The Torch

April 24, 2015

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

COHEAO

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- **President of Union Theological Seminary Writes Passionate Plea for Perkins Loan Support in *The Hill***
  Serene Jones, President of the Union Theological Seminary, wrote a thoughtful and convincing blog published in *The Hill*, a publication read by most Members of Congress and their staff, urging Congress to save the Perkins Loan Program.

Congress

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  On Thursday, April 16, the Senate Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies held a hearing on the President's FY 2016 Budget Request for the US Department of Education (ED).
- **Senate HELP Committee Approves ESEA Reauthorization**

For most involved in education, the Senate HELP Committee's unanimous approval of the "Every Child Achieves Act," a bill to reauthorize the Elementary and Secondary Education Act (ESEA), was a major development in Washington.

- **FY 2016 Budget Negotiations Continue**
  Speaker John Boehner (R-OH) and Majority Leader Mitch McConnell (R-KY) named conferees on the FY 2016 Budget Resolution.
- **Democrats Introduce Resolution Calling for Debt Free Public College**
  Democrats in both the House and Senate introduced a resolution on Tuesday aiming to ensure that students who attend public colleges and universities can graduate without debt.
- **House Higher Education Hearing Announced for April 30**
  The House Subcommittee on Higher Education and Workforce Training has announced that it will be holding a hearing, "Improving College Access and Completion for Low-Income and First-Generation Students," on Thursday, April 30.
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  On Wednesday, Sen. Mazie Hirono (D-HI) introduced a package of proposals including four pieces of legislation intended to protect and expand Pell Grants.
- **Senate HELP Committee Cleared the Nomination for Ericka Miller for ED Assistant Secretary for Postsecondary Education**
  The Senate HELP Committee last Friday unanimously voted to move the nomination of Ericka Miller to be assistant secretary for postsecondary education to the full Senate for a vote on confirmation.

White House & Administration

- **ED Fines Corinthian Additional $30 Million**
  Press Release Includes Statement that ED is Working on Process to Submit Defense to Repayment
  The U.S. Department of Education is alleging further cases of misrepresentation of job placement rates to current and prospective students in Corinthian's Heald College system.
- **Federal Reserve Bank of St. Louis Says Student Loan Delinquency Rates No Longer Rising but Still Not Decreasing**
  A new report from The Federal Reserve Bank of St. Louis states that almost one-third of Americans with student debt are at least 30 days delinquent on their debt.
- **Fed Court Dismisses Student Debt Collectors' Lawsuit Against ED**
  A federal judge dismissed a lawsuit by a group of private student loan debt collection agencies against the Department of Education that claim the Department arbitrarily cut ties with them earlier this year.
- **IES Report Shows HBCUs Hit Hard by Tighter PLUS Loan Credit Standards**
  A new study by the Department of Education's Institute of Education Sciences (IES) shows that, during the school year following a sudden, unannounced tightening of Parent Loans for Undergraduate Students (PLUS) credit standards, the share of PLUS participants and loan dollar amounts declined substantially at four-year Historically Black Colleges and Universities (HBCUs).

- **CFPB Director, Richard Cordray, Speaks to Ohio College Presidents' Conference on Student Debt Problem**
  Consumer Financial Protection Bureau Director Richard Cordray spoke to the Ohio College Presidents' Conference on Wednesday about the Bureau's efforts to help students make better choices about paying for college.
- **ED Sets Aside $4 Million for College Ratings System**
  Inside Higher Ed was able to obtain a copy of the Department of Education's contract with a nonprofit research company, Research Triangle Institute (also called RTI International), that the Department hired to analyze data about colleges, test different ratings models and build a website for the ratings.
- **FTC Announces Debt Collection Dialogue: A conversation between government and business to be held on June 15**
  The Federal Trade Commission and the Office of the New York Attorney General will host an event on June 15, 2015 in Buffalo, New York to discuss consumer protection issues with the debt collection industry.
- **New IFAP Announcements: Updated Orange Book, Electronic Processing Option for Perkins Loan Assignments, and More**
  Recent additions to the Information for Financial Aid Professionals (IFAP) website have been made including an updated version of the federal Perkins Loan program orange book and information regarding electronic processing option for Perkins Loan assignments planned for fall 2015.

Industry

- **Gallup-Lumina Foundation Poll Finds Overwhelming Majority of Americans Support Increasing Attainment**
  Last Thursday, the Lumina Foundation hosted an event to discuss the key findings of their new report, which highlights the results from a survey conducted by Gallup on behalf of the foundation.
- **Concerns about College Costs are Soaring**
  The Princeton Review's 2015 "College Hopes & Worries Survey" interviewed 12,000 incoming college freshman and their parents and found that both are increasingly concerned about the rising costs of tuition.
- **In the News: TG's Patterson Argues for Better Student Loan Counseling in *The Hill***
  On Monday, James Patterson, President and CEO of TG, wrote a blog piece in *The Hill* advocating for better financial literacy education and student loan counseling programs to help solve the nation's growing student debt burden.
- **AEI Report Explores How Adults without a College Degree Perceive Postsecondary Education**
  On Monday, the American Enterprise Institute (AEI) hosted an event to release their new report, "High Costs, Uncertain Benefits: What do Americans Without a College Degree Think About Postsecondary Education?"
- **National Student Clearing House Releases Second Annual Snapshot Report on Persistence and Retention**
  The National Student Clearing House released its second annual Snapshot Report on persistence and retention, and found that nearly 70 percent of students return to any school and nearly 60 percent return to the same school.

Attachments

- **COHEAO Commercial Members**
- **COHEAO Board of Directors**
- **COHEAO Blackboard Petition Comments**
- **Summary of Senate Appropriations Subcommittee Hearing on ED's FY 2016 Budget**

COHEAO

Thursday, April 30 COHEAO Webinar to Examine Indiana University's Approach to Improving Financial Literacy

COHEAO is pleased to announce our latest webinar, "Improving Student Financial Literacy: A Closer Look at the Indiana University Approach," which is scheduled for 2:00 p.m. ET on Thursday, April 30th. Sign up today for this special Financial Literacy Month webinar.

The Office of Financial Literacy at IU was established in 2012 at the recommendation of the Student Debt Task Force to help address the issue of rising student debt throughout the University system of approximately 114,000 students. The implementation of the office has seen positive results in its short history: between the 2012 - 2013 and 2013 - 2014 school year, borrowing across the University was down 12.4% ($31 million).

The success of the program has been a result of changes to University Financial Aid "business practices" (e.g., implementation of the "debt letter") and the creation of the IU MoneySmarts program, which provides financial education to students through multiple channels designed to make the subject more approachable. The program is also receiving national attention--it has been highlighted by Sens. Joe Donnelly (D-IN) and Tim Scott (R-SC) as a potential model to be implemented nationwide with the "Empowering Student Borrowers Act."

Phil Schuman will give a presentation, drawing on his experience managing the implementation of a range of financial education programs across the seven IU campuses. Join us to learn more about IU's unique approach to financial education for their students.

If you have any questions on this webinar, please do not hesitate to contact Hannah Allen of the COHEAO staff (hallen@wpllc.net, 202.289.3910).

Sign up today!

Register Today for the 2015 COHEAO Mid Year Conference in Chicago

Registration is now available for the **2015 COHEAO Mid Year Conference**, taking place in Chicago July 26-28. - sign up today!

Join us for informative sessions on regulatory and legislative matters, compliance, and operations in campus-based loans and student financial services. Set to take place at the beautiful **Fairmont Chicago Millennium Park** in downtown Chicago, the 2015 COHEAO Mid-Year features engaging and informative conference programming at affordable prices – which are the same as last year. Sessions planned include: COHEAO's legislative update and perspective, a Department of Education update on the budget and potential HEA reauthorization, Perkins Loan Program expert panel, a discussion on financial responsibility agreements, guidance on developing an institutional loan program, and much more.

Don't wait to sign up - early bird pricing for all members is $460, and the institutional non-member fee is $560 until June 12th. The institutional non-member fee is $560 until June 12th, and the commercial non-member rate is $1,610. Fees increase by $50 to the standard rate after June 12th.

COHEAO has also secured a good rate for a single or double room in central Chicago at **$189 per night** at the Fairmont for all conference delegates that book their rooms by July 2nd. Rooms are available in limited amounts three days before or after the dates of the conference, and the COHEAO rate includes free internet access in guest rooms and free access to the fitness center. Follow the link here to book your room. You may also call the hotel to make reservations - be sure to mention you are attending COHEAO's Mid Year Conference - at 1 (800) 441-1414.

Click here for more details on a program that is sure to be informative and engaging. We hope to see you in the Windy City this July for another fantastic COHEAO Mid Year Conference! Register today!

Please contact Hannah Allen with any questions: hallen@wpllc.net

Special Attachment: COHEAO Submits another TCPA Comment in Response to Blackboard Petition

This week, COHEAO submitted a comment supporting Blackboard Inc.'s petition to the FCC for clarification that the TCPA of 1991 doesn't prohibit schools from contacting their students, alumni, parents and other parties on non-marketing school-related issues. The comment states:

> *COHEAO respectfully urges the Federal Communications Commission ("FCC or "Commission") to grant Blackboard Inc.'s request for a declaratory ruling that the Telephone Consumer Protection Act of 1991 ("TCPA") does not prohibit mass notifications sent by members of the school community and/or servicers who have been contracted by a school to students, alumni, parents, guardians, faculty, and any other members of the school community to provide education related, non-marketing information. The grant of Blackboard's Petition is necessary because the threat of liability under the TCPA for educational pre-recorded message could inhibit – or is already inhibiting -- communications between educational institutions and the constituents they serve.*
>
> *Educational institutions and their service providers do not send unwanted telemarketing calls or any other communication that may be considered as frivolous. Messages sent by educational institutions and their servicers provide time sensitive information that includes emergency weather closures, potential threat situations, event scheduling, notification of class registration deadlines, student outreach information, notifications for financial aid programs, student account/loan related requirements and deadlines, and other educated related messages. These are messages that are beneficial to the consumer and that consumers wish to receive. The inability to communicate this information in a timely matter to a large segment of the educational institution's constituents would severely impact their ability to be fully informed of safety issues, deadlines that if missed might be detrimental to educational goals, missed opportunities, and lost educational benefits. COHEAO encourages the FCC to declare that autodialed, SMS, emailed, and prerecorded messages sent by educational institutions and/or*

their servicers to cellular telephones are for emergency purposes under the TCPA and are permissible under the Commission's rules as a "message made necessary in any situation affecting the health and safety of consumers" without the recipient's prior express consent.

The TCPA permits automated or prerecorded calls to be made to wireless devices for non-marketing purposes when the caller has obtained "prior express consent" from the called party. There have been a substantial number of lawsuits filed by consumers alleging that they have been the receiver of education related prerecorded communications on their wireless devices but are not the intended party. This phenomenon is causing harm to consumers who wish to be contacted and is a health and safety issue.

The full comment is attached to this week's edition.

Top News

Support for Perkins Growing in Congress

Both the House and Senate staffs are working on drafting broad reauthorization bills, but the timing of reauthorization is slipping. The COHEAO Board of Directors on April 14 made visits to several dozen Congressional offices in support of the Perkins Loan Program, including to key members of the education committees. Compared to where things stood a year ago, support for Perkins has clearly grown, with a number of Members of the House and Senate saying they definitely support continuation of the program. It now appears almost certain that Congress won't pass a full reauthorization of the Higher Education Act until late this year or next year. That means Congress will have to pass an extension of the act continuing all programs after they expire on October 1, 2015.

For the Perkins Loan program, COHEAO has been informed by highly reliable sources that Congress intends to pass a simple continuation of all programs, including Perkins, for up to one year. However, nothing is certain until Congress actually acts, and unfortunately, Congress probably won't pass the extension until September. But schools are strongly urged to continue operating normally in awarding loans. Just in case, COHEAO recommends that schools plan to make Perkins awards for the 2015-16 academic year no later than September 30, 2015.

Support for the Perkins Loan program has been growing in Washington, and many schools and their servicers around the country have become far more active in urging Congress to act to continue the program. COHEAO's grassroots campaign is continuing, with calls to Illinois senators this week. Calls have already been made by schools in Washington State, Kentucky, Tennessee, North Carolina, Pennsylvania and Minnesota. More are being scheduled. These calls give COHEAO members and non-members alike a chance to talk to the higher education legislative assistants in their Representatives' and Senators' offices.

COHEAO members are urged to keep the pressure on their Members of Congress to support Perkins reauthorization. The Senate Health, Education, Labor and Pensions Committee is now expected to consider its version of HEA reauthorization in July. House Education and the Workforce Committee consideration could take place earlier, possibly in June.

Among the points that are being emphasized now about Perkins is that it is a program that involves shared financial commitment and risk between institutions and the federal government. Both

Republican and Democratic senators have made proposals that would impose risk sharing on institutions. COHEAO is responding to a policy paper by Senate HELP Committee Chairman Lamar Alexander released three policy papers on risk-sharing on Federal Student Loans.

President of Union Theological Seminary Writes Passionate Plea for Perkins Loan Support in *The Hill*

Serene Jones, President of the Union Theological Seminary, wrote a thoughtful and convincing blog published in *The Hill*, a publication read by most Members of Congress and their staff, urging Congress to save the Perkins Loan Program. Jones explained that the program helps hundreds of her students earn a graduate degree and gives this same opportunity to students around the country at more than 1,700 institutions.

She expressed anger over Congress threatening to eliminate the program and the critical role student loan programs play in allowing people of all backgrounds to pursue a higher education and the possibility of economic mobility. Jones wrote:

> *The Perkins Loan Program fills an important niche, covering the funding gap for borrowers who can't get other types of loans. Overwhelmingly, it is the most marginalized students who most depend on these loans—LGBT students, people of color, women, and those with family obligations, chronic health issues, or structural impediments to gainful employment.*
>
> *Liberation theologians have taught us that we can best measure the health of a whole society by looking at the health of the most marginalized. As the president of an ethnically and socioeconomically diverse institution, I know how crucial it is that the Perkins Loan Program is extended.*
>
> *Simply put, the death of this program will mean the death of so many people's dreams to receive a quality education. Without this program, graduate students will only be able to receive federal loans to cover their tuition, blocking them from receiving the assistance they need for living expenses. From an institutional perspective, the end of the Perkins loan program would disproportionately affect seminaries like ours that don't have access to huge scholarship funds.*
>
> *I refuse to put out a sign on Union's doors that says, "Students without perfect credit need not apply." Now more than ever, our country needs leaders who are formed and educated at the small, creative, and progressive institutions like Union.*

For the full blog posting, see: http://thehill.com/blogs/congress-blog/education/239001-dont-cut-the-perkins-loan-program

Congress

Special Attachment: Summary of Senate Appropriations Subcommittee Hearing on ED's FY 2016 Budget

On Thursday, April 16, the Senate Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies held a hearing on the President's FY 2016 Budget Request for the US Department of Education (ED). Secretary of Education Arne Duncan, accompanied by ED's Acting Chief

Financial Officer Thomas Skelly, appeared before the panel to defend the request and respond to Senators' questions.

Members present included: Subcommittee Chairman Roy Blunt (R-MO); Ranking Member Patty Murray (D-WA); Full Committee Chairman Thad Cochran (R-MS); Full Committee Ranking Member Barbara Mikulski (D-MD); Senators Jerry Moran (R-KS); Lamar Alexander (R-TN); Bill Cassidy (R-LA); Shelley Moore Capito (R-WV); James Lankford (R-OK); Jeanne Shaheen (D-NH); Brian Schatz (D-HI); and Tammy Baldwin (D-WI). Though the hearing focused largely on K-12 issues, lot of higher education topics were discussed that are sure to be of importance in upcoming HEA authorization talks.

Chairman Blunt made clear his opposition to Obama's proposed college rating system. Duncan responded that the idea for the college rating system is to improve federal transparency in higher education that will help students access to information about colleges, the cost of higher education and what is necessary to complete a degree on time. When asked about gainful employment regulations and for-profit colleges, Duncan asserted that ED's gainful employment regulations don't target for-profit colleges but are to reward good (institutional) actors that help students graduate with real skills for real jobs without an overwhelming level of debt.

Ranking Member Murray asked about the Department's investigation of Navient's student loan servicing involving active duty members of the military. Tom Skelly, ED's acting Chief Financial Officer who accompanies Duncan at Budget hearings, indicated the Department was working on the final details of an agreement and would have an announcement by May 1.

Sen. Alexander reiterated his desire to simplify the mandates and "red tape" that the federal government places on institutions of higher education and their students, such as the extensive (102 question) Free Application for Federal Student Aid (FAFSA) form. He stated his desire to work closely with Senators Mikulski, Richard Burr (R-NC), Michael Bennet (D-CO) and Secretary Duncan to implement many of the recommendations from the report, "Recalibrating Regulations of Colleges and Universities," in order to simplify the higher education system. Duncan readily agreed to work with Congress on regulatory reform.

Sen. Schatz stated he believes college students should be able to graduate in four years and inquired if ED has programs that encourage on-time degree completion. Duncan referred to the success of the First in the World (FITW) program. Schatz followed his question with an inquiry about ED's ability to stop bad actors in higher education through the accreditation process instead of gainful employment regulations. Duncan replied that his staff is currently looking into issues concerning accreditation in order to "raise the bar" and would speak more about this "off line" if the senator was interested.

Sen. Baldwin noted her strong support for the Administration's America's College Promise Act and thanked Duncan for including Tribal Colleges and Universities.

Senator Lankford was also concerned about ED's proposed college rating system and asked Duncan to submit for the record a cost analysis of how much this project was costing the government currently and how much it would cost to implement in the future.

Senator Capito asked about gainful employment regulations and targeting for-profit colleges which Duncan clarified that gainful employment regulations are applied to private and public institutions in order to manage post college loan debt on students. Capito further noted her deep concern about the extensive amount of debt students are taking on and their ability to borrow more money than the actual cost of their tuition.

A full summary of the hearing is attached to this week's edition.

For an archived webcast of the hearing, go to this link

Senate HELP Committee Approves ESEA Reauthorization

For most involved in education, the Senate HELP Committee's unanimous approval of the "Every Child Achieves Act," a bill to reauthorize the Elementary and Secondary Education Act (ESEA), was a major development in Washington. The unanimous vote and generally collegial atmosphere of the markup (there was applause among the education lobbyists in the crowd after the vote) has created a buzz of optimism around the Capitol on major education legislation.

Importantly, H.R. 5, the House version of the ESEA bill, was pulled from the floor earlier this year because of objections from many of the more conservative rank and file Republicans. With almost no Democrats planning to vote for the legislation, it was not going to pass. The Senate bill is much more centrist than H.R. 5. The conventional wisdom has long been that ESEA negotiations would set the tone in the Senate for work on Higher Education Act reauthorization. A 22-0 vote in the HELP Committee is quite a statement.

Chairman Lamar Alexander (R-TN) and Ranking Member Patty Murray (D-WA) are building a strong working relationship which could carry over to their arguably less controversial work on higher education. Alexander and House Higher Education and Workforce Training Subcommittee Chair Virginia Foxx (R-NC) continue to push for HEA reauthorization this year. "This year" is an important choice of words, as it seems—at minimum—a short term extension of HEA will be necessary. Short of completing work on a comprehensive bill by the end of federal FY 2015 (September 30), Congress will need to extend the authorization of current programs, including Perkins Loans.

FY 2016 Budget Negotiations Continue

Speaker John Boehner (R-OH) and Majority Leader Mitch McConnell (R-KY) named conferees on the FY 2016 Budget Resolution. The Senate also held several votes on motions to instruct conferees on a variety of issues, including two on student loans. Senators Richard Burr (R-NC) and Angus King (I-ME) offered a non-binding motion supportive of their REPAY Act, which passed 97-0. Senator Elizabeth Warren again used the procedure to seek support for her student loan refinance legislation, which failed 45-52. Additional details are below:

- *Burr motion to instruct the conferees to insist that the final conference report on the budget include a provision relating to addressing student loan debt, which may include reducing overlapping student loan repayment programs and creating a simplified income-driven student loan repayment option, as included in section 358 of S. Con. Res. 11, as agreed to by the Senate was agreed to by a roll call vote of 97-0.*

- *Warren motion to instruct the conferees to insist that the final conference report on the budget include a provision to make college more affordable for middle-class families by allowing borrowers with outstanding Federal and private student loans to refinance at the equivalent interest rates that were offered to Federal student loan borrowers during the 2013-2014 school* *year and to fully offset the cost of such a program by requiring millionaires to pay at least a 30 percent effective Federal tax rate was agreed to by a roll call vote of 45-52.*

The negotiations have already—and will continue to—hit some sticking points between the two chambers, but Republican Budget leaders are still expected to put together a deal. Importantly, both the House and Senate resolutions call for the Congressional Budget Office (CBO) to produce cost estimates on the federal student loan programs using fair value accounting (FVA) for scoring federal student loan programs. It will then be at the discretion of the Chairman of the Budget Committees whether to use FVA or the current methodology. Under FVA, the cost of the Direct Loan Program is predicted to be significantly higher, which could impact proposals to reduce student loan interest rates. The Congressional Budget Office has said FVA is more accurate, however.

Democrats Introduce Resolution Calling for Debt Free Public College

Democrats in both the House and Senate introduced a resolution on Tuesday aiming to ensure that students who attend public colleges and universities can graduate without debt. In the Senate, the resolution was introduced by Sen. Brian Schatz (D-HI), Sen. Chuck Schumer (D-NY) and Sen. Elizabeth Warren (D-MA). In the House, Reps. Keith Ellison (D-MN), Raul Grijalva (D-AZ) and Katherine Clark (D-MA) introduced their version of the resolution. The resolution aims to cut borrowing by improving financial aid and decreasing tuition and the time it takes for students to earn a degree.

"Our country should be investing in higher education and working with colleges and universities to bring down tuition costs so that students don't have to take on crushing debt to get an education," said Elizabeth Warren.

The Huffington Post reports, "The debt-free resolution is backed by the Progressive Change Campaign Committee, which is hosting events at town halls at several public colleges and universities across the country this week. Some of those events are scheduled at schools in Iowa and New Hampshire, as the committee hopes to make debt-free college a key issue in the 2016 presidential campaign."

Liberal democrats are pressuring Hillary Clinton to support "debt-free college" in her presidential campaign. Clinton mentioned rising student loan debt would be a focus of her campaign while she visited Kirkwood Community College in Monticello, Iowa last week.

- For coverage from The Huffington Post, see: http://www.huffingtonpost.com/2015/04/21/debt-free-public-tuition_n_7104796.html?utm_hp_ref=college
- You can read the full resolution, here: http://www.schatz.senate.gov/imo/media/doc/DebtFreeCollege.pdf

House Higher Education Hearing Announced for April 30

The House Subcommittee on Higher Education and Workforce Training has announced that it will be holding a hearing, "Improving College Access and Completion for Low-Income and First-Generation Students," on Thursday, April 30.

The hearing is scheduled at 10:00 a.m. and there will be a live webcast. The witnesses have not yet been announced.

For event information, see: http://edworkforce.house.gov/calendar/eventsingle.aspx?EventID=398748

House Passes Bill to Create CFPB Advisory Boards

On Wednesday, the House passed H.R. 1195, a bill that would create new advisory boards for credit unions, community banks, and small business to advise the CFPB on issues related to those business areas. The bill passed out of the committee last month with strong Democratic support but Republicans added an amendment that would also cut the agency's budget in coming years. What sounded non-controversial – and originated from a Democratic House member – turned into a debate about how rich or poor the CFPB really is. The White House jumped in with a veto threat and Democrats almost all opposed the measure because it would cut the CFPB's budget by 0.02 percent in order to fund the advisory boards.

Rep. Maxine Waters (D-CA), ranking member on the Banking Panel said, “"The bill before us today is just the latest instance of Financial Services Committee Republicans snatching defeat from the jaws of victory. It makes clear their commitment to do all they can to undercut the Consumer Financial Protection Bureau — an agency with an extraordinary record of success protecting consumers, reining in bad actors, and ensuring that we do not return to the predatory practices that put this nation on the verge of economic collapse less than 10 years ago."

Some critics argued that the provision could cut the CFPB's budget by as much as $100 million over the next 10 years. But Republicans stand by the amendment, noting that it was added to offset the $9 million the measure is estimated to cost.

In the end, the measure passed by a vote 235-183, but it is now a highly partisan issue. Unless Republican leaders decide to drop the funding mechanism, it will not become law anytime soon.

For more information, see: http://www.americanbanker.com/news/law-regulation/battle-over-cfpb-funding-erupts-anew-in-house-1073950-1.html

Sen. Hirono Introduces Package of Proposals Aimed to Expand and Protect Pell Grants

On Wednesday, Sen. Mazie Hirono (D-HI) introduced a package of proposals including four pieces of legislation intended to protect and expand Pell Grants.

The Hill reports, “Hirono's proposal, comprised of four pieces of legislation, would let students use Pell Grants for three semesters, compared to the current two, and increase the Pell Grant maximum for the 2014-2015 school year from $5,730 to $9,139. Hirono's package would also include Pell Grants as part of mandatory spending and allow ‘Dreamers,’ immigrants who came to the country as children and went to a U.S. high school, access to federal aid including the Pell Grant and work-study programs.

The proposal package contains four pieces of legislation: The Year-Round Pell Grant Restoration Act, the Pell Grant Cost of Tuition Adjustment Act, The Pell Grant Protection Act, and the College Options for Dreamers Act. Hirono's plan already has support from more than a dozen national education groups.

For more information, see: http://thehill.com/blogs/floor-action/senate/239642-democrat-pushes-for-stronger-pell-grant

Senate HELP Committee Cleared the Nomination for Ericka Miller for ED Assistant Secretary for Postsecondary Education

The Senate HELP Committee last Friday unanimously voted to move the nomination of Ericka Miller to be assistant secretary for postsecondary education to the full Senate for a vote on confirmation. Miller's nomination has been held up for over a year for unclear reasons. Last year, it was simply not brought up in the Senate even though it also moved through committee in the last Congress.

Her prospects for confirmation this time are presumably better as the HELP Committee Chairman Lamar Alexander (R-TN) would not have moved the nomination otherwise. However, a single senator could decide to block her from consideration over a matter not directly related to her. Miller is currently serving as an advisor at the Department of Education, essentially filling many of the duties she would handle as Assistant Secretary.

For more information on Miller, see: http://www.allgov.com/news/appointments-and-resignations/assistant-secretary-for-postsecondary-education-who-is-ericka-miller-140419?news=852952

White House & Administration

ED Fines Corinthian Additional $30 Million

Press Release Includes Statement that ED is Working on Process to Submit Defense to Repayment

The U.S. Department of Education is alleging further cases of misrepresentation of job placement rates to current and prospective students in Corinthian's Heald College system. The Department published a press release on Tuesday announcing that it had found 947 misstated placement rates and informed the company it is being fined about $30 million. In part, the press release reads:

> *Specifically, the Department has determined that Heald College's inaccurate or incomplete disclosures were misleading to students; that they overstated the employment prospects of graduates of Heald's programs; and that current and prospective students of Heald could have relied upon that information as they were choosing whether to attend the school. Heald College provided the Department and its accreditors this inaccurate information as well.*
>
> *The Department has also notified Corinthian it intends to deny Corinthian's pending applications to continue to participate in the Title IV federal student aid programs at its Heald Salinas and Stockton locations. Corinthian has 14 days to respond to the Department's notice, after which the Department will issue its final decision. Moreover, the Department has determined that Heald College is no longer allowed to enroll students and must prepare to help its current students either complete their education or continue it elsewhere.*
>
> *"This should be a wake-up call for consumers across the country about the abuses that can exist within the for-profit college sector," U.S. Secretary of Education Arne Duncan said of the Department's enforcement action against Corinthian. "We will continue to hold the career college industry accountable and demand reform for the good of students and taxpayers. And we will need Congress to join us in that effort."*

The fine is one of the largest ever over claims of falsified job-placement rates and some observers view it as a sign that the Department is dedicating renewed attention to such reporting by for-profit colleges.

Corinthian maintains that the Department had taken action based on “faulty data and anlyses discovered and disclosed more than 18 months ago” and plans to appeal the Department’s decisions.

Additionally, toward the end of the Department’s press release was a statement that the Department was “working on a process to help federal student loan borrowers submit a defense to repayment of their federal student loans.” To date, the Department has remained mostly silent about the matter, besides ED representatives meeting with leaders of the “Corinthian 100” student debt strike at the CFPB a few weeks ago.

On Tuesday, Arne Duncan said that the Department was working to figure out “a fair and impartial” way to handle more than 250 claims filed by former Corinthian students asking to have their debt forgiven. During his remarks to the Education Writers Association conference, the Secretary said that the Department remains open to canceling the federal student loans of some of the Corinthian borrowers.

- For the ED press release, see: http://www.ed.gov/news/press-releases/us-department-education-fines-corinthian-colleges-30-million-misrepresentation
- For coverage from *Inside Higher Ed*, see: https://www.insidehighered.com/quicktakes/2015/04/22/duncan-corinthian-student-loan-forgiveness-table

Federal Reserve Bank of St. Louis Says Student Loan Delinquency Rates No Longer Rising but Still Not Decreasing

A new report from The Federal Reserve Bank of St. Louis states that almost one-third of Americans with student debt are at least 30 days delinquent on their debt. It adds that while delinquency is a problem, it is not necessarily getting worse.

"About 77 percent of the increase over the past 10 years occurred between 2004 and 2010. The delinquency rate decreased during 2011 and then increased sharply during 2012. Since then it has remained quite stable at about 17 percent,” the report notes.

However, researchers found that only 55 percent of student loans were actually in repayment in the last financial quarter of recent years. When they adjusted the rate to consider this, researchers determined that an overall delinquency rate of 15 percent implies a rate of 27.3 percent among borrowers in repayment.

The researchers expressed their concern over this rate as it is much higher than any other type of debt. This matches up with previous research from the New York Fed suggesting the actual delinquency rate is likely double the official delinquency measure, when excluding borrowers not in repayment. Unfortunately, the fed is unable to discern the difference between borrowers deferring repayment for economic reasons and those who are taking advantage of the federal repayment programs designed specifically for them, such as borrowers returning to school or entering into military service.

For the report from The Federal Reserve Bank of St. Louis, see: http://research.stlouisfed.org/publications/es/15/ES_7_2015-04-10.pdf

Fed Court Dismisses Student Debt Collectors' Lawsuit Against ED

A federal judge dismissed a lawsuit by a group of private student loan debt collection agencies against the Department of Education that claim the Department arbitrarily cut ties with them earlier this year.

Inside Higher Ed reports, "The debt collectors argued that the department's decision to cut ties with them amounted to the government purchasing new services (from their competitors) without giving them a fair shot in the bidding process. The Education Department, however, appears to have argued successfully that it was not making a new procurement decision but rather merely exercising its discretion under an existing contract when it decided to stop doing business with the companies. After hearing from both sides about that preliminary matter last week, the judge canceled a second hearing to discuss the merits of the companies' complaints."

For coverage from *Inside Higher Ed*, see: https://www.insidehighered.com/news/2015/04/15/federal-judge-sides-education-department-firing-debt-collectors

IES Report Shows HBCUs Hit Hard by Tighter PLUS Loan Credit Standards

A new study by the Department of Education's Institute of Education Sciences (IES) shows that, during the school year following a sudden, unannounced tightening of Parent Loans for Undergraduate Students (PLUS) credit standards, the share of PLUS participants and loan dollar amounts declined substantially at four-year Historically Black Colleges and Universities (HBCUs).

"The changes [to the PLUS program] disproportionately affected HBCUs, not because of the quality of these institutions, but because of the demographics of the students they choose to serve," Representative Bobby Scott (D-VA) wrote in a press release.

PLUS Loan volume declined by 36.4 percent at HBCUs, compared with 23.5 percent at other institutions. The loss was not offset by an increase in other federal aid and enrollment at HBCUs decreased more than enrollment at other institutions, corresponding to the larger proportional decline in PLUS recipients at HBCUs.

The Department has since changed its requirements for PLUS loan borrowers regarding reported "adverse credit" after negotiations involving representatives from HBCUs. The new regulations took effect in March and are significantly more forgiving of an adverse credit incident for a PLUS loan applicant.

For the report, see http://ies.ed.gov/ncee/edlabs/regions/midatlantic/pdf/REL_2015082.pdf

CFPB Director, Richard Cordray, Speaks to Ohio College Presidents' Conference on Student Debt Problem

Consumer Financial Protection Bureau Director Richard Cordray spoke to the Ohio College Presidents' Conference on Wednesday about the Bureau's efforts to help students make better choices about paying for college. In it he continued to try and pressure colleges to follow steps endorsed by the CFPB.

It's the CFPB's mission to "guide young people responsibly" in dealing with their finances, Cordray said. He called for full disclosure of all terms of any arrangement between a college and financial institutions, saying, "I frankly see no reason why any school would fail to put these contracts on-line as an easy means of disclosure that allows ready access to their terms. That is now easy as a matter of technology, and any further obstacles to this kind of transparency are not justified."

For Cordray's full remarks, see: http://www.consumerfinance.gov/newsroom/prepared-remarks-of-cfpb-director-richard-cordray-at-the-ohio-college-presidents-conference/

ED Sets Aside $4 Million for College Ratings System

Inside Higher Ed was able to obtain a copy of the Department of Education's contract with a nonprofit research company, Research Triangle Institute (also called RTI International), that the Department hired to analyze data about colleges, test different ratings models and build a website for the ratings.

Inside Higher Ed reports, "The ratings work comprises just a fraction of RTI International's overall $81.4 million contract with the department for various government data projects. The department's December amendment to the contract adds more than $4 million worth of college ratings-related tasks, of which the department has provided funding for $1.8 million… The several million dollars of funding for the college rating system is relatively small in the context of the department's roughly $70 billion budget. But critics of the administration's ratings proposal have seized on the funding as means of blocking the department from carrying out the project."

The document provides the public's first look into the Ratings plan and the costs associated with it. The contract provides details on the Department's website requirements but leaves open the possibility that colleges would be rated individually on various categories or assigned an aggregate rating, or both.

Inside Higher Ed adds, "The contract also features optional tasks relating to the ratings system that are at the discretion of department officials, such as forming a technical review panel or allowing colleges to challenge the data. It is unclear which of those tasks the department has actually directed the company to complete."

In addition, the contract shows that the Department is considering allowing schools to include a narrative statement next to its performance on the ratings system, to "provide context and explain how their unique circumstance may impact the ratings displayed." Importantly, Senate HELP Committee Chairman Lamar Alexander (R-TN) has threatened to use the appropriations process to prevent the Department from spending any of its funds on PIRS.

Some colleges are concerned that the Department is rushing to get the ratings system done under a compressed timeline. The contract notes the possibility of forming a technical review panel in the Spring of 2015, but there has yet to be any mention of this so far from the Department. The contract states that a "version 1.0" of the ratings website will be released to the public on September 1.

For more information, see: https://www.insidehighered.com/news/2015/04/20/education-department-signs-4-million-college-ratings-contract-eyes-ratings-appeals

FTC Announces Debt Collection Dialogue: A conversation between government and business to be held on June 15

The Federal Trade Commission and the Office of the New York Attorney General will host an event on June 15, 2015 in Buffalo, New York to discuss consumer protection issues with the debt collection industry. This will be the first of several "Debt Collection Dialogues" the FTC will hold around the country.

The agencies will discuss recent enforcement actions, consumer complaints about debt collection practices, and compliance issues. The speakers will welcome questions and comments from collection industry members and others who attend.

"Debt Collection Dialogue – New York" will be from 1:30 to 4 p.m. in the Burchfield Penney Art Center at SUNY Buffalo State, 1300 Elmwood Avenue, Buffalo, NY. The FTC will accept pre-registrations on behalf of both agencies. Pre-registration is not necessary to attend but is encouraged for event planning.

To pre-register for Debt Collection Dialogue - Buffalo, please email ONLY your name, affiliation, and email address to debtcollectiondialogue-buffalo@ftc.gov(link sends e-mail).

For more information, see: https://www.ftc.gov/news-events/events-calendar/2015/06/debt-collection-dialogue-conversation-between-government

New IFAP Announcements: Updated Orange Book, Electronic Processing Option for Perkins Loan Assignments, and More

Recent additions to the Information for Financial Aid Professionals (IFAP) website have been made including an updated version of the federal Perkins Loan program orange book and information regarding electronic processing option for Perkins Loan assignments planned for fall 2015.

On April 15, the Department updated the Perkins Loan Orange Book. The announcement reads:

Note: On April 15, 2015, we replaced both the PDF and spreadsheet attachments of the Federal Perkins Loan Program Status of Default as of June 30, 2014 (Orange Book) to correct the award year reference in the heading for Column A and the year reference in the heading for Column B. The data in the attachments is correct and has not changed. In addition, the text of the announcement below remains the same.

The Federal Perkins Loan Program Status of Default as of June 30, 2014, known as the Orange Book, is a report that lists each school that participated in the Federal Perkins Loan (Perkins Loan) Program during the 2013-2014 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 2013-2014 and Application to Participate for 2015-2016 (FISAP), and includes all schools reporting Perkins Loan funds regardless of whether or not they reported advancing funds to students in FISAP Part III, Section A, field 4.

The full announcement can be found here along with the Orange Book: http://ifap.ed.gov/perkinscdrguide/1314PerkinsCDR.html

On April 22, the Department issued an announcement on electronic processing option for Perkins Loan assignments planned for Fall 2015. The announcement reads:

> *We are pleased to announce our plans to implement functionality for schools to electronically submit Federal Perkins Loan (Perkins Loan) assignment information to the Department of Education (the Department).*

Over the past two years we have been evaluating the existing paper-based Perkins Loan assignment process and developing a new electronic Perkins Loan assignment process. Later this year, schools will have the option to submit Perkins Loan assignment information and supporting documentation electronically which will reduce paper processing. In this announcement, we provide a high-level summary of the electronic option for Perkins Loan assignments, preliminary information about the batch file process, and the expected timeframe for implementation.

Electronic Assignments Using the Perkins Loan Assignment System
With the electronic Perkins Loan Assignment process, authenticated users will complete the Perkins Loan Assignment Form online using the new Perkins Loan Assignment System (PLAS). Users will need to request access to the system and will be provided a User ID and temporary password (which must be changed the first time the user logs in to the system). Once logged in, users will be able to complete a Web-based assignment form and upload supporting documentation as file attachments.

The Perkins Loan Assignment System will allow authenticated users to:

- *Submit multiple loans as a "batch file" or submit individual loans*
- *Securely upload supporting documentation (promissory notes, payment histories, etc.)*
- *Search, view, and edit submitted loan assignment information*
- *View reports of Perkins Loans that have been accepted or rejected for assignment*

More information about PLAS will be provided in forthcoming communications, which will include details about system access, how to obtain a User ID and password, instructions for using PLAS, and instructions for completing the Web-based assignment form. Schools should monitor the Information for Financial Aid Professionals (IFAP) Web site for this information.

For the full announcement, see:
http://ifap.ed.gov/eannouncements/042215ElectronProcOptionPerkinsAssignFall2015.html

Other new FSA IFAP announcements include:

1. Volume 1 - Student Eligibility [2015-2016 Federal Student Aid Handbook] Link
2. New Financial Literacy Guidance Available for Counselors and College Access Professionals Link
3. Final FISAP Form, Instructions, Desk Reference, and Technical Reference for FISAP Due by October 1, 2015 Link
4. COD Processing Update Link

Industry

Gallup-Lumina Foundation Poll Finds Overwhelming Majority of Americans Support Increasing Attainment

Last Thursday, the Lumina Foundation hosted an event to discuss the key findings of their new report, which highlights the results from a survey conducted by Gallup on behalf of the foundation.

The study reported includes findings from a quantitative survey conducted to understand the perceptions of adults currently living in the U.S. about several important issues pertaining to higher education, including degree attainment, quality and value, costs, information access and workforce preparedness. Gallup conducted 1,533 interviews from a random sample of individuals.

A summary of the key findings from the report is included below:

1. Americans value postsecondary education
    a. Ninety-six percent say it is somewhat or very important to have a degree or professional certificate beyond a high school diploma
    b. Seventy-three percent of African Americans and seventy-two percent of Hispanics say it is very important to increased the proportion of Americans with a degree or professional certificate, compared with fifty-six percent of Whites
2. Hispanics and African Americans equate more attainment with jobs and quality of life
    a. Eighty-four percent of Hispanics and seventy-six percent of African Americans agree or strongly agree that having a professional certificate or degree beyond high school is essential for getting a good job. By comparison, sixty-four percent of Whites agree with this same statement.
3. Americans see affordability and student debt as barriers to degree attainment
    a. Seventy-nine percent of Americans do not think that education beyond high school is affordable for everyone in this country who needs it.
    b. Sixty-eight percent of Americans say the price of postsecondary education is very important when selecting a college or university. And seventy-nine percent say that financial assistance is a very important factor in that process.
    c. Sixty-two percent of Americans say that $20,000 or more in student debt is reasonable. Forty percent say that $30,000 or more in debt is reasonable.
4. Americans don't feel college degrees are preparing them for workplace success
    a. Forty-one percent of Americans agree or strongly agree that only a professional certificate beyond high school can lead to a good job.
    b. Forty-one percent of Americans agree or strongly agree that online colleges and universities offer high-quality education. Seventeen percent strongly agreed with statement, an increase over the ten percent who strongly agreed in 2011.

For the Lumina Foundation press release and link to the full report, see:
http://www.luminafoundation.org/news-and-events/gallup-2015

Concerns about College Costs are Soaring

The Princeton Review's 2015 "College Hopes & Worries Survey" interviewed 12,000 incoming college freshman and their parents and found that both are increasingly concerned about the rising costs of tuition.

Ninety percent of those surveyed this year, said that financial aid will be "very necessary" to pay for college, and within that cohort 66 percent said "Extremely necessary." Thirty-nine percent of respondents said they were concerned with how much debt was necessary to pay for their degree.

Students reported higher stress levels than their parents when asked about their finances. Thirty-five percent of students responded that their biggest worry was being accepted into their first-choice school but not receiving enough financial aid to attend.

Overall, respondents viewed the college experience positively and forty-five percent of students consider the main benefit of their degree will be to attain a better job with a higher income. Even though 87 percent of students estimate their degree will cost more than $50,000—and within that cohort, 42 percent believe school will cost them more than $100,000—99 percent of these incoming freshmen believe college and their degrees will be "worth it."

For a press release, see: http://www.prnewswire.com/news-releases/the-princeton-reviews-2015-college-hopes--worries-survey-reports-on-12000-students--parents-dream-colleges-and-application-viewpoints-300052185.html

In the News: TG's Patterson Argues for Better Student Loan Counseling in *The Hill*

On Monday, James Patterson, President and CEO of TG, wrote a blog piece in *The Hill* advocating for better financial literacy education and student loan counseling programs to help solve the nation's growing student debt burden.

Patterson begins by stating that recently Sen. Lamar Alexander's (R-TN) proposal to have colleges assume some of the financial risk of their students' loans may lead to a decrease in defaults. He explains that even though students are required to attend student-loan exit counseling, most students do not actually understand the implications of the debt they are taking on. Patterson urges lawmakers to fix the federal loan counseling program and encourages colleges to assist in this effort by creating effective loan counseling programs of their own.

Patterson writes, "Government, universities, and private credit agencies all offer counseling services for borrowers who are having difficulties with repayment. But by the time many people seek help, their financial situation is already out of control. The federal government requires borrowers to take an online course before they leave school to educate them about their student loan obligations. But with double-digit default rates the norm, the current counseling program clearly isn't working. The solution? Better financial education for student loan borrowers -- before they even start repaying their loans."

He shares the recent findings of a study conducted by his organization TG and the National Association of Student Financial Aid Administrators (NASFAA). The study identified two main problems with existing student loan counseling programs. First, students found the course irrelevant and unhelpful. Second, two-thirds of students said the course is too long, contains too much information, and is too densely worded.

"Federal officials should replace the one-size-fits-all status quo with counseling sessions tailored to individual borrowers' unique financial situations. Technology, along with in-person discussion, can do just that -- and will yield better results." Patterson says.

Furthermore, nearly half of financial aid offices surveyed report a moderate to severe shortage in resources needed to do their jobs, according to a new report from the NASFAA . When resources are stretched, survey respondents say it's often counseling for students that gets cut -- to the detriment of all. Nearly 70 percent said face-to-face counseling was greatly affected as a result. Coupled with the 91 percent who reported that the typical student's financial literacy understanding is "limited" or "very limited," it is clear that some aid offices are stretched thin and students are not receiving the counseling they need. To help reverse the trend and free up more time for counseling, NASFAA offers the following nine recommendations:

- Use prior-prior year (PPY) income data to determine student aid eligibility to lengthen the time to complete applications.
- Provide aid administrators the authority to limit loan amounts for certain broad categories of students and require - as needed - additional loan counseling.
- Eliminate all non-financial aid related questions from the application process.
- Mandate a federal early commitment program for the federal student aid programs.
- Review, consolidate, and streamline consumer information requirements to make disclosures more targeted, meaningful, and effective.
- Simplify the return of Title IV funds (R2T4) process when a student withdraws.
- Revamp and make more transparent the process for estimating the burden of new regulations.
- Include burden estimates in the negotiated rulemaking process.
- Develop a threshold for the amount of burden the Department of Education can impose.

For James Patterson's blog on The Hill, see: http://thehill.com/blogs/congress-blog/education/239251-financial-education-fix-for-student-loan-crisis

For the NASFAA press release and link to survey results, see: http://www.nasfaa.org/media/releases/Survey__Vital_Student_Financial_Aid_Counseling_Suffers_Due_To_Burdensome_Federal_Regulations.aspx

AEI Report Explores How Adults without a College Degree Perceive Postsecondary Education

On Monday, the American Enterprise Institute (AEI) hosted an event to release their new report, "High Costs, Uncertain Benefits: What do Americans Without a College Degree Think About Postsecondary Education?"

The report highlights some of the key findings of a survey of more than 1,500 adults without a college degree. It shows that respondents without college degrees found higher education to be necessary but too expensive.

Fifty-four percent of respondents said that college costs were keeping them from enrolling, yet 51 percent also overestimated the cost of a community college degree by at least $1,000, and 28 percent were not able to make an estimate at all. At the same time, respondents who were most likely to be satisfied with their current level of education were those with only a high school diploma. Only 60 percent of respondents agreed or strongly agreed that a college education was worth the cost. Moreover, less than half of the respondents believed that obtaining a bachelor's degree would increase their annual earnings by $15,000 or more.

The report concludes that students may not have a clear understanding of the costs and potential benefits of higher education because of information gaps or common misconceptions. For example, the results showed that many believed a bachelor's degree was more valuable than other types of higher education.

Panelist Mark Schneider, a visiting scholar at AEI and Vice President at the American Institutes for Research, explained that the survey's findings perfectly fit an ongoing national phenomenon where "B.A." stands for "Bachelors Addiction." He argued that many do not understand the value of associate and technical degrees and their potential economic payoff. Schneider said that we need more effective ways to disseminate data to education consumers and better display the costs and returns of different kinds of postsecondary education.

For the full report, see: https://www.aei.org/publication/high-costs-uncertain-benefits/

National Student Clearing House Releases Second Annual Snapshot Report on Persistence and Retention

The National Student Clearing House released its second annual Snapshot Report on persistence and retention, and found that nearly 70 percent of students return to any school and nearly 60 percent return to the same school. The percentage of first-time students who were still enrolled at any college in their second fall term increased one percentage point over the prior year, bringing the persistence rate to its highest level since 2010, when it began a four-year decline.

The percentage of students who returned to the *same institution* for their second fall term increased 1.1 percentage points. The report tracks fall-to-fall persistence and retention rates from the entering class of fall 2009 through the entering class of fall 2013. The persistence rate is the percentage of students who return to college at any institution for their second fall term, while the retention rate is the percentage of students who return to the *same* institution for their second fall term.

Findings include:

- Of all first-time students who entered college in fall 2013, 69.6 percent returned to college at any U.S. institution in fall 2014, and 59.3 percent of first-time students returned to the same institution.
- For each entering cohort year, the overall persistence rate is about 11 percentage points higher than the retention rate. This means about one in nine students who start college during any fall term transfer to a different institution by the following fall.
- Increases in persistence rates were larger for students who started college on a full-time basis (1.2 percentage points) than for students who started college on a part-time basis (0.2 percentage points).
- Each institutional sector saw very similar increases in persistence rates, but two-year publics saw the largest increase (0.8 percentage points).
- Persistence rates increased for all age groups.

For more information, see: http://nscnews.org/college-student-persistence-rate-inches-back-up-69-6-still-enrolled-in-second-year/

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Before the

Federal Communications Commission

Washington, DC 20554

In the Matter of	)	
Blackboard, Inc.	)	
Petition for Expedited Declaratory Ruling	)	CG Docket No. 02-278
	)	
Rules and Regulations Implementing the		
Telephone Consumer Protection Act of 1991		

Comments Of The Coalition Of Higher Education Assistance Organizations In Support Of Petition For An Expedited Declaratory Ruling of Blackboard Inc.

The Coalition of Higher Education Assistance Organizations ("COHEAO") was founded in 1981 and serves as a partnership of colleges, universities and servicing organizations dedicated to promoting federal campus based loan programs, student institutional and private loans, campus receivables, financial literacy, default prevention as well as other student financial services. The consumers being served by COHEAO members (higher education students and former students) identify with the national demographic data of those individuals who are entirely dependent on their cellular telephones as their primary if not only means for communication and as depositories to store information in order to conduct business of any kind, including important communications with the institution of higher education that they either currently attend or attended in the past.

COHEAO respectfully urges the Federal Communications Commission ("FCC or "Commission") to grant Blackboard Inc.'s request for a declaratory ruling that the Telephone Consumer Protection Act of 1991 ("TCPA") does not prohibit mass notifications sent by members of the school community and/or servicers who have been contracted by a school to students, alumni, parents, guardians, faculty, and any other members of the school community to provide education related, non-marketing information. The grant of Blackboard's Petition is necessary because the threat of liability under the TCPA for educational pre-recorded message could inhibit – or is already inhibiting -- communications between educational institutions and the constituents they serve.

Educational institutions and their service providers do not send unwanted telemarketing calls or any other communication that may be considered as frivolous. Messages sent by educational institutions and their servicers provide time sensitive information that includes emergency weather closures, potential threat situations, event scheduling, notification of class registration deadlines, student outreach information, notifications for financial aid programs, student account/loan related requirements and deadlines, and other educated related messages. These are messages that are beneficial to the consumer and that consumers wish to receive. The inability to communicate this information in a timely matter to a large segment of the educational institution's constituents would severely impact their ability to be fully informed of safety issues, deadlines that if missed might be detrimental to educational goals, missed opportunities, and lost educational benefits. COHEAO encourages the FCC to declare that autodialed, SMS, emailed, and prerecorded messages sent by educational institutions and/or their servicers to cellular telephones are for emergency purposes under the TCPA and are permissible under the Commission's rules as a "message made necessary in any situation affecting the health and safety of consumers" without the recipient's prior express consent.

The TCPA permits automated or prerecorded calls to be made to wireless devices for non-marketing purposes when the caller has obtained "prior express consent" from the called party. There have been a substantial number of lawsuits filed by consumers alleging that they have been the receiver of education related prerecorded communications on their wireless devices but are not the intended party. This phenomenon is causing harm to consumers who wish to be contacted and is a health and safety issue.

Educational institutions generally seek prior express consent to call cellular telephones while obtaining contact information during the admission process, enrollment periods, and execution of financial related documents. The consumers served by these educational institutions and their servicers authorize the institution to contact them via the communication platform of their choice, whether that be mobile phone, SMS (texting), email or surface mail. Such communication is vitally important as that is how the institution will contact students and others about emergency situations or to provide information the consumer needs. Consumers who have specified that their preferred means of communication is via a mobile device will often ignore communications sent by other means, such as email or postal mail.

However, it is not uncommon for students and former students to switch phone carriers, forward calls to other numbers without notifying the institution, and on occasion incorrectly input the number that was provided for contact. The wireless carrier may reassign an abandoned mobile phone number to another party who is not associated with the intended recipient. When this is done without the knowledge of the educational institution, the institution inadvertently may send a message or make a call to a wrong party.

The non-consenting recipient who receives a call in error despite the educational institution's good faith effort may file a lawsuit arguing that liability exists even in the case of an inadvertent error and even if the school subsequently blocks the recipient's number from future communication after being notified of the error. As a result of this unreasonable and anti-consumer risk of liability, COHEAO supports Blackboard's request that the prior express consent that educational institutions obtain before sending messages to wireless numbers, SMS (texting) or any other related electronic communication extend to: (1) the wireless telephone number provided to the educational institution and/or their servicers even if unbeknownst to the educational institution, the number has been reassigned by a wireless carrier to another user, or (2) the recipient the educational institution and/or their servicers intended to call and not to the person who inadvertently receives the call.

The greatest advantage in using automated messaging is to reach a large number of people as quickly as possible. TCPA rules and the accompanying threat of lawsuits inhibit or discourage communication between the educational institutions and consumers, even though consumers wish to receive such information, and it will benefit them. Accordingly, COHEAO urges the FCC to issue a Declaratory Ruling requested by Blackboard that will clarify that education related messages as described in these comments and those of the Blackboard petition be exempt from the requirements of the TCPA. In addition, we respectfully encourage the FCC to further declare that educational institutions and their servicers who communicate educational messages are not subject to liability when the message is sent to a wireless number in error. Given the mobility of students, and alumni, and recognizing that education consumers use their mobile devices as their primary source of communication, we respectfully ask the FCC to grant the Blackboard petition.

COHEAO appreciates the opportunity to offer our comments in support of the Blackboard, Inc. petition, and will be pleased to provide any further information that will assist the Commission.

Respectfully submitted,

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April 22, 2015

Make Your Voice Matter.

HEARING BRIEF

SENATE LHHS SUBCOMMITTEE HEARING ON ED'S FY 2016 BUDGET REQUEST

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On Thursday, April 16, the Senate Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies (LHHS) held a hearing on the President's FY 2016 Budget Request for the US Department of Education (ED). Secretary of Education Arne Duncan, accompanied by ED's Acting Chief Financial Officer Thomas Skelly, appeared before the panel to defend the request and respond to Senators' questions.

MEMBERS PRESENT

Subcommittee Chairman Roy Blunt (R-MO); Ranking Member Patty Murray (D-WA); Full Committee Chairman Thad Cochran (R-MS); Full Committee Ranking Member Barbara Mikulski (D-MD); Senators Jerry Moran (R-KS); Lamar Alexander (R-TN); Bill Cassidy (R-LA); Shelley Moore Capito (R-WV); James Lankford (R-OK); Jeanne Shaheen (D-NH); Brian Schatz (D-HI); and Tammy Baldwin (D-WI).

WITNESSES

- **The Honorable Arne Duncan**, Secretary, ED

OPENING STATEMENTS

Chairman Blunt opened the hearing with a historical perspective of the federal government's support for public education dating back to the Land Ordinance of 1785, but he also emphasized however, this did not include the federal government telling local communities how to run their schools. He applauded ED's FY 2016 budget for prioritizing core education programs like Title I and IDEA (Individuals with Disabilities Education Act), but he strongly criticized ED's initiative to create a college rating system, a critique that would be brought up throughout the hearing.

Ranking Member Murray began by noting the bipartisan efforts that she and Senator Alexander have engaged in to reauthorize the "broken" *Elementary and Secondary Education Act* (ESEA) and stated her optimism for their new bill, "*Every Child Achieves Act of 2015*," moving out of the Senate Committee on Health, Education, Labor, and Pensions (HELP) to the Senate floor. Throughout her opening remarks, Murray stated her belief that "economic growth occurs from the middle out not the top down." Not surprisingly, Murray emphasized the need to increase discretionary spending caps and her strong dislike for the recently passed Senate Budget Resolution. She also lauded portions of the President's FY 2016 Budget Request for ED, specifically for the increases to Title I, Pell grants and early childhood education programs. She also noted her dissatisfaction with ED proposal to flat fund Impact Aid programs for another year, along with ED proposing to eliminate payments for federal property.

WITNESS STATEMENT

Secretary Duncan delivered similar remarks from the testimony he gave in March to the House LHHS Appropriations Subcommittee, citing progress in educational achievement throughout the nation, as evidenced by higher high school graduation rates and lower dropout rates, on average. He stated that the FY 2016 Budget Request for ED reflects four main priorities: 1) ensuring equity and opportunity for all students; 2) helping states expand high quality early learning; 3) supporting educators and improving teacher and school leader effectiveness; and 4) improving access, affordability and outcomes for postsecondary education. Duncan also reasserted the President's (unofficial) pledge to not sign a budget that locks in sequestration and its negative economic toll. He emphasized the local need for more federal education funding and the limited resources that ED faces, noting that ED received over 2,800 applications for funding under the Investing in Innovation (i3) program but was only able to funds 140 of these requests. Similarly ED received 460 applications for the First in the World (FITW) program focused on institution of higher education, but was only able to fund 24 of these requests.

MEMBER QUESTIONS

Chairman Blunt began by noting that the United States' higher education system is one of the best in the world and the one place that the federal government invests in without trying to "run the system." He went on to state his concerns that ED's proposed college rating system will give the federal government too much control over higher education. Duncan responded that the idea for the college rating system is to improve federal transparency in higher education and will help students gain access to information about colleges, the cost of higher education and what is necessary to complete a degree on time. When asked about gainful employment regulations and for-profit colleges, Duncan asserted that ED's gainful employment regulations are not targeted at for-profit colleges but targets good and bad actors [institutions] in order to reward good actors that help students graduate with real skills for real jobs and not an overwhelming level of debt.

Ranking Member Murray asked Duncan about how the government's funding for early childhood grants—such as Preschool Development grants and Race to the Top–Early Learning Challenge grants–since FY 2011 has helped improve early childhood education workforce issues. Duncan responded that all applicants have to outline in their applications how they plan to use their funds to improve their early learning workforce. He further mentioned that there is large bipartisan support at the local and state level for implementing and expanding early learning programs. On the international stage the U.S. ranks in the middle to the end of the pack in early childhood enrollment and access, which "we should be ashamed of," he said. When asked about the need to increase Title I funding, Duncan responded that increased funding for Title I is essential due to the perpetuating problem of more students needing assistance each year at the same time that federal funds and resources continue to decrease.

Full Committee Chairman Cochran asked Duncan what federal programs he finds to be the most beneficial to helping students and schools. Duncan noted that investing in new and innovative ideas for teaching and learning is important in order to find what works and take it to scale, along with funding IDEA and Title I programs.

Full Committee Ranking Member Mikulski used her time to support funding for Impact Aid and the Javits Gifted and Talented Student Education Program. She stated her concern that this program is consistently forgotten about at ED. She asserted that she is the primary actor keeping the Javits program funded each year and asked Duncan what other programs or services ED provides that supports gifted and talented kids. Both Duncan and Skelly did not directly respond to her question which infuriated Mikulski.

Senator Alexander reiterated his desire to simplify the mandates and “red tape” that the federal government places on institutions of higher education and its students, such as the extensive (102 question) Free Application for Federal Student Aid (FAFSA) form that students are forced to complete in order to receive federal aid. He stated his desire to work closely with Senators Mikulski, Richard Burr (R-NC), Michael Bennet (D-CO) and Secretary Duncan to implement many of the recommendations from the report, “Recalibrating Regulations of Colleges and Universities,” in order to simplify the higher education system. Duncan readily agreed to work together with Congress to alleviate some of the barriers that federal regulations might create to institutions of higher education.

Senator Schatz stated his concern with college students being able to graduate in four years and inquired if ED has programs that encourage on-time degree completion. In response, Duncan referred to the success of the FITW program. Schatz followed his question with an inquiry about ED’s ability to stop bad actors in higher education through the accreditation process instead of gainful employment regulations. Duncan replied that his staff is currently looking into issues concerning accreditation in order to “raise the bar” and would speak more about this “off line” if the Senate was interested. Lastly, Schatz spoke about the need for more federal support in assessing Native language acquisition. Duncan agreed and highlighted a pilot project currently supported by ED in Hawaii which is looking at the development of high quality Native language assessments.

Senator Cassidy continued his debate—from the HELP Committee markup the day before—on the need to fund more programs that specifically help students with dyslexia. Duncan noted that funding for students with dyslexia fall under the purview of IDEA programs and that there is not a targeted program at ED just for students with dyslexia. Cassidy asserted that at a time of tight federal resources ED should be more directive with what they fund, which Duncan responded somewhat sarcastically that “many of your colleagues want me to be less directive with funding.”

Senator Baldwin stated that it is imperative to improve high school graduation rates and to lower school dropout rates, and highlighted a bill she introduced, the “Next Generation High Schools Act.” Duncan did not directly answer the question but agreed that something must be done targeting high school “drop-out factories” and that challenging students and keeping them engaged while in school is essential to increasing graduation rates. Baldwin also noted her strong support for the Administration's America's College Promise Act and thanked Duncan for including Tribal Colleges and Universities.

Senator Lankford was also concerned about ED's proposed college rating system and asked Duncan to submit for the record a cost analysis of how much this project was costing the government currently and how much it would cost to implement it in subsequent fiscal years. Lankford also asked Duncan if capping not-for-profit loan servicers at 25 percent would negatively affect them, and wanted to know why ED doesn't eliminate the loan servicing cap altogether. Duncan did not have time to answer the question—and will submit his answer for the record—but mentioned that ED will be reallocating funding based on loan servicers' performance in September.

Senator Capito asked about gainful employment regulations and targeting for-profit colleges which Duncan clarified that gainful employment regulations are applied to private and public institutions in order to manage post college loan debt on students. Capito further noted her deep concern about the extensive amount of debt students are taking on and their ability to borrow money than the actual cost of their tuition. Duncan acknowledged the problem and said ED is working to better advice college financial aid counselors at institutions of higher education, as one possible solution. Capito also questioned Duncan about the number of early childhood education programs at the federal level and if they are being administered efficiently and in collaboratively with programs at the Department of Health and Human Services (HHS), e.g. Head Start. Duncan confidently assured Capito that HHS and ED are working together on early childhood education programs in order assure efficiency and collaboration.

Senator Shaheen discussed the disadvantage that small and rural schools face in competing for competitive grant competitions at ED, to which Duncan quickly clarified that 92 percent of ED's funding is formula based and only eight percent is distributed through competitive grants. Shaheen touted her state's student participation rate in FIRST Robotics competitions and noted the need for ED to fund more hands-on learning programs. Duncan agreed with the importance of hands-on learning programs and environments and noted that some ED programs make it an allowable use.

During the second round of questions, **Chairman Blunt** stated his indignation with ED flat funding the Impact Aid program and then using some of the funding within the program for facility management and maintenance of federal buildings. He went on to compare the harmful effects of ED's cash management requirements on institutions of higher education to what one can expect when ED implements the college rating system. Duncan did not respond directly to either question.

Ranking Member Murray applauded ED's request for an increase in funding for the Office of Civil Rights (OCR) to deal with the influx of civil rights complaints and the backlog from past years. Duncan asserted that an increase to OCR funding will send a message that ED is there to help, and takes students' civil rights seriously. Murray also wanted Duncan to provide an update to the LHHS Subcommittee about the Sallie Mae and Navient Solutions settlement with ED in FY 2015 and asked if ED has reviewed the services and compliance of all ED contracts with loan servicers, as he promised during last year's budget hearing. Duncan responded that ED has been working on reviewing all their loan servicing contracts which should be completed in about two weeks.

CONCLUSION

Chairman Blunt thanked Secretary Duncan for his testimony, but before adjourning he asked Duncan to submit a year-by-year expense form for ED's marketing and advertising expenses, which Duncan agreed to submit. For an archived webcast of the hearing, go to this **link**.
be found **here**.