

The



Torch

May 11, 2012

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

COHEAO News

- **[Be Sure to Receive the Early Discounts for the COHEAO Mid-Year Conference](#)**
The discount deadline for the COHEAO Mid-Year Conference will be here before you know it, [register today!](#)
- **[Sign Up Today for the May 23 COHEAO Webinar, "Improving Recruitment, Retention, and Training in the Campus Office"](#)**
COHEAO is pleased to announce it will be hosting a webinar on Wednesday, May 23, 2012, "Improving Recruitment, Retention, and Training in the Campus Office."
- **[The COHEAO Achievement Program \(CAP\)](#)**
At the COHEAO Annual Conference, we announced the COHEAO Achievement Program (CAP). Under this program, through various activities with our organization COHEAO members can earn points toward CAP certification.
- **[A Note Regarding COHEAO Membership Bills](#)**
COHEAO bills for our institutional members are currently in process. For COHEAO member schools, a billing statement for the upcoming year will arrive in your inbox in the coming days (if it has not already). If you are the primary contact for your school and have not received a bill by Friday, May 18, please contact Wes Huffman (whuffman@wpllc.net, 202.289.3910).
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- **[COHEAO Joins Associations to Urge Modification for Federal Employee Conference Restrictions](#)**
COHEAO joined our association colleagues in writing to Congress to urge modifications to current amendments which would restrict the ability of federal employees to attend conferences.

The Congress

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This week, by a vote of 52-45, the U.S. Senate failed to pass a motion to end debate on the Senate version of the 3.4% interest rate legislation (Senator Reid's Stop the Student Loan Interest Rate Hike Act, S. 2343).

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Representative Scott DesJarlais, a Tennessee Republican serving on the House Education and the Workforce Committee, has introduced H.R.5044, the Andrew P. Carpenter Tax Act, legislation which would provide a tax exemption to any student loans forgiven to veterans who were killed in the line of duty.
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The House Veterans Affairs Subcommittee on Economic Opportunity will convene a hearing on the Executive Order recently signed by the President relating to veteran students.

The Administration

- [Latest Orange Book Released, Perkins Loan National Default Rate=8.32 Percent](#)
The Department of Education posted the Federal Perkins Loan Program Status of Default as of June 30, 2011, known as the Orange Book.
- [Department of Education Announces Negotiated Rulemaking for Fall 2012, Will Include Focus on Campus-Based Programs](#)
The Department of Education announced it intends to enter into negotiated rulemaking on the Federal Student Aid program regulations in September 2012.
- [White House Hosts Financial Capability Summit](#)
The White House convened a “Financial Capability and Empowerment Summit.”
- [Department of Education Releases Performance Results for DL Servicers](#)
The Department of Education released performance report for Direct Loan servicers this week.

Industry News

- [Student Loan Collections in the News](#)
With the current debate on Subsidized Stafford Loans focusing a lot of attention on college costs and student debt issues, an increased media focus on borrowers facing difficulties, and therefore collections, was inevitable.
- [PHEAA Bonuses Draw Ire of Rendell, Increasing Talks of Privatization among PA Lawmakers](#)
The *Pittsburgh Post Gazette* recently that executive bonuses at PHEAA are causing Gov. Ed Rendell (D) and other state lawmakers to consider reforms, including the exploration of privatizing the state agency.

Attachments

- [COHEAO Commercial Members](#)
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- [Information on the COHEAO Achievement Program \(CAP\)](#)

COHEAO News

Be Sure to Receive the Early Discounts for the COHEAO Mid-Year Conference

The discount deadline for the COHEAO Mid-Year Conference will be here before you know it, [register today!](#) Set for July 29-31 at the Ritz-Carlton Cleveland, this is the premiere summertime event for everyone in campus-based loan administration and student financial services.

The COHEAO Agenda Committee is putting the finishing touches on our Mid-Year program, which promises to be extremely informative and highly engaging. A draft version is available with today's edition. In addition to traditional conference staples such as a Washington update from COHEAO Executive Director Harrison Wadsworth and an update from the US Department of Education, the 2012 COHEAO Mid-Year will also offer presentations and discussions that affect your day to day operations.

Additional topics to be covered at the COHEAO Mid-Year also currently include:

- The Consumer Financial Protection Bureau's work in student loans and student consumer finance and the impact on schools and their agency and servicer partners
- E-commerce practices with a focus on global consent forms
- Developing financial literacy programs on campus
- Fraud issues in financial aid: perspectives from the ED Inspector General's Office
- An update on Meteor from the National Student Clearinghouse
- Partnering for default aversion and debt recovery
- And many more

COHEAO has again kept its prices low with this conference. Our early-registration member rate is \$420 for members and \$520 for school non-members. In addition, first time attendees (both member and non-member) will receive a special \$50 discount for registration. If this is your first COHEAO conference, contact Wes Huffman (whuffman@wpllc.net) for the special discount code.

COHEAO has negotiated a special rate of \$179 at the Ritz-Carlton Cleveland. Call (216) 623-1300 and say you are attending the COHEAO Conference to receive this excellent rate.

[Click here](#) for more information at the COHEAO website. Don't hesitate, [register today!](#) If you have any questions on the COHEAO Mid-Year, don't hesitate to contact Wes.

Sign Up Today for the May 23 COHEAO Webinar, "Improving Recruitment, Retention, and Training in the Campus Office"

COHEAO is pleased to announce it will be hosting a webinar on Wednesday, May 23, 2012, "Improving Recruitment, Retention, and Training in the Campus Office." If you or (your colleagues) are seeking information and insights on how to recruit and retain top quality talent into your campus office or organization, this is a webinar you won't want to miss. [Register today!](#)

Mary Maher, a human resources leader, practitioner, lecturer, and teacher, will be or expert presenter. Maher has served in senior HR leadership roles in a variety of industries including higher education, healthcare, and human services. She is currently serving as Assistant Vice President for Human Resources with the University of Baltimore, and as Past-Chair on the national board of directors for the College and University Professional Association for Human Resources (CUPA-HR).

This webinar will help you understand how to improve the basic HR functions within your own office, such as recruitment, retention, and training. It will also provide some context, helping attendees understand how the HR functions in individual offices work with the overall human resources leadership strategy of the larger organization. In addition, Maher's presentation will offer insights on creating human resources leadership programs which expand beyond regulatory compliance and transactional processing to include the following:

- Contemporary and value added workforce programs and practices,
- Purposeful review and analyses that transforms workforce data into strategic value-added practice and decision support information, and
- Remaining watchful of current and future national, state and local legislative and societal trends impacting the health and welfare of our organizations and workforces.

What: COHEAO Webinar, "Improving Recruitment, Retention, and Training in the Campus Office"

When: Wednesday, May 23, 2012, 2 PM Eastern Time

Registration: [Click here](#) (or paste the following link into your browser:

<https://netforum.avectra.com/eweb/DynamicPage.aspx?Site=COHEAO&WebCode=EventDetail&evtkey=d6333df4-0976-4ced-8042-8f78bdafd0d2>)

Costs: \$49 for COHEAO Members/\$99 for Non-Members

Additional Information: Contact Wes Huffman (whuffman@wpllc.net, 202.289.3910)

The COHEAO Achievement Program (CAP)

At the COHEAO Annual Conference, we announced the COHEAO Achievement Program (CAP). Under this program, through various activities with our organization COHEAO members can earn points toward CAP certification. The benefits of CAP certification are as follows:

- Recognition of achievement at the COHEAO Conference immediately following the individual member's CAP Certification
- Acknowledgement of CAP Certification in *The Torch* and on the COHEAO Website
- Letter of accomplishment sent to the CAP certified COHEAO member and their immediate supervisor
- Specific identification as a "CAP Graduate" on nametags at COHEAO conferences and events

Under the program, a total of 10 CAP points are required for certification and many of our most active members are already (at least) halfway toward CAP recognition. For instance, **Claude Payne of Weber State University** and **Jeff Pfund of the University of Wisconsin-Madison** top our institutional members, each checking in with six points apiece. Meanwhile, **Sharon Cameron of Campus Partners** and **Don Taylor of JC Christensen and Associates** each have five points toward CAP certification.

Additional information on the COHEAO Achievement Program is included with today's edition as a special attachment.

A Note Regarding COHEAO Membership Bills

COHEAO bills for our institutional members are currently in process. For COHEAO member schools, a billing statement for the upcoming year will arrive in your inbox in the coming days (if it has not already). If you are the primary contact for your school and have not received a bill by Friday, May 18, please contact Wes Huffman (whuffman@wpllc.net, 202.289.3910)

Also, please note our new membership options. Moving forward, COHEAO member schools who elect to have associate members in addition to primary members may add up to three individuals for \$125. Importantly, some COHEAO member benefits, such as member rates for conferences and webinars, are available to all individuals employed by our member schools and companies, while others, such as the ability to serve on our Task Forces and Subcommittees and the receipt of direct communications from COHEAO, are available only to the individuals who serve as primary or associate members.

If you have any questions regarding COHEAO membership and billing, please don't hesitate to contact Wes.

COHEAO Leaders Visit Congress to Seek Funding for Perkins Loan Cancellations, FCC

COHEAO President Bob Perrin, Vice President Maria Livolsi and Executive Director Harrison Wadsworth had a series of 10 meetings in Congressional offices and direct communications with several others this week in support of funding for Perkins Loan cancellations and for restoring the Federal Capital Contribution (FCC). The visits emphasized the need to at least reimburse the arrearages for cancellations, which as of January had reached \$259 million.

Perrin and Livolsi flew to Washington for the in-person meetings with key staff for the Appropriations Committees in the House and Senate and members of the House Education and Workforce Committee and the Senate Health, Education, Labor and Pensions Committee.

Because there is not a shortfall in Pell Grants this year, unlike in the past several years, and the President's budget doesn't call for immediate elimination of the current Perkins program, COHEAO has redoubled efforts to seek the cancellation reimbursements. The political situation is so unsettled in Washington that it is not clear when such reimbursements might happen, or if they will happen, but chances seem better this year. Staff reported some support for the funding and there was general recognition that the money is owed by the Department of Education to the Perkins revolving funds. Rep. Tim Bishop (D-NY), a long-time strong supporter of Perkins, indicated he would continue working for the funding.

The Senate and House appropriations committees are expected to write their appropriations bills for the Department of Education by June, but these bills are not expected to pass until November or December at the earliest, in the "lame duck" session of Congress. Still, COHEAO believes that it is most important to have at least one of the draft bills written in committee support funding for Perkins.

As a follow up to the Hill visits this week, COHEAO urges all members and other Perkins supporters to contact their members of Congress in support of the Perkins Loan Program. For information on how to do that and what to say, please go to www.coheao.org. For more information or questions, please contact Wes or Harrison.

COHEAO Joins Associations to Urge Modification for Federal Employee Conference Restrictions

In reaction to the General Services Administration (GSA) Las Vegas conference scandal, Congress has reacted by including language in pending bills which would greatly inhibit the travel of federal employees to conferences. As the Department of Education and other agencies are key presenters at

COHEAO in-person conferences, COHEAO joined our association colleagues in writing to Congress to urge modifications to this language.

The American Society of Association Executives organized the letter, which includes signatures from more than 2,000 associations. The amendments are to two separate bills—The “Digital Accountability and Transparency Act” or DATA Act (H.R. 2146) in the House, and the “21st Century Postal Service Act” (S. 1789) in the Senate. An excerpt from the letter is below.

ASAE fully supports the intent of Congress to induce greater transparency and accountability in government spending. There is little defense for exorbitant or wasteful spending of taxpayer dollars. However, while the amendments are designed to limit spending on government-sponsored conferences and travel expenses for federal employees, the actual language would have a chilling effect on government employees’ participation in non-governmental meetings and conferences as well.

The dialogue that takes place at these meetings between government and the private sector is essential to the development of informed policymaking that facilitates economic growth and job creation. The dangers of government operating in a vacuum – with fewer opportunities to learn and exchange information with private industries in a conference or meeting setting – are too great to ignore.

The language in either amendment can be easily modified to allow federal employees to attend educational conferences held by associations and other non-governmental organizations, without compromising Congress’s goal of enhanced federal accountability.

Suggested modifications include:

- *Section 1(D) defines “conference” as a meeting “sponsored by 1 or more agencies, 1 or more organizations that are not agencies, or a combination of such agencies or organizations.” This definition would encompass every conference held by an association, corporation or virtually any other non-governmental organization. Our recommendation is to revise this definition to a meeting “sponsored by 1 or more agencies.”*
- *The final section of the amendment, Section 4, limits any agency from expending funds on “more than a single conference sponsored or organized by an organization during any fiscal year, unless the agency is the primary sponsor and organizer of the conference.” This provision is highly problematic for agency employees seeking education from non-governmental sources and for the associations and other private sector organizations that invite government employees to conferences. A reasonable reading of this provision would mean that if employees of the National Institutes of Health (NIH) attended a scientific conference sponsored by a medical association, no other employees of the Department of Health and Human Services could attend any other conference held by that same association for the remainder of the fiscal year. Our recommendation would be to strike this final provision from the amendment.*

However well-intentioned, the provisions noted above have broad implications for associations and other non-governmental organizations that invite government employees to give presentations or attend their conferences. Without modifications, the provisions could discourage government attendance at educational conferences and hinder the necessary interchange between government and the private sector.

For these reasons, we respectfully ask Congress to revise either amendment as recommended above either before the Senate takes up H.R. 2146 or the House considers S. 1789. Thank you for your consideration of this important request.

Fortunately, the language should not have an impact on the COHEAO Mid-Year Conference, as Gail McLarnon of the Department of Education has agreed to come and provide an update. If you have yet to do so, we encourage you to [register today](#) for the COHEAO Mid-Year, which is scheduled for July 29-31 at the Ritz Carlton-Cleveland.

The full ASAE letter is available online: <http://bit.ly/K7y0mM>

The Congress

Senate Fails to Move 3.4 Percent Subsidized Stafford Legislation

This week, by a vote of 52-45, the U.S. Senate failed to pass a motion to end debate on the Senate version of the 3.4% interest rate legislation (Senator Reid's Stop the Student Loan Interest Rate Hike Act, S. 2343). The action is not expected to mark the end of efforts to pass the legislation. Senator Lamar Alexander (R-TN) has introduced S. 2366, which is identical to the House passed interest rate bill, H.R. 4628. The bill, sponsored by Rep. Judy Biggert (R-IL), passed the House by a vote of 215-195 on April 27th.

Efforts to find some sort of a compromise continue. Senator Scott Brown (R-MA) has introduced a bill that continues the current 3.4% interest rate on subsidized Direct Stafford Loans and pays for it with unspecified reductions in improper payments made by the federal government. The bill also would require postsecondary institutions to post their IRS form 990s on the web to provide students and parents with additional information about institutional costs and expenditures.

Brown's bill does offer some hope for a compromise, but the CBO score remains a serious question. Plus, while Senate Majority Leader Harry Reid (D-NV) and Minority Leader Mitch McConnell (R-KY) continue to suggest each party is open to a compromise, it does not appear others (from both sides) are the point of seeking a solution.

White House officials have repeatedly told allies they believe the 3.4% rate is a "winner" in an election-year and many Republicans, particularly in the House, appear to be looking for a fight. The White House initially thought Republicans would balk at halving the interest rates for FY2013, but now the fight has turned to offsets.

"I don't think it's fair when they suggest students like you should pay more to help bring down the deficit, when [Republicans] spent the last decade running up the deficit," the President said at a recent campaign stop at a high school in Arlington, VA. He continued by suggesting Republicans launched "two wars without paying for it" and gave "two tax cuts to people who didn't ask for it and don't need it." He added, "And they want you to pay an extra \$1,000 a year for college. It doesn't make sense."

For their part, Republicans claim the President is trying to pick an election-year fight on a subject where there is general agreement. They also note the numerous independent fact checking organizations which have stated the allegations from the President and other Democrats that the House Republican offset for maintaining the 3.4 rate, eliminating the Public Health and Prevention Fund, amounts to a

“war on women’s health” are greatly exaggerated. However, many of these same organizations have questioned the GOP’s description of the HHS program as “a slush fund.”

What will it all mean in the end? The partisanship and exaggerations will go on for some time; it is an election year after all. Ultimately, a deal is highly likely, but considering the nature of the interest benefit and the fact that it can be applied retroactively, it remains unknown if it will happen before the July 1 deadline.

DesJarlais Introduces Legislation on Tax Treatment of Forgiven Student Loans of Fallen Soldiers

Representative Scott DesJarlais, a Tennessee Republican serving on the House Education and the Workforce Committee, has introduced H.R.5044, the Andrew P. Carpenter Tax Act, legislation which would provide a tax exemption to any student loans forgiven to veterans who were killed in the line of duty

This legislation would amend the Internal Revenue Code by exempting student loan forgiveness from being categorized as gross taxable income for families of veterans who have lost their life while serving on active duty in the United States Armed Forces. The Andrew P. Carpenter Tax Act would have a retroactive effective date of October 7, 2001, the start of Operation Enduring Freedom.

Lance Corporal Andrew P. Carpenter of Columbia, Tennessee lost his life on February 19, 2011, while serving his country in Afghanistan. Three years prior, Andrew had taken out a private educational loan. After learning that he had been killed in action, the company administering the loan agreed to completely forgive the debt. Upon forgiveness of the debt, the family received a 1099-C form from the Department of Education informing them that the debt discharged would be factored into their gross taxable income for that year.

“I am humbled to have the honor of working with the Carpenter family to introduce this legislation,” said Representative DesJarlais.

The press release from Rep. DesJarlais’ office also included the following:

This bill would not make it mandatory for private lenders to forgive education loans. Private loan companies would still have the option of whether or not to forgive a loan (most do), and federally backed loans are already forgiven for deceased veterans under the Higher Education Act. This legislation would simply prevent the IRS from collecting taxes on any amount of loan forgiveness.

House Veterans Affairs Subcommittee to Hold Hearing on Executive Order on Veteran Students

The House Veterans Affairs Subcommittee on Economic Opportunity will convene a hearing on the Executive Order recently signed by the President relating to veteran students. The hearing is scheduled for Wednesday, May 16 at 2:00 PM ET and representatives from schools are expected to testify on the impact of the requirements.

Obviously all schools (or at least nearly all) want to do everything they can to support veteran students, but as with everything related to higher education finance and financial aid, the devil is in the details.

With few details available and a fast-track plan for implementation, many schools are concerned with the new requirements.

Additional information is available online:

<http://veterans.house.gov/Executive%20Order%2013607%20and%20Its%20Impact%20and%20Schools%20and%20Veterans>

A press release from the White House on the Executive Order is available online:

<http://www.whitehouse.gov/the-press-office/2012/04/26/we-can-t-wait-president-obama-takes-action-stop-deceptive-and-misleading>

The Administration

Latest Orange Book Released, Perkins Loan National Default Rate=8.32 Percent

The Department of Education posted the Federal Perkins Loan Program Status of Default as of June 30, 2011, known as the Orange Book.

The national Perkins Loan default rate for the 2010-2011 award year was 8.32 percent, a decrease from 10.08 percent in the 2009-2010 award year and 10.04 percent in the 2008-2009 award year.

The Orange Book is a report that lists each school that participated in the Federal Perkins Loan (Perkins Loan) Program during the 2010-2011 Award Year and provides a cohort default rate for each school. This report is based on data submitted by schools in the Fiscal Operations Report for 2010-2011 and Application to Participate for 2012-2013 (FISAP).

The full 2010-2011 Orange Book is available online:

<http://www.ifap.ed.gov/perkinscdrguide/1011PerkinsCDR.html>

Department of Education Announces Negotiated Rulemaking for Fall 2012, Will Include Focus on Campus-Based Programs

The Department of Education announced it intends to enter into negotiated rulemaking on the Federal Student Aid program regulations in September 2012.

The Department intends to write new regulations related to fraud prevention and the disbursement of funds in the Federal Student Aid programs (including Direct Loans). Excerpts from a Department of Education announcement seeking input on new regulations are below:

We are considering regulatory changes related to the disbursement of Title IV, HEA program funds, particularly electronic funds transfers (EFTs) made directly to a student's bank account and available to the student via debit or another bank-provided card. We are interested in how or whether the use of EFTs, in lieu of checks, could provide one means to help prevent fraud or identify those involved in fraud rings. We are also interested in whether students should have a greater role in deciding to accept debit cards or other banking services provided through an institutionally-controlled process or contracted provider, particularly in view of the costs and fees associated with the use of those cards and services.

...

Finally, pursuant to Executive Order 13563, the Department issued its final “Plan for Retrospective Analysis of Existing Regulations” in August 2011 (the plan is available at <http://www2.ed.gov/policy/gen/reg/retrospectiveanalysis/index.html>). The Department’s plan creates a defined policy, method, and schedule for identifying significant regulations, as determined under Executive Order 12866, that may be outmoded, ineffective, insufficient, or excessively burdensome, as well as regulations that can be modified, streamlined, expanded, or repealed to be more effective and efficient, achieve better outcomes for students, and be easy to understand. As part of the retrospective analysis of existing regulations, the Department identified the need to review the regulations in 34 CFR parts 673, 674, 675, and 676 governing the campus-based Federal Student Aid programs (i.e., the Federal Perkins Loan, Federal Supplemental Educational Opportunity Grants, and Federal Work-Study programs). The Department is considering whether to update and streamline the regulations governing these programs. We will consider changes that improve the administration and efficiency of these programs while reducing burden on regulated parties.

In advance of negotiated rulemaking, the Department will hold two hearings for the public to provide testimony, including suggesting topics that ought to be added to the agenda. One hearing is in Phoenix, AZ on May 23 and the other is in Washington, DC on May 31. COHEAO is scheduled to offer testimony in Washington on May 31.

Following the public comments, the Department will publish a notice seeking nominations for negotiators. The negotiated rulemaking sessions are tentatively scheduled for September, October, and November. Regulatory changes that follow the negotiations will likely take effect on July 1, 2014.

A notice from the *Department of Education* is available online: <http://www.gpo.gov/fdsys/pkg/FR-2012-05-01/pdf/2012-10488.pdf>

White House Hosts Financial Capability Summit

Cecilia Muñoz, Director of the Domestic Policy Council, joined by businesses and community leaders from across the country at the White House Summit on Financial Capability and Empowerment, announced new private- and public-sector commitments to improve financial literacy and capability for all Americans. The Administration also unveiled a new resource guide for schools, colleges and universities, employers, and community leaders to help them create their own financial capability initiatives.

The event focused on all aspects of financial capability and financial literacy, but also did include information specific to higher education. The new resource guide is broken down into multiple target audiences, including higher education. The White House is requesting feedback on the resource guide from stakeholders and the COHEAO Financial Literacy Task Force will want to consider a response. Additionally, Bank of America’s work with the National College Advising Corps (NCAC) was also highlighted along with a bevy of other partnerships among governments, schools, non-profits, and private enterprise in this area.

Bank of America and National College Advising Corps: Bank of America is investing \$1 million over the next three years in the National College Advising Corps (NCAC) to assist more than 100,000 students and their families to better understand FAFSA resources and financial management, with the goal of helping students manage financial debt more effectively and decrease the burden of student loans. NCAC’s

primary goal is to raise college enrollment and completion rates among low-income, first-generation-college, under-represented high school students.

In addition to the resource guide, a new, interactive tool for youth and parents to learn important financial lessons from ages 3 to 18+ was officially launched. The new online program, “Money as You Grow,” was created by the President’s Advisory Council on Financial Capability.

The “Higher Education Financial Capability Toolkit” from the White House is available online:

http://www.whitehouse.gov/sites/default/files/final_toolkit_higher_ed.pdf

A press release from the White House is available online: <http://www.whitehouse.gov/the-press-office/2012/05/10/commitments-promote-financial-empowerment-across-country>

Department of Education Releases Performance Results for DL Servicers

The Department of Education released performance report for Direct Loan servicers this week. For the first time, in addition to the four TIVAS servicers, a not-for-profit servicer (MOHELA) was also graded.

Here are the results for the four TIVAS:

METRIC		Servicers			
		FedLoan Servicing (PHEAA)	Great Lakes	Netnet	Sallie Mae
1	Defaulted Borrower Count	1.21%	1.41%	0.73%	1.55%
2	Defaulted Borrower Amount	0.74%	0.86%	0.44%	0.90%
3	Borrower Survey	75.00	76.33	76.33	75.00
4	School Survey	71.33	76.67	74.00	73.00
5	Federal Personnel Survey	80.00	78.00	71.00	72.00

Here are the results for MOHELA:

METRIC		Servicers			
		MOHELA	Reserved for Future Use		
1	% of Borrowers In Current Repayment Status	91.92%			
2	% of Borrowers > 90 Days Delinquent	1.60%			
3	Resolution of Borrowers Delinquent > 180 Days	0.00%			
4	Borrower Survey	65.00			
5	Federal Personnel Survey	76.00			

*No borrowers were > 180 days delinquent at prior end quarter.

For additional information, visit:

<http://www.ifap.ed.gov/eannouncements/051112LSIThirdQtrsCustomerServicePerformResults.html>

Industry News

Student Loan Collections in the News

With the current debate on Subsidized Stafford Loans focusing a lot of attention on college costs and student debt issues, an increased media focus on borrowers facing difficulties, and therefore collections, was inevitable. The stories have been constantly increasing on student loan collections and seemed to come to ahead this week with multiple stories in the media.

First, there was an article from the *Chronicle of Higher Education*, “Complaints Soar over Aggressive Student Loan Debt Collectors.” According to analysis from the *Chronicle*, borrower complaints with the Department of Education and Federal Trade Commission (FTC) have increased by 45%. Much of the article was based on a report from the National Consumer Law Center which was highly critical of collection agencies and the Department of Education’s supervision of PCAs on the Direct Loan contract, although it did quote a representative from the ACA who indicated the ease of online complaints have made them increase across the board when it comes to collections.

However, there were two facts which did not make it into the piece which may have provided some additional context—students borrowing federal loans have increased by 35% over the past five years, with the volume of the loans increasing by more than 50%. Taking those figures into account, the 45% increase in FTC complaints would seem to be likely.

In addition to the *Chronicle’s* coverage, *InsideARM*, a collection industry trade newsletter, has created a “student loan issue,” which will consist of multiple articles over the next few weeks on student loans and collections.

The *Chronicle of Higher Education* article is available online: <http://chronicle.com/article/Complaints-Soar-Over/131781/>

The report from NCLC is available online: <http://www.studentloanborrowerassistance.org/blogs/wp-content/www.studentloanborrowerassistance.org/uploads/File/borrowers-on-hold.pdf>

The *InsideARM* “Student Loan Issue” is available online: <http://www.insidearm.com/category/big-issue/>

PHEAA Bonuses Draw Ire of Rendell, Increasing Talks of Privatization among PA Lawmakers

The *Pittsburgh Post Gazette* recently reported that executive bonuses at PHEAA are causing Gov. Ed Rendell (D) and other state lawmakers to consider reforms, including the exploration of privatizing the state agency.

The latest flap comes after news of bonuses to top PHEAA Executives. The *Post Gazette* notes the highest bonus received was \$180,857.

“Those bonuses, given the salaries those executives receive, are outrageous,” Rendell said. “That money could be used to give grants to students who really need [them],” he added.

He later added that multiple lenders, including Sallie Mae, have inquired on the prospects of acquiring PHEAA. However, Pennsylvania lawmakers are considering other alternatives, such as changes to the board and increased oversight on how PHEAA spends its funds.

The PHEAA Board is largely controlled by the state legislature, meaning changes to its structure could be quite difficult. PHEAA officials are highly critical of privatization.

State Senator Sean Logan, the vice chairman of the PHEAA Board, said, "A for-profit company is not worried about grants for student nurses or funding our other programs. They're worried about one thing: their shareholders," he said. "They might dump \$10 million into our nursing program for the first year but then stockholders are going to say, 'No more. We want that in our dividends. We want that in our pockets.'"

In the same statement, Logan also said the \$500,000+ bonuses were necessary to "retain the top talent." "To run the business side like we do, you have to have the best people," he added.

However, these arguments do not hold much water for Rendell and critics of the management of PHEAA.

"When [PHEAA president and CEO] Dick Willey is looking at a salary of \$280,000, that's sufficient. These people accepted their jobs knowing what the salaries were," said State Sen. Jane Orie (R). "When you take a government job, you're in it for public service, not to fill your pockets. If these people think they can make more money on the outside, if they're unhappy with their salaries, they need to leave."

"I haven't seen a mind-set change to 'We're a public agency and we're going to act like a public agency,'" Rendell said. "If PHEAA is going to act like a private agency, let's privatize."

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



- | | |
|-------------------------------------|--|
| Account Control Technology, Inc. | Enterprise Recovery Systems, Inc. |
| ACS Inc. | Financial Asset Management Systems, Inc. |
| AMO Recoveries, Inc | General Revenue Corporation |
| Bass & Associates | Immediate Credit Recovery, Inc. |
| Bonded Collection Corporation, Inc. | JC Christensen and Associates |
| Campus Partners | National Credit Management |
| Client Services, Inc. | NCO Financial Systems, Inc. |
| Coast Professional | Progressive Financial Services, Inc. |
| ConServe | Recovery Management Services, Inc. |
| Credit Adjustments, Inc. | Regional Adjustment Bureau, Inc. |
| Credit Control, LLC | Reliant Capital Solutions, LLC |
| Credit World Services, Inc. | Todd, Bremer & Lawson, Inc. |
| Delta Management Associates | Williams & Fudge, Inc. |
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2012 COHEAO Board of Directors

President:

Robert Perrin

President

Williams & Fudge, Inc.
775 Addison Avenue, Suite 201
Rock Hill, SC 29731
803-329-9791 x 2104
Fax: 803-329-0797
bperrin@wfcorp.com

Past President:

Alisa Abadinsky

Director of Receivables, Loans, and Collections
University of Illinois at Chicago
809 S. Marshfield Ave. M/C 557
Chicago, IL 60612
312-413-1971
Fax: 312-413-1992
aabadins@uillinois.edu

Secretary

Edgar DelosAngeles

Manager, UCI Loan Services
University of California—Irvine
Administration Bldg. Room 101
Irvine, CA 92697-3010
949-824-4689
Fax 949-824-4688
edelosan@uci.edu

Legislative Chair, Institutional

Jackie Ito-Woo

Associate Director, Financial Aid Administration
University of California Office of the President
Student Financial Support
1111 Franklin St., 9th Floor
Oakland, CA 94607-5200
510-987-9544
Fax: 510-987-9546
jackie.ito-woo@ucop.edu

Commercial Member Chair

Karen Reddick

Vice President Business Development
National Credit Management
10845 Olive Blvd
St. Louis, MO 63141
800-627-2300
kreddick@ncmstl.com

Vice President

Maria Livolsi

Director, Student Loan Service Center
State University of New York
5 University Place, A310
Rensselaer, NY 12144
518-525-2628
MLivolsi@uamail.albany.edu

Treasurer:

Bob Frick

President

University Accounting Service
200 S. Executive Drive, 3rd Fl
Brookfield, WI 53005
800-340-1526
Fax: 262-784-9014
bob.frick@ncogroup.com

Legislative Chair

Lori Hartung

Vice President

Todd, Bremer & Lawson
560 Herlong Avenue
Post Office Box 36788
Rock Hill, South Carolina 29732-0512
800-849-6669
Fax: 803-323-5211
lori.hartung@tbandl.com

Legislative Co-Chair, Regulatory

Pamela Devitt

Legislative Analyst, University Student Financial
Services and Cashier Operations
University of Illinois at Springfield
312-996-5885
Fax: 312-413-3453
devitt@uillinois.edu

Financial Literacy Chair

Carl Perry

Senior Vice President

Progressive Financial Services
516 N Production Street (Suite 100)
Aberdeen, SD 57401
800-585-4978
Fax: 800-585-4981
cperry@progressivefinancial.com

Internal Operations

Tom Schmidt

Associate Director of Student Financial
Collections & Third Party Billing
University of Minnesota
211 Science Teaching & Student Services
222 Pleasant St. SE
Minneapolis, MN 55455612-625-1082
Fax: 612-624-2873
t-schm@umn.edu

Communications Chair

Micheal Kahler

Regional Vice President, Sales
Windham Professionals
60 Normandy Drive
Lake St. Louis, MO 63367
800-969-0059, ext. 2909
Fax: 636-625-0231
mkahler@windhampros.com

Perkins Task Force Chair

Nancy D. Paris

Vice President, Financial Services Group
ACS, A Xerox Company
900 Commerce Dr Ste 320
Oak Brook IL 60523
630.203.2769
FAX: 630.203.2796
nancy.paris@acs-inc.com

Membership Co-Chair, Institutional

Jeane Olson

Bursar
Northern Arizona University
Gammage Building
Flagstaff, AZ 86011
928-523-3122
Jeane.olson@nau.edu

Membership Co-Chair, Commercial

Rick Wiening

Director of Business Development
Regional Adjustment Bureau
7000 Goodlett Farms Parkway
Memphis, TN 38016
219-937-9760
rwiening@rabinc.com

Membership Development

Michael Mietelski

Regional Director of Business Development
ConServe
200 CrossKeys Office Park
P.O. Box 7
Fairport, NY 14450-0007
800-724-7500 x4450
mmietelski@conserve-arm.com

Member at Large

Laurie Beets

Bursar/Director of Student Loans & Debt Mgmt
Oklahoma State University
113 Student Union
Stillwater, OK 74078
405-744-7776
Fax: 405-744-8098
laurie.beets@okstate.edu

Member at Large

David Stocker

General Counsel
Account Control Technology, Inc.
6918 Owensmouth Avenue,
Canoga Park, CA 91303
(800) 394-4228
Fax: (818) 936-0389
DStocker@accountcontrol.com

Member at Large

Lee Anne Wigdahl

Manager, Loan Administration
DeVry Inc.
814 Commerce Drive
Oak Brook, IL 60523
(630) 645-1178
Fax: 630 891-6292
LWigdahl@devry.edu

Executive Director

Harrison Wadsworth

Principal
Washington Partners, LLC
1101 Vermont Ave. N.W. Suite 400
Washington, DC 20005-3521
202-289-3903
Fax 202-371-0197
hwadsworth@wpllc.net



-COHEAO Mid-Year Conference Agenda 2012
*All Meetings and Sessions Are Located at the
Ritz-Carlton, Cleveland, OH*



Sunday, July 29, 2012

- 8:30am-3:00pm Board of Directors Meeting
- 3:30pm-5:00pm Perkins Task Force Meeting
The Perkins Task Force will meet to discuss advocacy strategies and operational issues in the Perkins Loan Program. All attendees are encouraged to attend this meeting a consider joining the Task Force
- Discussion Leader: Nancy Paris, ACS, Inc., Perkins Task Force Chair
- 5:00pm-6:00pm STARS Meeting
The Student Tuition Accounts Receivable Sources (STARS) group will meet on Sunday afternoon. All attendees are encouraged to attend this meeting and consider joining the Task Force.
- Discussion Leader: Laurie Beets, Oklahoma State University, STARS Chair

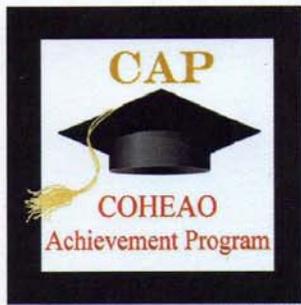
Monday, July 30, 2012

- 7:30am-9:00am Registration & Breakfast
- 8:00am-9:00am Commercial Members Meeting
COHEAO Commercial Members will be meeting on Monday morning. Commercial members attending the conference are encouraged to attend this meeting over breakfast.
- Discussion Leader: Karen Reddick, National Credit Management, Commercial Committee Chair
- 9:00am-9:10am The President's Welcome & Opening Remarks
- Speaker: Bob Perrin, COHEAO President
- 9:10am-10:00am Session: Washington Update
Although conventional wisdom states "nothing gets done before the elections," student loans and consumer finance in higher education are now central election year issues and may prove to be an exception to this old adage. COHEAO Executive Director Harrison Wadsworth will explain what will happen in 2012, both before and after the elections, and will also speak to what the results of November could mean for HEA reauthorization
- Speaker: Harrison Wadsworth, COHEAO Executive Director

- 10:00am-11:00am Session: Proposals for Improving the Student Experience on Meteor
Representatives from the National Student Clearinghouse will review proposals to improve the student experience on their Meteor product. NSC is seeking feedback on its effort to transform the Meteor online portal into a tool students can use to better manage student loan repayment.
- Speaker: Tim Cameron, National Student Clearinghouse
- 11:00am-11:15am Break
- 11:15am-12:30pm Session: Fraud in Financial Aid
With billions of dollars flowing from the government in Federal Student Aid each year, attempts at fraud are inevitable. A representative from the Department of Education's Office of Inspector General will provide an update on what the Department is doing to combat fraud and how it is asking schools to help.
- 12:30pm-1:45pm Lunch and Luncheon Address:
- 2:00pm-3:15pm Session: Serving International Students in the Student Financial Services Office
International students bring a healthy dose of diversity and fresh perspectives from other parts of the world to college campuses, but there are additional requirements for campus administrators, not the least of which is helping these students find the necessary financing for college. This session will review financing options for international students as well as providing a review on other requirements, such as visas, for international students.
- 3:15pm-3:45pm Break
- 3:45pm-4:45pm Session: Campus-Based Financial Literacy Programs
This session will review new and exciting programs on campus as well as the resources available to support a financial literacy program on your campus.
- 6:00pm-7:00pm Reception

Tuesday, July 31, 2012

- 8:00am-9:00am Breakfast: Financial Literacy Task Force
The COHEAO Financial Literacy Task Force will meet over breakfast on Tuesday to discuss financial literacy in student financial services. All attendees are encouraged to attend this meeting and consider joining the Task Force.
- Discussion Leader: Carl Perry, Progressive Financial Services, COHEAO
Financial Literacy Task Force Chair,
- 9:00am-10:15am Session: Department of Education Update
The Department of Education recently completed negotiated rulemaking to implement changes to the student loan programs, including Perkins Loans. Gail McLarnon will review these changes and other initiatives at the Department on student loans.
- Speaker: Gail McLarnon
- 10:15am-10:30am Break
- 10:30am-11:30am Session: Default Management
As colleges and universities seek to continue to improve default management practices for their Direct, Perkins, and institutional loan programs, many are turning to outside organizations to help with these processes. This session will review the key principles of a sound partnership between schools and outside entities in managing defaults and assisting students with loan repayment.
- 11:30am-12:30pm Session: Effective E-Commerce Practices
Everyone knows that going paperless through electronic commerce can save time and money for campus offices, but it must be done properly to protect students and ensure compliance. One key aspect of effective e-business practices is the global consent form, which allows for electronic and, in some cases, mobile communication with students. This session will review the key aspects of effective e-commerce campus practices with a focus on the all important global consent form.
- 12:30pm Conference Concludes



COHEAO

Achievement Program

Benefits of Certification

- Recognition of achievement during next COHEAO'S conference following certification
- Acknowledgment of certification in both COHEAO Torch Newsletter and website
- Letter of accomplishment sent to the graduate and immediate supervisor
- Special identifier on name tag when participating at COHEAO conferences

Criteria for Certification

- Program is based on a point system
- Total of ten (10) points is required for certification. Points are earned as follows:
 - 3 points for participation at the COHEAO Mid-Year Conference
 - 2 points for participation at the COHEAO Annual Meeting
 - 1 point for participation at a COHEAO Tele-Conference, Webinar, Seminar
 - 1 point for participation during a COHEAO sponsored Congressional Hill visit or visit to local delegation office
 - 1 point for presenting at a COHEAO Conference or on behalf of COHEAO at another conference
- Tracking Participation and Progress for the "CAP" Certification Program
 - Enrollment is automatic by direct participation and notification of attendance as described in the criteria
 - COHEAO conference/tele-seminars/webinars registration forms will be used as confirmation of attendance
 - Invitees of a registered attendee who jointly participates during COHEAO tele-seminars/webinars, etc. will be eligible for the certification program provided they have registered for such at the rate of \$10.00 per guest
 - Points do not expire nor are they transferable

