The Torch

July 15, 2011

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

COHEAO News

- **The COHEAO Mid-Year Conference: Just Over Two Weeks Away!**
  The COHEAO Mid-Year Conference is just over two weeks away. If you have yet to register for the conference, please do so now!
- **COHEAO Webinar Examines "Building a Lean Management System"**
  COHEAO held a webinar this week on "building a Lean Management System." The event featured a presentation from LuAnn Stokke on the University of Washington's efforts with Lean.
- **COHEAO Member Poll: Debit Cards**
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The Congress

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- **Student Aid, Student Loans & The Debt Limit Negotiations**
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- **Joint Ed & Workforce and Oversight & Government Reform Hearing on Gainful Employment**
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  In terms of student loans and higher education, Moody's, which made news by placing the U.S. "Aaa" rating under review for possible downgrade, has indicated lenders and schools will feel the effects of default both directly and indirectly.
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  A recent report in the *New York Times* indicates that fewer Americans are filing for bankruptcy.
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- **College Board Examines Community College "Trends"**
  The College Board Advocacy & Policy Center has released a new policy brief, *Trends in Community College Education: Enrollment, Prices, Student Aid, and Debt Levels*."

Attachments

- **Board of Directors**
- **COHEAO Commercial Members**
- **2011 Mid-Year Conference Draft Agenda**

COHEAO News

The COHEAO Mid-Year Conference: Just Over Two Weeks Away!

The COHEAO Mid-Year Conference is just over two weeks away. If you have yet to register for the conference, please do so now! (If this link does not work in your email client, please visit www.coheao.org and click on the links on our homepage).

The COHEAO Mid-Year Conference will provide you with multiple opportunities to learn more about numerous topics affecting student financial services. The COHEAO Mid-Year Conference will address regulatory and operational issues related to Perkins Loans, campus-based loan servicing, accounts-receivable management, the Post 9/11 GI Bill and Yellow Ribbon Programs, and multiple aspects of student financial services. The Department of Education and the Federal Reserve have published volumes of regulatory changes taking effect this year and last. This conference will draw on experts and provide a chance to share experiences that will help you cope with compliance. The full agenda (including the meetings on July 31) is attached at the end of today's *Torch* and available online.

Remarks from Gail McLarnon, providing the perspective of the Department of Education, will also be a highlight at this conference. McLarnon will be providing the update from the Department on Tuesday, August 2. With the recent announcement of negotiated rulemaking on total and permanent disability (TPD), college completion, and other issues, last week's news on gainful employment, and many other new regulations taking effect on July 1, Gail will have quite a bit to share with Mid-Year attendees, and we are looking forward to her presentation.

As colleges begin undergoing audits from the Department of Veterans Affairs for their reporting and administration requirements for the Post 9/11 GI Bill Program (Chapter 33), a session will feature a VA representative reviewing the federal programs available to student veterans and answering your questions on ensuring compliance with federal regulations and providing superior service for this important population of students.

Understanding compliance will be key as a big new regulator, the CFPB, will have just assumed responsibility for enforcing regulations affecting institutional credit programs stemming from legislation of great importance to COHEAO members, such as the Truth in Lending Act, the Fair Debt Collection Practices Act and others. Attend the Mid-Year to see what this newly formed agency means for your operations!

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

COHEAO Webinar Examines "Building a Lean Management System"

COHEAO held a webinar this week on "building a Lean Management System." The event featured a presentation from LuAnn Stokke on the University of Washington's efforts with Lean.

After sustaining significant budget and staffing cuts two years ago, leaders at the University of Washington decided they need to proactively address how to sustain customer service and better performance in spite of staff reductions. Fundamental change was essential. The first project out of the gate was thorny: addressing a backlog of 5,500 research-budget closings for expired grants. Today, there are less than 200, and the "Grant & Contract Accounting" organization is totally transformed. To date, there are over 35 active project teams across Finance & Facilities, engaging over one-third of the 1,500-person organization—with more in the pipeline.

Building a "Lean Management System" is the highest priority at the University of Washington's Finance & Facilities (F2). From the Senior Vice President and her leadership team, to the teams performing transactions and completing work orders across the vast, research-heavy campus, visible and dramatic change—and results—are transforming F2.

LuAnn Stokke, Director Operational Excellence for Finance & Facilities (F2) at the University of Washington, was the presenter for this webinar. Stokke has been leading an effort to deploy a Lean-based solution to her university.

An archived copy of the webinar is available for purchase. Please click here or visit www.coheao.org for details.

COHEAO Member Poll: Debit Cards

The changes in debit card interchange regulations, set take effect today and on October 1, will no doubt have a major impact on issuers and merchants alike. With higher education institutions, and perhaps the offices of COHEAO members, uniquely positioned on this issue as both a merchant and, in some cases, working extensively with issuers, we thought it would be appropriate to conduct a survey of COHEAO members to guide our efforts with this topic.

Please click here to complete a very brief survey on debit cards. Additionally, if this issue is of significant interest in your office, please contact Wes (whuffman@wpllc.net)
(If the link is not functioning properly, please paste the following into your browser for the COHEAO debit card survey: http://www.surveymonkey.com/s/S6PQ5K2)

The Congress

Debt Ceiling Negotiations Continue with No Deal in Sight

Congress remains caught in a debt ceiling stand-off that has made final action on any other important legislation virtually impossible. After months of partisan threats and posturing it is hard to envision a path to agreement by the August 2 deadline.

Though neither side can agree even on what actually happened during the negotiations (there was a mini-dustup as to whether the President left "abruptly" after a testy exchange with House Majority Leader Eric Cantor earlier this week), the remaining few on each side who are willing to fight to the death, or in this case default, appear to be dwindling. This is a positive sign for those seeking a resolution, but it is still far from certain and a deal seems much less likely than it did even last week.

Right now, last week's talk of a "grand bargain" with $4 trillion in savings (over 10 years) comprised of both drastic spending cuts and increasing revenues through the tax code appears to be dead. Although more ideas could come forward between now and August 2, there currently appear to be two main options for a compromise:

1. A deal for roughly $2 trillion in savings, comprised largely of spending cuts, entitlement reforms and reductions in interest payments, with some minor modifications to the tax code. Though House Republicans have drawn the proverbial line in the sand in terms of the tax code, both parties' desire for payroll tax relief could open up the possibility for a few changes in terms of corporate taxes and

allow both sides cover for a deal. The White House has a strong preference for this solution, as the Administration wants to extend the debt ceiling beyond the 2012 elections.

2. The McConnell/Reid plan. This proposal, originally put forth by Senate Minority Leader Mitch McConnell (R-KY), is rather complicated, but it does avoid the dreaded default. McConnell described the proposal as a "backup plan" should the negotiations fall apart, and Senate Majority Leader Harry Reid (D-NV) has said it should be considered as a "last ditch effort" to avoid default. The plan calls for the President to order a debt increase in three tranches, which would occur absent a vote to stop the increase by a two-thirds majority of each house of Congress. McConnell has said the President "owns the economy" and this would relieve Congressional Republicans from casting a vote on raising the debt ceiling while the President would need to order such an increase on three separate occasions. It also puts Congress in the position of abdicating its "power of the purse" responsibilities to the Executive Branch.

This is obviously a very fluid situation that seems to change by the day. President Obama is pushing hard for a one-time vote through the 2012 elections and asked all parties to spend today discussing a prospective deal with their respective caucuses. There are no plans for meetings over the weekend, but the White House has indicated the President and top staff remain "on call" should a weekend meeting be necessary. We can only hope that away from the cameras and the press conferences serious work is being done to craft a compromise.

An article from *Politico*, "Debt Limit Talks: Reading Their Minds," offers some insights on the thoughts of the key players in this constantly evolving debate. It is available online: http://www.politico.com/news/stories/0711/59050.html

Student Aid, Student Loans & The Debt Limit Negotiations

As much of Washington attempts to discern what cuts will be made as part of the debt ceiling negotiations, it is becoming increasingly apparent that the student aid programs will be part of that equation.   In particular, the in-school subsidy on Stafford Loans for both graduate and undergraduate students is being proposed for elimination. The proposal is estimated to "save" the U.S. Government $40 billion – which means it would cost students that amount in additional interest payments to the government over the next 10 years on their student loans.

It seems likely that subsidized Stafford Loans for graduate and professional students will be eliminated, leaving those students only unsubsidized Stafford and PLUS loans. The Obama Administration has said it strongly opposes eliminating the in-school subsidy for undergraduate loans. However, the Administration continues to support its proposal to eliminate the current Perkins Loan Program and create a new Direct "Perkins" Loan program with the same terms and conditions as unsubsidized Stafford Loans but there are questions over whether such a proposal would actually save money (earn profits) for the federal government or have a federal cost, and many in Congress are reluctant to create a new program, even one with the same name as an existing program. Eliminating the current Perkins Loan Program in FY2012 would cost the government $324 million over the next 10 years, according to the Congressional Budget Office.

The following is from the *Daily Beast*. Though there have been rumors flying ever since President Obama proposed the elimination of the subsidy for graduate students in his FY2012 budget, this was the first time a reference to the elimination of the in-school interest subsidy for undergrads, and its $40 billion in savings, has appeared in the coverage of the debt ceiling negotiations.

As Monday's White House budget talks got down to the nitty-gritty, Eric Cantor proposed a series of spending cuts, one of them aimed squarely at college students.

The House majority leader, who did most of the talking for the Republican side, said those taking out student loans should start paying interest right away, rather than being able to defer payments until after graduation. It is a big-ticket item that would save $40 billion over 10 years.

At one point, sources say, President Obama pushed back against the mounting menu of spending cuts while the tax column on the negotiating sheets remained blank. He asked the Republican leaders how they expected him to take their proposals seriously.

"I'm not going to do that," Obama said. "I'm not going to take money from old people and screw students," not without some compromise on the tax-increase side.

Higher education associations and youth-oriented progressive groups immediately jumped on the story, commending the President for stating he was not going to "screw students," and arguing the GOP was proposing to finance low tax rates for the wealthy on the backs of students. The reporter on the story, Howard Kurtz, appears to misunderstand the mechanics of the in-school interest subsidy and other members of the media followed suit, reporting that student loan payments would be due during the in-school period under the Republican plan. Actually, interest would be charged but payments of principal and interest could be deferred.

Although the President was forceful in his response to Cantor, he did propose the elimination of the in-school interest subsidy for graduate students in his FY2012 budget request. The White House maintains this cut is only acceptable if the savings are put toward Pell Grants.

However, the information put forward by Cantor and leaked to the media reportedly represents the spending cuts agreed to in the debt negotiations between Vice President Biden and leaders from the House and Senate, and those negotiations are understood to serve as the foundation for a possible deal on spending cuts.

In the only document that has been widely leaked from those negotiations, there is an entry that states "Pell Grants: $10 billion-?" Presumably, this means at least $10 billion in changes to the student aid programs, which could be achieved largely through eliminating the in-school interest subsidy for graduate students, were agreed to during those negotiations.

Considering the framework for a deal is incredibly fluid in its own right, any attempt to determine specific spending cuts in such a plan is incredibly difficult. As the negotiations evolve, we will keep you updated.

The *Daily Beast* article is available online: http://powerwall.msnbc.msn.com/politics/gop-pushes-new-cuts-1694694.story
An article from *Inside Higher Ed*, "The End of Subsidized Loans?" is also available online: http://www.insidehighered.com/news/2011/07/13/possible_threat_to_subsidized_student_loans_in_debt_talks

Joint Ed & Workforce and Oversight & Government Reform Hearing on Gainful Employment

The Committee on Education and the Workforce's Subcommittee on Higher Education, Lifelong, Learning, and Competitiveness convened a joint hearing last Friday with the Committee on Oversight and

Government Reform's Subcommittee on Regulatory Affairs, Stimulus Oversight, and Government Spending, "The Gainful Employment Regulation: Limiting Job Growth and Student Choice."

As the hearing title indicates, House Republicans are no fans of the Department of Education regulations defining "gainful employment in a recognized occupation." Chairwoman Virginia Foxx (R-NC), of the higher education subcommittee, along with Chairman Jim Jordan (R-OH) of the regulations subcommittee, both issued opening statements (Jordan's by proxy via the vice chair) that were highly critical of the regulations, noting the new burdens they create for schools, particularly for-profit institutions. Their counterparts, Rep. Ruben Hinojosa (D-TX) on the education subcommittee and Rep. Elijah Cummings (D-MD) on the oversight subcommittee, suggested that while many for-profits did extremely good work, there were many abuses in this sector and the regulations were appropriate and necessary.

The hearing generally unfolded along the usual lines, with all the Republicans opposing the ED gainful employment regulations as an over-reach that will cut off opportunity for disadvantaged and minority students and most of the Democrats saying that although many for-profit schools do a fine job, the sector overall performs poorly compared to public and non-profit schools. Several Democrats, however, joined Republicans in supporting the sector and opposing the regulations, notably Rob Andrews (D-NJ) and Alcee Hastings (D-FL).

The hearing was held in the Oversight Committee room and, therefore, was conducted as a fact-finding exercise with no specific legislation under consideration. Foxx is expected to introduce a bill that would repeal the gainful employment regulation later this year. Such legislation could pass the House, but it is thought to have little chance of passing the Senate and becoming law.

The three Republican witnesses all criticized the gainful employment regulations and praised for-profit schools for being more flexible and catering to the needs of working adults and minorities. The Democratic witness supported the regulations for providing more information to prospective students.

The witness list for the hearing is below with their testimony hyperlinked with their name. The first three witnesses were called by the Majority. The last on the list, Anthony Carnevale of Georgetown University, was the Minority witness.

Witnesses
Mr. Harry C. Alford
President & CEO
National Black Chamber of Commerce
Ms. Karla Carpenter
Graduate
Herzing University
Dario A. Cortes, Ph.D.
President
Berkeley College
Dr. Anthony Carnevale
Director
Center on Education and Workforce
Georgetown University

Additional information on the hearing, including an archived webcast, is available online:
http://1.usa.gov/nkrkqp

The Administration

FSA Announces Launch of Federal Loan School Support Team

The Office of Federal Student Aid announced the creation of the "Federal Loan School Support Team" (FLSST) this week. In the announcement, FSA indicates that with the conversion to Direct Lending complete and 18 months of origination processing, the office is "expanding our focus to ensure that all schools receive enhanced and ongoing program support for Direct Loans and all other federally-owned loans." The primary duties of the FLSST are as follows:

- Provide assistance to schools in resolving complex Direct Loan processing issues.
- Provide a direct line of communication through which schools provide feedback and discuss concerns related to the origination and disbursement processing of Direct Loans and the servicing of all federally-owned loans.
- Solicit school input on system processing improvements, issue resolution, and training needs.

The announcement notes federally owned loans supported by FLSST includes Federal Family Education Loan (FFEL) Program and Federal Perkins Loan (Perkins Loan) Program loans that have been purchased by or assigned to the Department of Education.

FSA emphasized "the FLSST will augment—not replace—our established customer service call centers." A FLSST Point of Contact has been assigned to each Direct Loan school, with assignments based on school type and geographic region. Over the next few weeks, each Direct Loan school will receive an e-mail from its FLSST Point of Contact. In this e-mail, the Point of Contact will introduce himself or herself, explain his or her role, and provide personal contact information.

The full announcement is available online:
http://www.ifap.ed.gov/eannouncements/071411IntroducingtheFedLoanSchoolSupportTeam.html

Dodd-Frank Credit Score Disclosure Rules Issued

The Federal Reserve Board and the Federal Trade Commission (FTC) last week issued final rules to implement the credit score disclosure requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act. If a credit score is used in setting material terms of credit or in taking adverse action, the statute requires creditors to disclose credit scores and related information to consumers in notices under the Fair Credit Reporting Act (FCRA).

Under the new rules, lenders that take adverse actions with respect to any consumer that is based in whole or in part on any information contained in a consumer report are required to provide the consumer with certain information. The consumer must be provided written or electronic disclosure of the numerical credit score used in taking the adverse action and a variety of additional information including the range of possible credit scores used under the credit scoring model and the factors that adversely affected the credit score of the consumer. Also required to be disclosed is the date on which the credit score was created and the name of the organization providing it.

The final rules amend Regulation V (Fair Credit Reporting) to revise the content requirements for risk-based pricing notices, and to add related model forms that reflect the new credit score disclosure requirements. The Board is issuing these final rules jointly with the FTC.

The final rules also amend certain model notices in Regulation B (Equal Credit Opportunity), which combine the adverse action notice requirements for Regulation B and the FCRA, to reflect the new credit score disclosure requirements.

The final rules may be found at:
http://www.federalreserve.gov/newsevents/press/bcreg/bcreg20110706a1.pdf and **http://www.federalreserve.gov/newsevents/press/bcreg/bcreg20110706a2.pdf**.

Bloomberg Profile of Elizabeth Warren and the CFPB

With July 21 less than a week away and no word from the White House on a Director for the Consumer Financial Protection Bureau, there have been multiple stories on the initial efforts of the CFPB and Elizabeth Warren, the creator and builder of the agency who seems increasingly unlikely to ever become official leader. The most thorough profile of Warren and the new Bureau came from *Bloomberg*. A few excerpts are below:

ON THE INITIAL THOUGHT OF THE CFPB:
The way Warren tells it, she pulled a piece of paper out of her backpack and got to work right there on the plane: "I started sketching out the problem and what the agency should look like."

It's a good story, even if the timeline is a little off. Warren's aides say she first pitched the idea of a consumer financial protection agency to then-Senator Barack Obama's office months before her fateful meeting with the executive.

Whatever the idea's provenance, there's no doubting its influence. In a summer 2007 article in the journal Democracy, Warren outlined what her guardian agency would look like.

"It is impossible to buy a toaster that has a one-in-five chance of bursting into flames and burning down your house," she wrote. "But it is possible to refinance an existing home with a mortgage that has the same one-in-five chance of putting the family out on the street--and the mortgage won't even carry a disclosure of that fact to the homeowner." One was effectively regulated. The other was not.

ON REPUBLICAN PUSHBACK AND AN "INSTITUTIONAL CULTURE" AT THE CFPB:
"She's a professor and all this," he [Senate Banking Ranking Member Richard Shelby (R-AL)] says in a tone that makes it clear he is not paying her a compliment.

"To think up something, to create something of this magnitude, and then look to be the head of it, I wouldn't do that," Shelby says. "It looks like you created yourself a good job, a good power thing."

Warren is not waiting for permission to do the job she may never get. She and her small team have hired hundreds of people, at a recent clip of more than 80 per month. The agency has already outgrown its office space and is divided between two buildings in downtown Washington--with branches to be opened across the country.

A fledgling staff of researchers is cranking out the CFPB's first reports, and its first bank examiners are being trained. Meanwhile, the office softball team has compiled a 2-3 record. Above all, an institutional culture is emerging, and it is largely loyal to Warren and her idea of what the agency should be.

The full (12 page!) article is available online: **http://bloom.bg/oYYmhv**

Industry News

The Impact of a Downgrade on the US Credit Rating for Colleges and Student Lenders

While politicians continue to debate over the implications of a downgrade of the US government's credit rating, the credit rating agencies are warning the consequences will be dire. In terms of student loans and higher education, Moody's, which made news by placing the U.S. "Aaa" rating under review for possible downgrade, has indicated lenders and schools will feel the effects of default both directly and indirectly. The following is from Moody's press release on the possible downgrade:

> *Structured finance securities that hold government-linked debt as their primary collateral have also been placed on review for downgrade. These include transactions defeased by US Treasury strips, transactions backed by FFELP government guaranteed student loans, and US RMBS backed by government agency mortgages.*

Moody's also issued a report on the possible impact of a U.S. government downgrade on U.S. colleges and universities. An excerpt from the *Chronicle of Higher Education* article on the impact of the possible downgrade on colleges is below:

> *In the short term, at least, a downgrade of federal debt would have a limited impact on the 25 universities that hold the agency's highest bond rating, Aaa, Moody's said. The effects of that worst-case scenario would be muted by the universities' already ample resources and diverse streams of income, the agency said.*
>
> *Those 25 universities-—17 private and eight public—"have substantial capacity to withstand cuts and interruptions in federal funding for research programs or federal student tuition assistance," the report concludes.*
>
> *At the same time, however, Moody's is looking at how reliant each of the 25 highest-rated universities is on federal money, and some may be considered for a "possible review for downgrade" in the future, the company said.*
>
> *The rest of higher education is at a greater risk of a rating downgrade, not to mention a rough fiscal patch, in the event of a federal-government default, said John Nelson, an analyst for Moody's, because a higher proportion of their income comes from the government, in particular Pell Grants for low-income students.*

As the US borrows money then relends it for Direct Lending, those student loans could also be in jeopardy if the debt ceiling is not raised by the August 2 deadline. Should Congress and the President not be able to reach an agreement by the deadline, the question then turns to priorities in government spending. While money for college students is certainly a high priority, it is unlikely to be considered a greater need than Social Security checks for seniors, pay for members of the military, or direct assistance programs such as food-stamps.

For additional information from Moody's, please visit the rating agency's "US Sovereign Rating Page:" **http://www.moodys.com/login.aspx?lang=en&cy=global&ReturnUrl=http%3a%2f%2fwww.moodys.com%2fPages%2fUSSovRating.aspx** (Registration with Moody's is required).

TICAS Issues New Report on Private Student Loans

The Institute for College Access and Success published a new report, "Critical Choices: How Colleges Can Help Students and Families Make Better Decisions About Private Student Loans." The report examines the practices of certain colleges to limit borrowing private education loans, which TICAS describes as "one of the riskiest ways to pay for college." The following is from the report's executive summary:

To learn about current college practices, we interviewed financial aid administrators at 22 varied colleges around the country and examined financial aid award letters from several additional colleges. Currently, most private student lenders require colleges to confirm basic information about the student's enrollment and costs before the lender will issue a private loan. This "school certification" process gives colleges a powerful opportunity to help students make sound borrowing decisions. We focused primarily on college practices related to school certification, and in the process identified some additional notable practices.

The report strongly urges colleges to promote federal loans, including PLUS loans, ahead of private student loans. It also includes misinformation on the benefits of the Parent PLUS program, incorrectly asserting those loans are eligible for income-based repayment.

The full report is available online: **http://projectonstudentdebt.org/files/pub/critical_choices.pdf**.

Bankruptcy Filings Down

A recent report in the *New York Times* indicates that fewer Americans are filing for bankruptcy. Citing a report from Epiq Systems, the *Times* reports that the number of bankruptcy filings in June was 120,623, a drop of 6.2 percent from May, when filings totaled 122,775.

The article notes that the filing rate is related to the amount of outstanding consumer debt and also notes that bankruptcy filings tend to increase when consumers can no longer rely on credit cards or other loans for liquidity.

A copy of the article is available online: **http://nyti.ms/ngFiwo**

New Study Shows Differential Impact of Student Aid on Low-Income Students

The initial results from a new study in student aid show need-based aid to be helpful for the most at-risk students, but less so (or even a negative impact) on students deemed to be less at-risk. The report comes from researchers with the Wisconsin Longitudinal Study at the University of Wisconsin-Madison, which was able to track, with a control group, the impact of providing Pell Grant recipients with additional need based aid.

The study examined the Fund for Wisconsin Scholars, which provides an additional $3,500 for Pell Grant recipients. It relied on a survey of 1,500 students—600 who received FWS grants and 900 who did not as a control group.

The report's findings showed the impact of need-based aid varied based on different types of students. For the most "at-risk," those with extremely low-incomes and limited exposure to higher education, the additional funds appeared to have a positive impact. The study began in 2008, and for these "high-risk" students, 72% of those receiving the additional funds had persisted through 2010-11 while only 55% who did not receive any additional funds had persisted through the same year.

However, for the Pell recipients deemed less "risky," those with parents with bachelor's degrees and high ACT or SAT scores, the additional funds appeared to have a negative impact. Only 79% of these students persisted through 2010-2011, compared to 94% of the group receiving only a Pell Grant.

Overall, the results painted a "bleak picture" for those who believe increased aid leads increases the likelihood of student success, according to *Inside Higher Ed*. The online trade publication notes, "Wisconsin Scholars Grant recipients were no more likely to persist in college than were students who received Pell Grants alone, and on average, they did not complete more college credits than did students who did not receive the grant."

As policymakers continue to consider what to do with Pell the new study may inform efforts to ensure the exceedingly costly program targets its funds wisely.

"You can and probably should differentiate among students from low-income families," Sara Goldrick-Rab , Co-Director of WSLS and the author of the report, said. "You should probably take into account things like, do they have a parent with a bachelor's degree?"

- The full report is available online: **http://bit.ly/pLKYTR**
- Coverage from *Inside Higher Ed* is available online: **http://bit.ly/pPMgIA**

College Board Examines Community College "Trends"

The College Board Advocacy & Policy Center has released a new policy brief, *Trends in Community College Education: Enrollment, Prices, Student Aid, and Debt Levels*, authored by Sandy Baum, independent policy analyst to the College Board; Kathleen Little, senior adviser, student aid policy at the College Board; and Kathleen Payea, policy analyst at the College Board.

Relying on data from the College Board's "Trends" series, as well as from the Department of Education and other sources, the authors describe the published prices of community colleges and the other expenses students face while enrolled and how these prices vary across states. They also examine institutional revenue sources, the financial aid community college students receive, student debt and degree completion patterns at two-year public colleges. The following is the report's section on student debt:

Student Debt

Community college students are less likely than students enrolled in other sectors to rely on student loans. The difference is in large part a result of the lower prices they face, but many higher education professionals are concerned that these students are not borrowing enough and are instead working excessively and enrolling part-time. These patterns make it more difficult for them to succeed in earning degrees and certificates.

TABLE 6: Distribution of Total Undergraduate Debt by Sector and Type of Degree or Certificate, 2007-08

	No Debt	Less than \$10,000	\$10,000 to \$19,999	\$20,000 to \$29,999	\$30,000 to \$39,999	\$40,000 or more	Total
Bachelor's Degree							
Public Four-Year	38%	16%	19%	14%	6%	6%	100%
Private Nonprofit Four-Year	28%	10%	19%	17%	10%	15%	100%
Private For-Profit	4%	4%	12%	23%	33%	24%	100%
Associate Degree							
Public Two-Year	62%	23%	9%	3%	1%	1%	100%
Private For-Profit	2%	22%	34%	23%	13%	6%	100%
Certificate							
Public Two-Year	70%	21%	7%	1%	1%	<1%	100%
Private For-Profit	10%	46%	34%	8%	2%	1%	100%

Note: Data include federal loans, private loans, and loans from states and institutions. Parent PLUS Loans, credit card debt, and loans from friends and family are not included. Percentages may not sum to 100 due to rounding. Data include students who attended less than half-time (13% of students), and who do not qualify for Stafford Loans but do qualify

Table 6: Distribution of Total Undergraduate Debt by Sector and

In 2007-08, 62% of associate degree recipients and 70% of certificate recipients graduated from community colleges without student debt. This compares to 2% and 10%, respectively, of those who received similar credentials from for-profit institutions. Only about 5% of community college associate degree recipients and 2% of certificate recipients graduated with debt of $20,000 or higher. In 2007-08, 17% of full-time community college students (and 10% of all community college students) borrowed through the federal Stafford Loan program. Only 6% of full-time students in this sector (and 4% of all students) relied on private student loans.

The full report is available online:
http://advocacy.collegeboard.org/sites/default/files/11b_3741_CC_Trends_Brief_WEB_110620.pdf?ep_mid=8131325&ep_rid=36235433

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COHEAO Mid-Year Conference Agenda 2011

All Meetings and Sessions Are Located at the Westin St. Louis

<u>Sunday, July 31, 2011</u>

8:30am-3:00pm	Board of Directors Meeting
3:30pm-5:00pm	Perkins Task Force Meeting
	Leader: Nancy Paris, ACS
5:00pm–6:00pm	Accounts Receivable Management Task Force Meeting
	Leader: Laurie Beets, Oklahoma State University

<u>Monday, August 1, 2011</u>

7:30am-9:00am	Registration & Breakfast
8:00am -9:00am	Commercial Members Meeting
	Leader: Karen Reddick, National Credit Management
9:00am-9:15am	The President's Welcome & Opening Remarks
	Speaker: Bob Perrin; COHEAO President
9:15am-10:00am	Session: A Legislative Update on Perkins Loan and Related Student Aid Issues *Although the pending sunset of the program is no longer an issue, Perkins Loans continue to face significant legislative challenges. This session will provide an outlook on what to look for from the 112th Congress in terms of higher education and student lending issues. Wadsworth will review the current budget situation, ongoing debates in higher education, and standalone legislation, such as Sen. Daniel Akaka's College-LIFE Act, among others.*
	Speaker: Harrison Wadsworth; COHEAO Executive Director
	Introduction: Edgar Delos Angeles; University of California – Irvine
10:00am-11:00am	Session: Bankruptcy & Litigation *It is unfortunate, but inevitable, that some former students will face financial difficulties and, in many cases, they ultimately file for bankruptcy. An expert will provide information on going to court for tuition receivables and student loans as well as a review of relevant bankruptcy laws.*
	Speaker: Louis Wade; McDowell, Rice, Smith & Buchanan, P.C.

	Introduction: Jeane Olson, Northern Arizona University		
11:00am-11:15am	Break		
11:15am-12:30pm	Session: Understanding the Program Integrity Regulations *It is safe to say the program integrity regulations are the most controversial set of regulations ever promulgated by the Department of Education. Many of these regulations take effect on July 1. While most of the attention in the media and in Washington has focused on their impact on the for-profit higher education sector, these regulations will affect all of higher education and this session will provide a timely review.*		
	Panelists:	Tom Sakos; DeVry Nancy Coolidge; University of California	
	Moderator:	Jackie Ito-Woo, University of California	
12:30pm-1:45pm	Lunch and Luncheon Address		
	Speaker:	Debra Cochran; St. Charles District Office Director, Office of Congressman Todd Akin	
	Introduction:	Karen Reddick; National Credit Management	
2:00pm-3:00pm	Session: Compliance Training: Preparing for the CFPB *As we will review earlier in the day, the Consumer Financial Protection Bureau will have assumed jurisdiction over a number of laws governing your operations on campus. In addition to the FDCPA, the Truth in Lending Act (TILA), the Fair Credit Reporting Act (FCRA), the Telephone Consumer Protection Act, among others, will all be under the jurisdiction of the new Bureau. This session will review the pertinent regulations associated with these laws and provide you with tips and tools for remaining compliant.*		
	Panelists:	Lori Hartung; Todd, Bremer & Lawson, Inc. Walter Witthoff; Iowa Student Loan Liquidity	
	Moderator:	Tom Cox; Financial Asset Management Systems, Inc.	
3:00pm-3:15pm	Break		
3:15pm-4:15 pm	Session: What's New with the FDCPA? *With a new regulator on the scene, compliance with the Fair Debt Collection Practices Act (FDCPA) will be more important than ever for colleges and universities. This session will provide an update on what is happening with regulation and enforcement between the FTC and CFPB as well as providing attendees with tips for remaining compliant and maintaining effective collection efforts.*		
	Speaker:	David Cherner; ACA	
	Introduction:	Neil Welborn, Todd, Bremer & Lawson, Inc.	

4:15pm-5:00pm	Session: Private Student Loans & Gap Financing *Perkins Loans and institutional loan programs are critical piece of the gap financing puzzle. However, the program is not equipped to cover the remaining costs for millions of students who need additional financing beyond state and federal aid. This session will review the private student loan market landscape and the interaction between the private and federal loan programs.* Speaker: Jon Wollman; ReliaMax Introduction: Carl Perry; Progressive Financial Services
6:00pm-7:00pm	Reception *A full day of in-depth student loan and student aid discussions most certainly should conclude with some time to wind down and socialize with your colleagues. Please join your friends and colleagues for a reception to close the first day of the conference.*

<u>Tuesday, August 2, 2011</u>

8:00am-9:00am	Financial Literacy Task Force Breakfast Roundtables *This breakfast will feature a series of roundtable discussion on a variety of topics related to providing these essential services to students. Regardless of membership with the Financial Literacy Task Force, all conference attendees are encouraged to attend this meeting.* Leader: Carl Perry, Progressive Financial Services
9:00am-10:15am	Session: Department of Education Update *The Obama Administration has proposed significant changes to the student aid programs in the name of "protecting" Pell Grants. This session will review the status of those proposals, the program integrity regulations that are to take effect on July 1, 2011, regulations stemming from the most recent reauthorization of the Higher Education Act, and other issues associated with the student aid programs.* Speaker: Gail McLarnon; U.S. Department of Education Introduction: Maria Livolsi; State University of New York
10:15am-10:30am	Break
10:30am-11:30am	Session: Direct Loan Servicing and the Impact on Student Borrowers *The SAFRA legislation brought about fundamental changes in the federal student loan programs. This session will examine the details of the Direct Loan servicing model with a particular focus on what it means for student borrowers.* Speaker: Will Shaffner; MOHELA Introduction: Bob Frick, University Accounting Service

11:30am-12:30pm	Session: Student Loan and Student Aid Benefits for Active Duty and Veteran Students *There are numerous benefits available to both active duty and veteran students. This session will provide a review of those benefits, focusing on the deferment and cancellation benefits for these students in the federal loan programs, as well as providing a high level overview of the updated GI Bill.* Speaker: Stanton Nickens, Education Liaison Representative, Department of Veterans Affairs Introduction: Tom Schmidt, University of Minnesota	
12:30pm	Conference Concludes	