The Torch

June 8, 2012

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

COHEAO News

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- **COHEAO Offers Testimony at Neg Reg Hearing**
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The Congress

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  In the Senate, the Senate Labor-HHS-Education Appropriations Subcommittee is currently working on crafting a FY2013 spending bill.
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The White House, The Administration & The Campaign

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Industry News

- **In the News: Liberal & Conservative Legal Ed Reformers Agree on "Failing Law Schools"**
  Brian Tamanaha, a law professor at Washington University in St. Louis, is the author of a forthcoming book, "Failing Law Schools," which chronicles many of the problems in legal education and places much of the blame at the feet of the student loan programs. Remarkably, Tamanaha's arguments appear to be resonating among legal education reformers from both sides of the political spectrum.
- **Kevin Carey, Others Leave Education Sector for NAF**
  The New America Foundation raided the higher education group at Education Sector, announcing that Kevin Carey will become the director of its Education Policy Program.

Attachments

- **COHEAO Commercial Members**
- **Board of Directors**
- **2012 COHEAO Mid-Year Conference Agenda**
- **COHEAO Statement at May 31 Department of Education Public Hearing**

COHEAO News

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With the Department of Education set to enter into negotiated rulemaking on fraud in the Title IV student aid programs, representatives from the Office of Inspector General will provide a "view from the ground" on this important topic at the COHEAO Mid-Year Conference. Special Agents Steven Hunt and Scott Wingle of the Office of Inspector General will provide an update on what the Department is doing to combat fraud and how it is asking schools to assist.

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 discount deadline for the COHEAO Mid-Year Conference will be here before you know it, register today!

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. You must contact the Cleveland Ritz by **July 7** to receive this rate.

Click here for more information at the COHEAO website. If you have any questions on the COHEAO Mid-Year, don't hesitate to contact Wes.

Sign Up for the June 14 COHEAO Webinar, "Understanding Audits"

COHEAO is will be hosting a new webinar, "Understanding Audits." Scheduled for 2:00 PM-3:30 PM on Thursday, June 14, this webinar will gather a panel of experts to address many of the audits student financial services offices and their service providers must undergo on a regular basis. Click here to register.

The various types of audits covered by this webinar will include:

- A133 Consolidated Federal Audit
- FISMA
- SOC 1 (formerly SAS 70)
- Compliance Attestation Audits
- Audited Financials

Our panelists will bring a variety of perspectives, offering insights from the vantage point of a school, an audit firm, a billing servicer, and a collection agency. The panelists are as follows:

- Scott Nicholson, President of Enterprise Recovery Systems, Inc.
- Jennifer Walker, Managing Director Risk Assessment and Internal Audit Management for Sallie Mae/General Revenue Corporation
- Heather Bodner, Senior Manager at Porter Keadle Moore LLC (PKM)
- Talha Sheikh, Manager Internal Audit, DeVry University.

Of course, a discussion of audits can lead into a wide range of topics. On this webinar, we plan to address the following questions and topics:

- What is a compliance attestation?
- Is a compliance attestation required on Title IV, HEA Programs?
- Does a Compliance Attestation apply to billing servicers and collection agencies? (34 CFR 668.23).
- What is a SOC 1 Report (formerly SAS 70)?
- The transition from the SAS 70 to the SOC 1.
- Approximate costs of each audit type.
- How to prepare for a Compliance Attestation Audit if you are a school, an agency, a billing service?
- What is the most challenging thing about going through each type of audit?
- What are the rewards tied to successfully passing and completing each type of audit?
- If you could change one thing about the auditing process – what would it be?
- Is there value in having internal auditors and compliance personnel?
- Development and updating of key controls.
- Strategies for dealing with preliminary audit findings.
- The most common audit findings (something that an auditor might be able to address),
- Examples of management responses on how those most common audit findings were going to be addressed in the future.
- Strategies for informing upper management (e.g., Board of Trustees) of any significant findings.

This webinar is $49 for members and $99 for non-members. Additional information is available online: http://www.coheao.com/conference-events/upcoming-events/. If you have any questions on this COHEAO webinar, please contact Wes Huffman (whuffman@wpllc.net, 202.289.3910).

COHEAO Offers Testimony at Neg Reg Hearing

The Department recently held a public hearing to discuss issues in advance of the next round of negotiated rulemaking, which is scheduled to begin in September (see related article).

As the notice of the hearing referenced changes to the campus-based programs, COHEAO provided testimony at the May 31 hearing in Washington, DC. With Perkins changes sprinkled throughout several of the most recent efforts of negotiated rulemaking, the areas for streamlining would appear to be slim.

COHEAO's statement for the public hearing applauds the Department for undertaking an effort to streamline regulations and ease administrative burdens, but it also warns of possible unintended consequences. COHEAO intends to nominate a negotiator for this next round of negotiated rulemaking. The COHEAO statement is attached with today's edition.

The Congress

Contact Your Senators in Support of Perkins Appropriations: Labor-HHS-Education Markup Scheduled for Next Week

In the Senate, the Senate Labor-HHS-Education Appropriations Subcommittee is currently working on crafting a FY2013 spending bill. Though the final appropriations bill will not reach the Floor until much later in the year, the text of the bill after it passes the Committee is a critical aspect of the process.

The Labor-HHS-Education Subcommittee is scheduled to mark up the FY2013 spending bill on June 12 and the full Committee is scheduled to have its markup on June 14, so the time for contacting your Senators is now. COHEAO is encouraging members to contact their Senators, particularly those whose Senators serve on the Senate Appropriations Committee, to urge support for Perkins Loan cancellations and FCC.

The COHEAO Perkins Task Force held a conference call to discuss sending letters as well as accompanying conference calls to allow members to discuss these issues with Congressional staff as a strong complement to these efforts. If you would like to participate in a conference call with Congressional staff to support Perkins funding (or would simply like assistance in contacting the appropriate staff for your Representatives or Senators), please contact Wes Huffman (whuffman@wpllc.net), Nancy Paris (nancy.paris@acs-inc.com), or Karen Reddick (kreddick@ncmstl.com).

Signs of Compromise in the Senate on Stafford Loan Interest Rate Debate

It appears the Senate may be moving closer to a compromise for a temporary solution to maintain the interest rate on subsidized Stafford Loans at 3.4 percent. On Thursday, Senate Majority Leader Harry Reid (D-NV) sent a letter to Senate Minority Leader Mitch McConnell (R-KY) and Speaker of the House John Boehner (R-OH) providing two options for offsetting the cost of maintaining the current rate on these loans:

- **Reforms to employer pension payment contributions.** The proposal outlined by Senator Reid would create a "stabilization range" for employers to compute their pension liabilities. Instead of being forced to use the two-year corporate bond rates in computing their pension liabilities, the new proposal would allow them to compute liabilities using rates for a 25-year period within which the two-year rates must fall. To the extent that the two-year rates fall outside this range, the company would be allowed to use a rate closest to the two-year rate that falls within the stabilization range to compute its pension funding requirements. This more flexible approach would narrow fluctuations in computing pension contributions and result in businesses taking fewer tax deductions for contributions.

- **Change contributions to Pension Benefit Guarantee Corporation premiums.** In addition, Senator Reid proposed increasing premiums paid by employers for the insurance provided by the Pension Benefit Guaranty Corporation. Currently, employers pay a flat dollar premium of $35 per pension plan participant as well as a variable premium equal to $9 for each $1,000 that the plan is underfunded. To help improve the PBGC's finances, these premiums could be increased as part of this proposal.

Both McConnell and Boehner signaled some level of receptivity to the proposals, which have passed the Senate with bipartisan support. A spokesman for McConnell indicated he was pleased Democrats were finally ready to take the issue "seriously" and Republicans remained hopeful they would consider the proposed offsets they put forward last week.

The White House has yet to comment on the new proposals, but the President did give a "policy speech" on the topic at UNLV. At the event, which many reports indicate felt much more like a campaign rally, President Obama called maintaining the current rate a "no brainer" and was highly critical of Republicans on this issue, claiming they have been blocking passage of a bill.

Last week, Boehner, McConnell, House Majority Leader Eric Cantor (R-VA), and Senate Minority Whip Jon Kyl (R-AZ) released a letter to President Obama outlining alternative options for offsetting the cost of maintaining current rates. The letter presents two options, both containing provisions included in the President's FY2013 budget request. The two options are as follows:

- <u>Option 1:</u> Increases federal employee retirement contributions for a savings of $8 billion across five years and $18 billion in savings over 10 years.
- <u>Option 2:</u>
    1. Limits the duration of borrowers' in-school interest subsidy for subsidized Stafford loans to 150 percent of the normal time required to complete their educational programs ($475 million in savings over five years, $1.055 billion over 10 years);
    2. Revises the Medicaid provider tax threshold ($4.65 billion through 2017, $11.3 billion through 2022); and
    3. Improves collection of pension information from states and localities (Savings of $358 million across five years, $2 billion over 10 years).

House Democrats were quick to dismiss the proposal, with Minority Leader Nancy Pelosi's (D-CA) spokesman calling it a "ruse." However, the White House and Senate Democrats have, thus far, not criticized the Republican alternatives, and many education advocates are receptive to the notion that the proposal does represent a good-faith step towards finding a compromise.

Coburn and Burr Introduce "Comprehensive" Student Loan Plan: Fixed, Variable Rates

Late Wednesday, Sens. Tom Coburn (R-OK) and Richard Burr (R-NC) introduced the "Comprehensive Student Loan Protection Act," which would tie interest rates on all federal student loans to 10-year Treasuries. The bill requires the applicable rate of interest for student loans to be equal to the bond equivalent rate of 10-year Treasury bills auctioned at final auction prior to June 1st plus 3 percent.

The "Comprehensive Student Loan Protection Act" applies to all loans, including PLUS loans, and would lower costs for most borrowers in the upcoming year. If it were to pass, the applicable 10-year Treasury rate for loans made in 2012-2013 would be 1.59 percent (May 31), meaning all federal student loans would carry an interest rate of 4.59 percent (see: http://www.treasury.gov/resource-center/data-chart-center/interest-rates/pages/TextView.aspx?data=yieldYear&year=2012).

The Coburn-Burr legislation, is not expected to pass this year, but discussions with education staffers indicate such a proposal may receive consideration in upcoming years as a long term solution. Estimates from the Congressional Budget Office suggest moving to a variable fixed rate system would produce as much as $52 billion in budgetary savings over ten years, making it even more attractive to Congress.

As the "Comprehensive Student Loan Protection Act" is currently written, the rate has no cap for the fixed rate loans offered each year, which would certainly make some lawmakers squeamish. It also remains an open question whether other conservatives will consider an exceptionally low new rate, such as this year at less than 5 percent, for all loans a good idea. In particular, the availability of PLUS loans to the full cost of attendance at a very attractive rate would seem to run counter to the ideas put forward in the "Bennett Hypothesis 2.0," a paper released this year by economist Andrew Gillen which has caught the attention of many conservative staffers.

Additional information on the proposal is available online:
http://www.coburn.senate.gov/public/index.cfm/pressreleases?ContentRecord_id=edb1601f-9752-4c09-ba0e-91902e24f98c&ContentType_id=d741b7a7-7863-4223-9904-8cb9378aa03a&Group_id=7a55cb96-4639-4dac-8c0c-99a4a227bd3a

The White House, The Administration & The Campaign

Debit Cards for Refunds Draw Scrutiny as ED Prepares for Neg Reg

Following the release of a report highly critical of the use of debit cards for disbursing financial aid refunds, Sen. Dick Durbin (D-IL) pledged "to work to end campus debit card fees that send taxpayer funds to banks."

Durbin's statement did not provide details on how he plans to stop such fees, but did note that he has been advocating for a model debit card disclosure form put forward by the Pew Charitable Trusts. Several banks, including JPMorgan Chase, are now using the form.

The US PIRG report highlighted in the Durbin statement was released the same week as a pre-negotiated rulemaking public hearing on the topic of debit cards for financial aid disbursements (along with preventing fraud in the Title IV programs and efforts to streamline the campus-based regulations) was held in Washington, DC. During the public hearing, both sides of the campus debit card debate made their case to the Department of Education and the public in attendance.

US PIRG, NCLC, and others were highly critical of the fees associated with campus-based debit cards, arguing banks and other financial companies have essentially used these products to fill the void from campus credit card marketing. Critics also claim students are unaware of the fees they are charged with the cards, particularly in terms of ATM fees and "swipe" fees for PIN-based debit card transactions.

Notably, one company operating in the disbursement space was also highly critical of banks and financial companies charging fees with debit cards. Dan Toughey, president of Touchnet, used his testimony to urge the Department to craft regulations to encourage most refund disbursements through ACH/direct deposit transactions, stating it is the cheapest, most efficient, and consumer means of delivery for students and schools.

He also said students were being "carpet-bombed with plastic" in reference to debit cards for financial aid refunds. However, Toughey concluded his statement by indicating "not all debit cards are bad" and indicated Touchnet may soon have an offering in the marketplace.

Higher One, a company specifically profiled by the US PIRG report, also offered comments. Robert Barbieri, associate counsel for Higher One, testified that debit cards are much more convenient and efficient for both students and schools, fees are disclosed in a clear and concise manner in multiple formats (video and print), and noted the importance of a campus provided debit card for students from underbanked families.

The Department of Education has indicated it intends to begin negotiated rulemaking on these topics in September.

The full press release from Sen. Durbin's office, which includes a link for the US PIRG report, is available online: **http://durbin.senate.gov/public/index.cfm/pressreleases?ID=2852cc21-a772-4543-b578-8ba884a147ce**

White House Memo Attempts to Simplify IBR Application Process

In addition to his speech at UNLV on the importance of maintaining the interest rate on subsidized Stafford Loans, President Obama also issued amemorandum directing the Secretaries of Treasury and Education to simplify the IBR process, largely through allowing borrowers to electronically access IRS data for completing the IBR application. In addition to IBR simplification, the Administration it was working to improve exit and entrance counseling through the offering of online and mobile applications.

The description of the streamlining process from the memo is included below:

Section 1. Streamlined Application Process for Income Based Repayment Plans. By September 30, 2012, the Secretary of Education, in coordination with the Commissioner of Internal Revenue, shall create a streamlined online application process for IBR that allows student loan borrowers with federally held loans to import their Internal Revenue Service income data directly into the IBR application. This process will allow income information to be seamlessly transmitted so that borrowers can complete the application at one sitting. Federal direct student loan borrowers shall no longer be required to contact their loan servicer as the first step to apply.

Sec. 2. Integrated Online and Mobile Resources for Loan Repayment Options and Debt Management. By July 15, 2012, the Secretary of Education shall:

(a) create integrated online and mobile resources for students and former students to use in learning about Federal student aid, including an explanation of (1) the current IBR plan, which allows student loan borrowers to cap their monthly loan payments at 15 percent of their discretionary income and be eligible to have their remaining loan balances forgiven after 25 years of responsible payments; and (2) the proposed Pay As You Earn plan, which will allow many students to cap their monthly loan repayments at

10 percent of their discretionary income and be eligible for loan forgiveness after 20 years of responsible repayment; and

(b) develop and make available to borrowers an online tool to help students make better financial decisions, including understanding their loan debt and its impact on their everyday lives. This tool should incorporate key elements of best practices in financial literacy and link to students' actual Federal loan data to help them understand their individual circumstances and options for repayment.

Sec. 3. Improved Notification of the Income Based Repayment Plan. The Secretary of Education shall instruct Federal direct student loan servicers to make borrowers aware of the option to participate in IBR before a student leaves school and upon entering repayment. Within 1 year of the date of this memorandum, the Department of Education shall make available, for institutions of higher education, a model exit counseling module that will enable students to understand their repayment options before leaving school and to choose a repayment plan for their student loans that best meets their needs.

Sec. 4. General Provisions. (a) Nothing in this memorandum shall be construed to impair or otherwise affect:
(i) the authority granted by law to an agency, or the head thereof; or

(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This memorandum shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This memorandum is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

The White House and Departments of Education and Treasury devoted quite a bit of time to promoting the new and improved IBR application process. Reports indicate the highly touted program has less than a 5 percent voluntary take-up rate.

The Presidential memorandum is available online:
http://www.whitehouse.gov/the-press-office/2012/06/07/presidential-memorandum-improving-repayment-options-federal-student-loan

A blog post from the White House, “Income Based Repayment: Everything You Need to Know,” is available online: http://www.ed.gov/blog/2012/06/income-based-repayment-everything-you-need-to-know/. Remarkably, this “Everything You Need to Know” document does not mention the forgiveness granted to borrowers after 20 or 25 years of repayment (depending on the time of origination) under IBR is treated as taxable income.

New York Fed Reports More Student Loan Debt

In its latest *Quarterly Report on Household Debt and Credit,* the Federal Reserve Bank of New York announced that student loan debt reported on consumer credit reports reached $904 billion in the first quarter of 2012, a $30 billion increase from the previous quarter. In addition, general consumer deleveraging continued as overall indebtedness declined to $11.44 trillion, about $100 billion (0.9

percent) less than in the fourth quarter of 2011. Since the peak in household debt in the third quarter of 2008, student loan debt has increased by $293 billion, while other forms of debt fell a combined $1.53 trillion.

The New York Fed also released historical student loan figures, by quarter, dating back to the first quarter of 2003[1] as part of this quarter's report. These data show that student loan debt has substantially increased since 2003, growing $663 billion. Outstanding student loan debt surpassed credit card debt as the second highest form of consumer debt in the second quarter of 2010.

"Student loan debt continues to grow even as consumers reduce mortgage debt and credit card balances," said Donghoon Lee, senior economist at the New York Fed. "It remains the only form of consumer debt to substantially increase since the peak of household debt in late 2008."

Additionally, 90+ day delinquency rates for student loans steadily increased from 6.13 percent in the first quarter of 2003 to its current level of 8.69 percent. They remain higher than that of mortgages, auto loans and home equity lines of credit (HELOC). 90+ day student loan delinquencies were at their peak during the third quarter of 2010 at 9.17 percent and are the only form of those delinquencies to increase this quarter (by 0.24 percent).

A footnote also indicates the following on student loan delinquency data:

*As explained in a recent **blog post**, these delinquency rates for student loans are likely to understate actual delinquency rates because almost half of these loans are currently in deferment or in grace periods and therefore temporarily not in the repayment cycle. This implies that among loans in the repayment cycle delinquency rates are roughly twice as high.*

The New York Fed's latest *Quarterly Report on Household Debt and Credit* also includes data on mortgages, credit cards, auto loans and delinquencies.

Other highlights from the report include:

- Mortgage balances shown on consumer credit reports fell again ($81 billion or 1.0 percent) during the quarter.
- Mortgage originations, which we measure as appearances of new mortgages on consumer credit reports, rose to $412 billion and are 17.4 percent below their first quarter 2011 level.
- Credit card balances, at $679 billion, were 21.6 percent below their fourth quarter 2008 peak of $866 billion.
- The number of credit inquiries within six months–an indicator of consumer credit demand–declined slightly, 0.5 percent, and is now 15.5 percent above its first quarter 2010 trough.
- Auto loan originations rose 2.1 percent in the quarter, to $72 billion, and are 43.6 percent above their trough level in quarter one of 2009.
- About $1.06 trillion of consumer debt is currently delinquent, with $796 billion seriously delinquent (at least 90 days late or "severely derogatory").

Additional information from the New York Fed is available online:
http://www.newyorkfed.org/newsevents/news/research/2012/an120531.html

Industry News

In the News: Liberal & Conservative Legal Ed Reformers Agree on "Failing Law Schools"

Brian Tamanaha, a law professor at Washington University in St. Louis, is the author of a forthcoming book, "Failing Law Schools," which chronicles many of the problems in legal education and places much of the blame at the feet of the student loan programs. Remarkably, Tamanaha's arguments appear to be resonating among legal education reformers from both sides of the political spectrum.

Here is what Tamanaha wrote in a *New York Times* op-ed published last Friday, "How to Make Law School More Affordable":

How did we get into this mess? And how do we get out?

Two factors have combined to produce this situation: the federal loan system and the American Bar Association-imposed accreditation standards for law schools. Both need to be reformed.

First, consider the loan system. For more than three decades, law schools have steadily increased tuition because large numbers of students have been willing and able to pay whatever price the schools demanded. Annual tuition at many law schools in just over a decade surpassed $30,000, then $40,000 and is now more than $50,000 at a few. The reason that students have been able to pay such astronomical sums is that the federal government guaranteed student loans from private lenders, and now it supplies the loans itself with virtually no limits.

To restore some economic rationality, the federal loan system needs to demand greater accountability from law schools: those with a high proportion of recent graduates in financial trouble should lose their eligibility to receive money from federal loans. (A similar requirement is currently applied to for-profit colleges.)

The money itself also needs to be reined in. One option is to cap the total amount that each law student can borrow from the government (at, say, a maximum of $125,000). Law schools would then be forced to set tuition with this limit in mind. A flaw of this proposal is that, to reap additional revenue, law schools could simply enroll more students, which would only worsen the oversupply of law graduates.

So another option is to cap the total amount of federal money that any individual law school can receive. A number of law schools now get about $50 million annually in loan money for students directly from the government. Placing an across-the-board cap on total federal loan money (of, say, $40 million) would force law schools to control tuition as well as enrollment.

Whichever cap is chosen, it will function properly only if the government refuses to guarantee private loans and if private loans can be discharged in bankruptcy, which would make banks leery of lending money to law students who are unlikely to repay. To make up for this, the law schools themselves would have to extend loans, thereby aligning their interests with the success of their students.

In addition to the *Times'* editorial, Glenn Reynolds, a conservative law professor from the University of Tennessee, highlighted "Failing Law Schools" in an op-ed for the rival *New York Post*, arguing the ideas put forth by Tamanaha would amount to "good start" in addressing the legal (and all of higher) education bubble. Reynolds' op-ed was also picked up by Paul Campos, a very left leaning law professor at the University of Colorado who runs the blog "Inside the Law School Scam."

Campos is also very supportive of Tamanaha's ideas, though he does argue his colleague at Washington University is still a bit too supportive of the legal education establishment. The popular "scam blog" highlighted Reynolds' op-ed on the subject, a remarkable fact given the history between the two includes a call from Campos for the University of Tennessee to take disciplinary action against Reynolds for his views on the Middle East.

Tamanaha's op-ed for the *New York Times* is available online:
http://www.nytimes.com/2012/06/01/opinion/how-to-make-law-school-affordable.html
Glenn Reynolds' op-ed for the *New York Post* is available online:
http://www.nypost.com/p/news/opinion/opedcolumnists/not_worth_the_debt_tPmHeOgrp5qbKpoFxUt4hI
Paul Campos' "Inside the Law School Scam" blog is available online:
http://insidethelawschoolscam.blogspot.com/

Kevin Carey, Others Leave Education Sector for NAF

The New America Foundation raided the higher education group at Education Sector, announcing that Kevin Carey will become the director of its Education Policy Program. Among those going with Carey is Stephen Burd, a harsh critic of private sector involvement in education, who only recently had left NAF, and Amy Laitenen, a former advisor to the White House and Education Department who has been very critical of private student lenders.

In his new role, Carey will lead a comprehensive education policy program that includes and builds on the important ongoing work of New America's Early Education Initiative led by Lisa Guernsey and the Federal Education Budget Project led by Jason Delisle. With the arrival of Carey, the New America Foundation is seeking to work across the full education spectrum, from the early years before kindergarten through college completion. New America will also be able to expand its suite of blogs, which include *Early Ed Watch*, *Ed Money Watch* and *Higher Ed Watch*.

Reporting on the moves, the higher education trade press indicated it may be a sign of trouble for Education Sector, a relatively new, but also relatively well-known, think tank. Education Sector's former executive director, Richard Lee Colvin, recently stepped down after one-year of service. John Chubb, his replacement on an interim basis, had signed on to advise the Romney campaign on education issues, but quickly resigned.

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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	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, COHEAO Commercial Committee 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	Breakfast: 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 Tom Babel, DeVry Inc., Vice President Regulatory Affairs
9:00am-9:10am	The President's Welcome & Opening Remarks Speaker: Bob Perrin, COHEAO President
9:10am-10:00am	Session: Washington Update *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 Joseph Pruden, NorthStar Education Services
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. Speaker: Steven Hunt, U.S. Dept of Education, Office of Inspector General Scott Wingle, U.S. Dept of Education, Office of Inspector General
12:30pm-1:45pm	Lunch and Luncheon Address:
2:00pm-3:00pm	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.* Speaker: Joseph Pruden, NorthStar Education Services
3:00pm-3:30pm	Break
3:30pm-4:30pm	Session: Financial Literacy on Campus *This session will review the development of a financial literacy programs on campus. It will also review best practices in campus financial literacy from a servicer perspective* Speaker: Kris Albin, iGrad Chris Stompanato, ECSI
6:00pm-7:00pm	Reception

Tuesday, July 31, 2012

8:00am-9:00am Financial Literacy Meeting
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 a 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, US Department of Education

10:15am-10:30am Break

10:30am-11:30am Session: CFPB are you in compliance with the oversight
In guidance earlier this year, the Consumer Financial Protection Bureau indicated, in some cases, it will hold banks and companies under its supervision accountable for the consumer financial protection violations of their service providers. This session will review relevant information from the Bureau on this topic as well as providing the critical elements of effective vendor management programs.

Speakers: David Stocker, Account Control Technology, Inc.

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.

Speaker:

12:30pm Conference Concludes

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May 31, 2012

Testimony of Wes Huffman on behalf of the Coalition of Higher Education Assistance Organizations with regard to Docket ID ED-2012-OPE-0008 -- Department of Education Negotiated Rulemaking

On behalf of the Board of Directors and the members of the Coalition of Higher Education Assistance Organizations (COHEAO), I would like to present the following comments on the upcoming negotiated rulemaking on several important issues, including the administration of campus based student financial assistance programs. In particular, COHEAO would like to comment on the Perkins Loan Program, one of the three campus-based federal aid programs.

COHEAO is a coalition comprised of colleges and universities and commercial organizations with a shared interest in fostering improved access to postsecondary education. In particular, COHEAO members have expertise in the Perkins Loan Program and in other student financial assistance programs. They are the ones who administer the Perkins Program, working with students over a number of years, from the time a Perkins Loan is first disbursed until it is successfully repaid. In the vast majority of cases, the loans are successfully repaid, a sign of a program that is working well, making low-cost financing available for generation after generation of students.

Perkins Loans offer low-interest and well-crafted cancellation benefits, and, importantly, Perkins Loans also feature the human touch of campus-based servicing, which allows on-campus administrators to provide Perkins borrowers with one-on-one service to assist with the management of their student debt.

Campus-based servicing is especially important today at a time when many students are graduating with thousands of dollars in student loan debt, and the government is trying to increase counseling and education to help students manage that debt. Perkins loan administrators are already providing this counseling and are quite focused on expanding and improving financial education for their students and former students.

COHEAO commends the Department for its efforts at streamlining regulations and appreciates the focus on the campus-based programs. We are extremely hopeful this negotiated rulemaking effort will produce regulations which allow these programs to operate more smoothly for students and schools while safeguarding taxpayer funds.

In particular, COHEAO encourages the Department to create a regulatory structure which allows campuses to engage students efficiently and effectively using modern communication tools and methods which students prefer and expect from their college or university. We are hopeful the Department will give strong consideration to the cost benefits for colleges and universities of "going paperless" and the benefits afforded to students, such as easily accessible (but secure) personalized documents and information, as it continues its streamlining effort.

As the Department knows, many schools turn to third-party servicers to assist them with the administration of the Perkins Loan Program. COHEAO fully supports efforts to maintain program integrity in the Title IV programs, particularly Perkins Loans, but we would also support any effort from the Department of Education to identify and eliminate areas of excessive redundancy in third-party oversight in these programs.

In the discussion of the Perkins Loan Program, we suggest that extra care be taken to avoid adding administrative burdens. The Department deserves praise for attempting to streamline the regulations governing the campus-based programs, but there is always a concern with unintended consequences. Perkins Loans regulations have been reviewed multiple times in recent years, including significant regulatory changes undertaken as part of negotiated rulemaking in 2007, 2009 and 2012.

COHEAO members were honored to participate in each of those recent negotiations involving the Perkins Loan Program and we are hopeful the Department will again seek the input of our members during this review of the campus-based programs. Members of COHEAO have an expertise on both the front and back-end aspects of Perkins Loan administration which could serve this Negotiating Committee quite well as it reviews these programs, and we look forward to the opportunity to submit nominations for negotiators.

Thank you for the opportunity to testify today.