimize their debt, but it will also help them succeed after they graduate by teaching them how to manage their money.
12. Students must accept personal responsibility for the debt they incur to pay for a college education. Nobody forces them to sign a promissory note. As part of annual debt counseling, students should be required to read and sign a statement about their cumulative debt before they can borrow more money. For example: "You have borrowed a total of $______ so far to pay for your education. If you continue borrowing at the same rate, your debt at the start of repayment (including capitalized interest) will total $______. This money is a loan and must be repaid with interest. The loan payments are estimated to be $_____ a month, assuming level repayment with a standard ten-year repayment term. You are responsible for repaying this loan even if you aren't satisfied with the quality of the education you received or are unable to get a good job after graduation."
13. Limit collection charges on defaulted borrowers to the actual collection costs as opposed to the average. It doesn't seem fair for a defaulted borrower who immediately begins repaying to pay the same amount as a borrower who doesn't pay for years and had to be tracked down through skip tracing. Somehow collection charges of 25% of the payments doesn't seem to be the "reasonable collection costs" from HEA section 484A(b)(1).
14. Exclude the 20-year or 25-year forgiveness in income-based repayment from income, making it tax-free like the 10-year public service loan forgiveness.
15. Allow 529 college savings plans to be used to pay down student loan debt. Currently borrowers must take an unqualified distribution, which requires paying income taxes and a 10% tax penalty on the earnings portion of the distribution. Adding student loan debt as a qualified expense will fix this. Rep. Melissa Bean had introduced a proposal to do this, but it was never reported out of committee.

The full piece is available online: http://bit.ly/wRmpC3

Risk Managers Express Concern with Student Loan Defaults

The Professional Risk Managers' International Association (PRMIA), working with FICO, published "US CONSUMER CREDIT RISK, Trends and Expectations, FOURTH QUARTER 2011." The report includes several interesting findings and predictions. Among the key findings are the following:

- Many respondents (47%) feel that the level of mortgage delinquencies will increase.
- While 64% of respondents expect small businesses to request more credit, only 35% of respondents expect banks to extend more credit to small businesses. This indicates that a significant 'credit gap' remains.
- Most (67.4%) feel that the level of student loan delinquencies will rise.
- Over half (54.3%) expect that the average credit card balance will increase.
- Only a quarter (25.1%) feel that the amount of consumer credit extended by lenders will increase.
- If the U.S. were to fall into a double dip recession, one third (38.8%) feel that the European debt crisis would be primarily to blame, while another third (38.4%) blame U.S. government policy.
- Nearly three quarters (72.4%) feel that the influence of Chinese consumers will surpass the influence of U.S. consumers within the next 10 years.

- Half (51%) expect that the U.S. banking sector is more prepared for a financial shock now than it was in 2008.

On student loans, 67 percent of respondents expected delinquencies on student loans to rise based on fourth quarter data, roughly 19 percentage points higher than 3rd quarter projections. Eight percent of respondents expected a decline in delinquencies.

For the full report, see: http://www.prmia.org/PRMIA-News/FICO_Survey_2011Qtr4.pdf

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COHEAO Annual Conference Agenda 2012
All Meetings and Sessions Are Located at the
Ritz Carlton Pentagon City Hotel in Arlington, Virginia

Sunday, January 29th, 2012

8:30am – 3:00pm **Board of Directors Meeting**

4:00pm – 5:00pm **Commercial Members Meeting**

4:00pm – 7:00pm **Registration**

6:00pm – 7:00pm **Welcoming Reception**

Monday, January 30th, 2012

7:30am – 8:30am **Breakfast: Perkins Task Force Meeting**
COHEAO's Perkins Task Force will again meet over breakfast. This breakfast meeting will feature discussions on topics ranging from legislative strategies for improving Perkins to the day-to-day operations of the Program. A summary discussion will be led by Task Force Chair Nancy Paris, COHEAO Executive Director Harrison Wadsworth and members of the Perkins Task Force. You do not need to be a member of the Task Force to attend this meeting, and all conference attendees are encouraged to participate.

Leader: Nancy Paris, ACS, Perkins Task Force Chair

8:30am – 8:45am **The President's Welcome**

Speaker: Bob Perrin, COHEAO President

8:45am – 9:30am **Session: Washington Activity/Inactivity: What It Means For Us**
With a Presidential and Congressional Election Year underway, Harrison Wadsworth, COHEAO's Executive Director, will provide an outlook on what to look for from Washington in terms of higher education, student lending, and student financial services issues and how what happens in Washington may affect you and your colleagues.

Speaker: Harrison Wadsworth, COHEAO Executive Director

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9:30am – 10:30am	**Session: Effective Campus-Based Financial Literacy Programs** *Improving the financial literacy skills of students remains a pressing concern on campus, particularly in the face of increasing student debt loads and a tough economy. In this session, Roxie Johnson of Meharry Medical College and their partners at BC Holdings will review their campus program, including a demonstration of the student program.* Panelists: Roxie Johnson, Meharry Medical College Sidney Curry, BC Holding, LLC Saundra Curry, BC Holding, LLC
10:30am – 10:45am	**Break**
10:45am – 11:45am	**Session: Bankruptcy & Litigation** *Unfortunately, bankruptcy remains a fact of life for many Americans struggling in this economy, including numerous former college students. An experienced higher education attorney will review the latest on bankruptcy and litigating student accounts and provide legal tips for ensuring the collection of lost funds in these unfortunate circumstances* Speaker: Chad Echols, The Echols Firm, LLC
11:45am – 12:30pm	**Session: Private Student Loans & The Gap Financing Puzzle** *Perkins and institutional loans are just one piece of the puzzle that helps many students with their remaining cost of attendance beyond grants and Stafford Loans. A panel will discuss other forms of gap financing, particularly private loans, offering the latest trends on this important source of funding for many students.* Speakers: Kevin Moehn, ICBA Scott Paterson, Credit Union Student Choice Tom Sakos, DeVry University Moderator: Tom Cox, Bass & Associates
12:30pm – 1:45pm	**Luncheon Address: Understanding the So-Called "Tuition Bubble"** At times, it seems like you can't pick up (or login to) a newspaper without reading a story on a possible "tuition bubble," and Jeff Selingo, Vice President and Editorial Director for the *Chronicle of Higher Education*, will address this topic during our Monday luncheon. Drawing on his years of experience in covering and analyzing trends in higher education at the *Chronicle*, Jeff will review the recent scrutiny being given to the value of a college degree, explain the significant challenges facing higher education, and offer his insights on what the future may look like in the years ahead. Speaker: Jeff Selingo, Vice President & Editorial Director, *The Chronicle of Higher Education*

1:45pm – 3:15pm	**Session: Department of Education Update: Regulations Old and New** *Gail McLarnon will provide an update on regulations affecting Perkins Loans and other pertinent issues in the Federal Student Aid programs. With the negotiated rulemaking on Total and Permanent Disability, Income Based Repayment, Perkins, FFELP and Direct lending underway and the release of the President's FY 2013 budget just around the corner, this is a session conference attendees will not want to miss.* Speaker: Gail McLarnon, US Department of Education
3:15pm – 3:30pm	**Dessert Break**
3:30pm – 4:45pm	**Session: Negotiated Rulemaking and the Effects of Budget Cuts on Student Aid** *The first of three rounds of the 2012 negotiated rulemaking at the Department of Education will have just taken place in Washington. COHEAO representatives will be there and will report on the issues from the perspective the non-federal negotiators. The session will also address the overarching issue of the impact of budget cuts on the federal student aid programs.* Speakers: Judi Flink, University of Illinois Bob Perrin, COHEAO President, Williams & Fudge Maria Livolsi, COHEAO Vice President, SUNY
6:00pm – 7:30pm	**Silent Auction and Reception to Benefit the COHEAO Scholarship Fund**

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Tuesday, January 31st, 2012

7:45am – 8:45am	**Breakfast: Financial Literacy Task Force Meeting** *COHEAO's incredibly active Financial Literacy Task Force will meet over breakfast. The breakfast will feature roundtable discussions 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.* Leader: Carl Perry, Progressive Financial Services, Task Force Chair
8:45am – 9:00am	**Annual Business Meeting**
9:00am – 9:30am	**Congressional Address**
9:30am – 10:30am	**Session: Consumer Financial Protection Bureau Update** *By the time of the COHEAO Annual Conference, the Consumer Financial Protection Bureau will have been up and running for roughly six months. The Bureau has identified student loans as a high priority. This session will take a look at current initiatives related to higher education, such as "Know Before You Owe," the private loan study mandated by the Dodd-Frank Wall Street Reform Act, the private student loan ombudsman's office, and ongoing efforts to coordinate activities with the Department of Education.* Speaker: John Dean, Washington Partners, LLC
10:30am – 10:45am	**Break**
10:45am – 11:30am	**Session: Congressional Communications & Becoming a Better Advocate for Perkins** *Visiting Congressional offices can feel like a daunting prospect, but it should not be. As a constituent, those who visit with their Senators and Representatives are providing a service to these offices by sharing their views on pending legislation and issues affecting their campus or organization. Scheduled immediately before an afternoon of visits with legislators, this session will provide tools for beginner and experienced advocates alike in communicating your message to Capitol Hill.* Speaker: Carl Perry, Progressive Financial Services
11:30am – 12:30pm	**Networking Lunch**
12:30pm	Gather with mentors for Congressional office visits and depart for Capitol Hill via Metro
1:00pm – 5:30pm	**Visits to Congressional Offices** Location: House and Senate Office Buildings, Washington, DC *Please visit your legislators' offices to inform them on issues affecting your campus or organization, such as the importance of the Perkins Loan Program for you and your students. Don't forget to make appointments in advance.*

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Wednesday, February 1st, 2012

8:00am – 9:00am **Breakfast: S.T.A.R.S. Meeting**

Student Tuition and Accounts Receivable Sources (formerly the Accounts Receivable Task Force) will begin Wednesday with discussions on the latest in tuition account management. This meeting provides an opportunity for you to gather with your colleagues and discuss a multitude of issues, both in terms of policy and best practices. All conference attendees are encouraged to attend this meeting.

Leader: Laurie Beets, Oklahoma State University, S.T.A.R.S. Chair

9:00am – 10:00am **Session: E-Commerce**

The past year has seen unprecedented changes within the payments industry, most notably the Durbin Amendment. What is the Durbin Amendment and what does it mean for your payments? What do you need to do to maximize your savings on debit interchange? While Durbin provides relief on debit interchange, for the first time in 3 years, credit cards appear to be back in favor. What will this all mean for your 2012 merchant processing fees? We will talk about these payment issues and provide several strategies to help reduce you merchant fees. Among these and other topics, we will also discuss Refund Cards, International Payments, and Convenience Fees.

Speaker: John McElroy, TouchNet Information Systems

10:00am – 10:30am **Break**

10:30am – 11:30am **Session: Understanding the New FERPA Changes**

The Department of Education recently revised its FERPA regulations and the changes took effect in January. This session will review those changes and explain what they mean for campus offices and their service providers.

Speaker: David Stocker, Account Control Technology, Inc.