The Torch

December 4, 2015

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

Top News

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- **FSA Conference Reveals More Details on Perkins Wind Down Plan, Excess Cash**
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COHEAO

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  Sign up today for COHEAO's next webinar, "An Update on the Telephone Consumer Protection Act (TCPA) and Higher Education," which is scheduled for 2:00-3:30 PM Eastern Time on Thursday, December 15.
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- **Director Cordray Sends Response to American Banker on Article Detailing CFPB Complaint Database Errors**
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- **Massachusetts AG Cracks Down on Debt Relief "Scammers," Creates Student Loan Unit**
  Massachusetts Attorney General Maura Healey announced last Tuesday that her office is "cracking down on a 'cottage industry' of unlawful debt relief companies."
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The Washington Center for Equitable Growth in conjunction with the Center for American Progress' (CAP) Generation Progress and Higher Ed Not Debt released a set of interactive maps, which compare the geographic distribution of average household student loan balances and average loan delinquency to median income across the nation.

- **Advocacy Groups Weigh in Against APSCU's Gainful Appeal**
  Last week, 28 advocacy groups filed a friend-of-the-court brief in the U.S. Court of Appeals for the D.C. Circuit in support of the Department of Education's Gainful Employment rule.
- **New Demos Reports Looks at Student Debt, Race, and Bankruptcy**
  Demos, a left leaning think tank, released two new reports last week focusing on student loan debt, the wealth gap, and race.
- **Enrollment Rates Dropping, Particularly Among Low-Income Students**
  A new study from the American Council on Education found the proportion of low-income recent high school graduates who enroll in college has dropped significantly since 2008.

Attachments

- **COHEAO Commercial Members**
- **COHEAO Board of Directors**

Top News

Congress Continues to Work on Perkins Loan Extension

The House-passed bill extending the Perkins Loan Program for one year, H.R. 3594, remains on hold in the Senate, but the many Senators who support the program are continuing their efforts to move an extension forward this year. With a majority of senators on record in support of the extension, it is hoped that Sen. Lamar Alexander (R-TN), who has objected to bringing up the extension bill, will be willing to work something out for an extension of one to two years. Such an extension would involve some changes to the program most likely that would restrict access, but final decisions have not been made.

COHEAO is closely following ongoing discussions in the Senate and will keep members informed of developments. Regardless of the outcome of the extension, COHEAO will continue to work on the long-term improvement and continuation of the program, using the Campus Flex proposal as a base for discussion. The dramatically increased attention Perkins has received and the strong, bi-partisan statements of support for the program should translate into expanded support for continuing it in the long term.

Meanwhile, grassroots activity in support of the extension continues. An extension could proceed as a stand-alone bill or as an amendment to other legislation, such as the omnibus appropriations bill currently being negotiated by Congress and the Obama Administration. Current funding for the federal government will end next Friday, Dec. 11, so Congress must pass another extension by then or face a government shutdown. Most observers expect a one-week "continuing resolution" extending current funding levels will be needed while final details of the massive omnibus bill are finished. That measure will include all 12 appropriations bills for FY2016, which began Oct. 1, 2015.

FSA Conference Reveals More Details on Perkins Wind Down Plan, Excess Cash

The Department of Education provided some more information on its plans for Perkins at several sessions at this week's Federal Student Aid conference in Las Vegas. One issue was further clarified:

institutions will lose all claims to any return from payments of loans assigned to the Department for collection – defaulted or not.

One FSA official, Pat Stephenson, actually urged schools to go ahead and close their Perkins programs soon even though they will lose the substantial institutional share. The reason given for throwing away student aid money was to avoid the rush later when more schools may be closing their Perkins programs. Financial aid administrators in attendance expressed concern about losing institutional funds and in general about how to fill the gap left by a loss of Perkins Loans.

Other Department officials noted that efforts remain underway in Congress to revive Perkins fully and that the grandfathering provisions for continuing borrowers remain in place. The Department's presentations can be found at http://fsaconferences.ed.gov/2015sessions.html . Session 6 is the most comprehensive review of the Department's perspective on a Perkins "wind down."

That session drew about 700 people to a large ballroom to hear about Perkins. The Department reported that ECSI has developed an automated system for assigning Perkins Loans. The process is still complex and involves making needed corrections to the loan data so that it corresponds to what the Department has and complies with all regulations. Schools will be required to provide the Department with the original promissory notes for each loan or a certified copy.

More information was provided on the Department's requirement that schools give the Department to federal share of excess liquid capital in schools' Perkins revolving funds by Dec. 31, 2015. The requirement is spelled out in Dear Colleague GEN-15-19. Unlike for assigned loans, the formula for calculating excess cash separates institutional from federally owned funds. Campuses are only required to give ED the excess federal funds.

At the beginning of the conference, Undersecretary of Education Ted Mitchell provided introductory remarks where he said students are relying too much on student loans. He said some degrees have little value and borrowers struggle to pay back their loans, especially those from disadvantaged backgrounds. "This throws our greatest engine of social mobility into reverse," he said.

The Department is going to focus its regulatory attention on incentives that lead to completion outcomes that set students on the road to middle class jobs, he said. Mitchell referenced continued experiments that ED is expanding to test various ways to provide federal student aid. One new experiment involves making Pell Grants available to some prisoners. Another is recognizing competency-based education. Additionally, the Department wants to "slam the door" on debt relief companies and to increase transparency of information provided borrowers by servicers so they can find out how to get out of delinquency and default.

Some 7,000 delegates attended the four-day conference hosted by the Office of Federal Student Aid.

COHEAO

Sign Up for Dec. 15 Webinar: An Update on the Telephone Consumer Protection Act (TCPA) and Higher Education

Sign up today for COHEAO's next webinar, "An Update on the Telephone Consumer Protection Act (TCPA) and Higher Education," which is scheduled for 2:00-3:30 PM Eastern Time on Thursday, December 15. The webinar will feature a presentation from Mark Brenan, an attorney at Hogan Lovells who is one of the leading experts on the law and the Federal Communications Commission regulations that affect most schools.

This webinar will provide listeners with the basics on how TCPA impacts the operations of institutions of higher education and their vendor partners with a particular focus on institutional loans and accounts receivable issues on campus. Mark's presentation will offer sample recommendations on language that can be inserted into agreements to provide a broad expressed consent authorization to communicate. The program will also review this year's decision from the Federal Communications Commission (FCC) on multiple TCPA petitions, examining what they mean for campus operations. Mark will also explore efforts to update this truly outdated law.

Mark Brennan is a partner in the global communications group at Hogan Lovells, where he focuses on consumer protection and new technologies. He has been advising clients on Telephone Consumer Protection Act issues for about 9 years and leads the firm's TCPA policy and regulatory compliance practice. He also works closely with the firm's class action litigation team on TCPA defense and other cases. In addition to his TCPA and telemarketing experience, Mark advises clients on consumer protection matters related to federal and state data privacy and security laws.

Please join Mark and COHEAO for an informative webinar on a very important topic in our community.

Time to Renew Your COHEAO Commercial Membership

On **November 5**, commercial membership dues invoices were sent via email to the primary account holders for each commercial membership. Dues may be paid by clicking on the payment link included in the email or logging in to your COHEAO account: navigate to “Manage Profile,” select “Invoices” under Invoicing, Payments & History. On this page, be sure to select the dues tab, and your open invoice should appear with an option to submit payment.

If you are the primary point of contact for your company’s COHEAO membership and you did not receive a notice of an open dues invoice please contact Michelle Cravez at mcravez@wpllc.net. Feel free to reach out to Michelle if you have any other questions pertaining to membership dues, how to submit payment or view open invoices. Commercial membership dues are due by January 1**.** COHEAO thanks all our commercial members for the continued support!

Registration Open for the COHEAO Annual Conference Jan 31- Feb 3

Registration is now available for the 2016 COHEAO Annual Conference! Set for January 31-February 3, 2016 at the Ritz Carlton Hotel in Pentagon City, VA (adjacent to Washington, DC) the COHEAO 2016 Annual Conference is one you don’t want to miss. In addition to professional development and networking opportunities, the Annual Conference will focus on the latest activities affecting the Perkins Loan Program as well as campus-based accounts receivable, financial literacy, Consumer Financial Protection Bureau, the Telephone Consumer Protection Act, and many other topics in student financial services.

For COHEAO institutional members, the early bird rate is $590. For commercial and organizational members, the rates are $640. For institutional non-members, the early bird rate is $690. Commercial non-members interested in attending the conference should contact hallen@wpllc.net for pricing information. Early bird registration with a $50 discount ends on December 18. So don't hesitate and sign up today!

The conference hotel is a short metro or cab ride to Washington, DC. COHEAO has negotiated a special room rate of $229 per conference delegate, which is an outstanding rate in the DC area for any conference hotel. Space is limited.

You can reserve your room online for the dates of January 30- February 2. In the "Special Rates" section, use the group code CZHCZHA when making your reservation. You may also call 703-415-5000 and indicate you will be attending the COHEAO Annual Conference. Reservations must be made by **Wednesday, December 30, 2015.**

Congress

Congress Returns with a Productive Week, ESEA Moves through House

As the calendar turns to December, Congress is beginning its near annual tradition of quickly moving on legislation before the end of the year. The threat of holiday time here in Washington is quite the incentive. The operative date for handling all sorts of legislation, including multiple must-pass bills, is December 11, but many expect short-term extensions and/or efforts to move other measures to push this out to December 18.

Congress returned this week for what, especially by current standards, was a productive week in terms of passing legislation. A couple of important items are moving with b-partisan majorities. One is the Elementary and Secondary Education Act reauthorization, S. 1177, which passed the House overwhelmingly and should move through the Senate on Tuesday. It's a reauthorization of the No Child Left Behind law passed pre-9-11 as what was then considered a great achievement of President George W. Bush. President Obama has indicated he will sign the legislation, clearing the way for work on HEA reauthorization.

Meanwhile, the reauthorization of federal highway and mass transit programs is also passing, a five-year deal replacing the many short-term bills that have passed since the current law expired. Congress wasn't quite prepared to have most road construction grind to a halt, so they have managed to keep the support going with final passage last night.

Against this backdrop of productivity, work continues on the omnibus appropriations bill needed to keep the government operating for the remainder of FY2015. The current deadline is December 11, but the talks are moving rather slowly, and a short-term extension to December 18 may be necessary.

The budget agreement reached as then-Speaker John Boehner (R-OH) was departing set the topline numbers, so the disagreements have not been too much on spending. Instead, as is often the case in an omnibus appropriations bill, it is the policy "riders" attached to the appropriations bill serving as the biggest roadblocks from reaching a deal.

The extension of Perkins Loans is very much part of these discussions. The omnibus bill is not the only way for a Perkins extension to pass, but it is an attractive option.

Sens. McCain and Alexander Send Letter to ED Demanding Answers for Purpose of Interagency Task Force on For-Profit Schools

Before Thanksgiving, Chairman of the Senate Health Education Labor and Pensions Committee Lamar Alexander (R-TN) and Committee on Armed Services Chairman John McCain (R-AZ) sent a letter to Secretary of Education Arne Duncan expressing concern over the lack of information about an interagency task force to encourage shared oversight of for-profit colleges by federal agencies. The task force is comprised of at least eight federal agencies, which the senators argue is unfairly targeting the University of Phoenix and other for-profit educational institutions.

In the letter, the senators express serious concern about the lack of information about the interagency task force's overall authority, mission, duties and activities. They also question Senator Dick Durbin's (D-IL) participation in the interagency task force meeting this week to discuss his views on for-profit higher education.

"As Congressional leaders on these most critical issues, we are seeking clear and consistent oversight of all postsecondary institutions to ensure students and families are afforded a quality and accessible education," said the senators. "It is our understanding that this task force is comprised of at least eight federal agencies and will utilize staff and other resources of those agencies. It is our hope that these publicly funded resources will be directed toward a fair and transparent review of issues facing for-profit and non-profit institutions, and not for a pre-conceived, political agenda to stir the pot of public perception. To do so otherwise would neither be productive nor benefit the public trust."

Senators Alexander, McCain, Jeff Flake (R-AZ), Ron Johnson (R-WY) and Johnny Isakson (R-GA) sent another letter to Secretary Duncan requesting information about the interagency task force's authority and mission, particularly in light of Department of Defense and other participating agencies' actions against the University of Phoenix and other for-profit institutions.

For more information, see: http://www.mccain.senate.gov/public/_cache/files/367ba3ff-715a-4102-b52d-0382aa437138/11-20-15-task-force-letter-to-duncan.pdf

Warren, Durbin, Blumenthal Express Concerns over EDMC Settlement in Letter to ED and DOJ

Sens. Elizabeth Warren (D-MA), Dick Durbin (D-IL), and Richard Blumenthal (D-CT) raised concerns about the federal government's recent settlement with Education Management Corporation (EDMC) over alleged illegal recruiting tactics. The senators criticized the settlement for not forgiving the loans of students who attended the for-profit college chain, arguing the students should be eligible for expedited Defense to Repayment (DTR) relief.

"We are profoundly dissatisfied with a settlement in which the government recovered a miniscule fraction of stolen taxpayer funds, held no individuals accountable while failing to even obtain an admission of wrongdoing from EDMC, and now may not even provide relief to thousands of students who owe billions of dollars in student loans because they were illegally recruited by EDMC," the senators wrote.

The letter urges the Obama administration to provide EDMC's students "full, immediate debt relief." It notes that attorneys general from 38 states and the District of Columbia secured approximately $100 million in debt relief for borrowers of EDMC's private loans in a separate settlement.

When announcing the settlement last month, Secretary Arne Duncan said his agency would not be forgiving the loans of EDMC students. He said, "What was found here was not misrepresentation to students. It was lying to us."

The letter written by the senators called Duncan's statement "logically absurd." They wrote, "EDMC cannot be guilty of lying to federal officials about recruiting students unlawfully unless EDMC actually recruited students unlawfully."

For more information, see: http://www.warren.senate.gov/files/documents/2015-11-30_Letter_to_Depts_of_Edu_and_Justice_re_EDMC_Settlement.pdf

Center for Responsive Politics Report Shows 53 Lawmakers Hold Student Debt

The Center for Responsive found that 53 members of Congress, or about one in 10, carry student debt, either for their own education or that of a family member. The CRP analyzed lawmakers' financial disclosure forms and found that the lawmakers' student debt totaled between $1.6 million and $4.1 million.

Fifty of those in debt come from the House and three come from the Senate. Nearly all of the loans are for the education of children or graduate-level education on behalf of the Member of Congress or their spouse. Three representatives owe between $100,000 and $250,000: John Carter (R-TX), Grace Meng (D-NY), and Raul Ruiz (D-CA). Representative Gerry Connolly (D-VA) has more student loans than any other member of Congress, with four outstanding student loans.

The article states, "On average, individual members with lingering student debt owed between $30,567 and $77,925 (lawmakers report their assets, liabilities and transactions in ranges). That's more than the $29,000 average owed by the 40 million Americans who had at least one student loan left to pay. Nine members had more than one loan to pay off, which brought Congress' total loan count to 67."

For more information, see: http://www.opensecrets.org/news/2015/12/getting-schooled-1-in-10-members-of-congress-has-student-loan-debt/

White House & Administration

Deputy Under Secretary of Education Steps Down

Jamienne Studley, Deputy Under Secretary and Acting Assistant Secretary of the Office of Postsecondary Education, is resigning and will leave the Department of Education on December 18. Lynn Mahaffie, a career official at ED and currently a Deputy Assistant Secretary, will take on the role of Acting Assistant Secretary.

Studley worked with Under Secretary Ted Mitchell to design the Obama Administration's second-term higher education agenda. In particular, she was a point person on the Postsecondary Institutions Ratings System, which ultimately became increased data on the College Scorecard.

Though she was involved in the, at times, contentious debate over Post-Secondary Institution Rating System, Studley is highly regarded among many higher education advocates for her willingness to engage and listen to their viewpoints. Studley indicated the resignation was largely due to her desire to be closer to home on the West Coast.

For more information, see: https://www.insidehighered.com/news/2015/11/25/studley-leave-her-position-education-department

More Info Released on Defense to Repayment

The Department of Education yesterday made public more information on its ongoing expansion of the seldom-used provision of the HEA providing for borrowers to be relieved of their obligations to repay federal student loans if their school provided information that was illegally misleading. From a total of about five claims in the 20-year history of the Defense to Repayment (DTR) provision in the law, there have now been 1,300 claims allowed for former Corinthian College students, which amounts to $27.8 million in federal loans. As of November 18, 2015, there are 5,379 open borrower defense claims that remain to be addressed.

As of now, the government is forgiving the loan debt of more than 7,000 former Corinthian students, totaling over $100 million, but still only a small percentage of a loan forgiveness program that could potentially end up costing billions of dollars.

Notably, the Department announced it has received claims from other for-profit colleges, including the Art Institutes (Education Management Corp.), University of Phoenix, and ITT Tech. The Department is expected to announce negotiators (and alternates) for an upcoming round of negotiated rulemaking on DTR. One area yet to be determined is possible liability by the institutions for forgiven federal loans.

For more information, see: http://www.ed.gov/news/press-releases/special-master-joe-smith-delivers-progress-report-borrower-defense-process

New Data from ED Shows More Student Debt Being Paid Via IDR Plans

Data from the U.S. Department of Education show that the most popular choice of repayment for student loans is through the Income-Based Repayment (IBR) Plan, with nearly one third of all loan dollars in repayment enrolled in this plan. In 2013, only about one in seven loan dollars was enrolled in the program.

Administration officials point to increased enrollment in income-driven repayment plans as a positive sign. However, even with more borrowers enrolled in income driven repay, defaults are at a record high: 20% of borrowers are in default, which is 13% of outstanding loans. Additionally, outstanding federal loans are still growing even though borrowing rates are declining. In other words, fewer students are borrowing, they are borrowing less, but debt keeps growing.

Jason Delisle at New America argues that this trend is "surely due to borrowers making payments in IBR that aren't high enough to cover the accruing interest on their loans, increasing the odds that they will have a large balance forgiven."

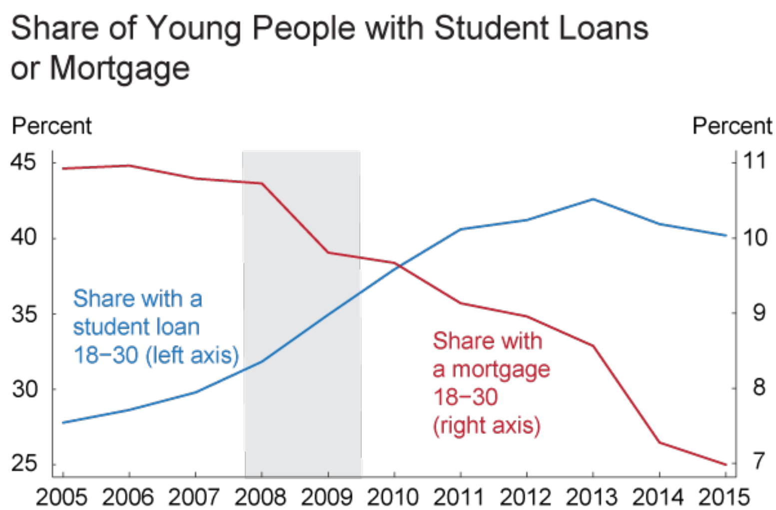
He later adds, "Either these borrowers' incomes are alarmingly low or IBR sets payments too low for a typical borrower to repay his student loan. Put that way, it is hard to get too excited about more borrowers using IBR."

- For ED's new data, see: https://studentaid.ed.gov/sa/about/data-center/student/portfolio
- For coverage from New America, see: http://www.edcentral.org/ibrrecord/

Cleveland Fed Examines Student Debt and Mortgages

The Federal Reserve Bank of Cleveland is the latest Fed branch to issue a report on student debt, joining its colleagues in New York, Richmond, St. Louis, and Philadelphia, to name a few.

This latest article from Fed economists is another look at student debt and mortgages. The article looks at some basic banking data to suggest student loans are inhibiting homeownership among young borrowers. Below is a key graph from the report:



Notes: Shaded bar indicates a recession. Last data point: 2015:Q2.
Source: Federal Reserve Bank of New York's Consumer Credit Panel/Equifax, authors' calculations.

However, the report indicates it uses wage data for those with "some college" to account for economic outcomes of all who attend college. The authors note this is not direct causation, a fact that is rarely mentioned in the headlines: "While it's unlikely that student loans are the sole factor for the decline in mortgage borrowing across the United States, it is hard to ignore how the recent surge in student loan debt is changing the debt portfolio of young borrowers."

Additional information is available online: https://goo.gl/XbGIEw

Director Cordray Sends Response to American Banker on Article Detailing CFPB Complaint Database Errors

CFPB Director Richard Cordray took exception with the *American Banker's* recent article detailing how the Bureau's complaint database has multiple errors, so he sent the *Banker* a letter to the editor and the publication responded. In defense of the database, Cordray points to an Inspector General's report saying a "relatively small" number of complaints contain inaccuracies, but the *Banker's* editors argue this report has nothing to do with the article in question, which detailed a single complaint counting as one against 35 separate companies, among other inaccuracies.

The exchange is available online: http://goo.gl/dyugTu

CFPB Releases Monthly Complaint Report

Despite recent questions surrounding the accuracy of its complaint database, the Consumer Financial Protection Bureau continued with the release of its monthly complaint report last week. In each monthly report, the Bureau focuses on a specific product, and this month's topic was "bank account or service" (think deposit accounts).

The complaints on deposit accounts were general—complaints about opening an account, complaints regarding disputes, etc. The monthly complaint report had very little to say on student loans specifically, perhaps because that product saw a 2 percent decrease in complaints.

In addition to the deposit account focus, the report provides a national complaint overview. Here is what the Bureau states on complaint volume: "For October 2015, the most-complained-about financial product or service was debt collection, representing about 28 percent of complaints submitted. Of the 24,300 complaints handled in October, approximately 6,903 of them were about debt collection. The second most-complained-about consumer product was credit reporting, accounting for approximately 4,588 complaints. Overall, the CFPB saw a 6 percent rise in complaint volume between September and October 2015."

The increase in credit reporting complaints is also reflected in the data on individual companies. In announcing the monthly report, the CFPB indicated the companies with the highest complaints from June-August, 2015 were the three major credit bureaus—Equifax, Experian, and TransUnion.

Additional information is available online: http://www.consumerfinance.gov/newsroom/cfpb-monthly-complaint-snapshot-examines-bank-account-and-service-complaints/

New IFAP and *Federal Register* Announcements

Recent additions to the Information for Financial Aid Professionals (IFAP) website and *The Federal Register* have been made that may be of interest to COHEAO members.

FSA IFAP and *Federal Register* Announcements:

- 2016-2017 Summary of Changes Application Processing System Guide
- Clarification of Regulations Related to Incentive Compensation
- Deadline to Apply for Designation as a Title III or Title V Institution and Request a Waiver of the Non-Federal Share Requirement for the Campus-Based Programs for the 2016-2017 Award Year (Updated on November 24, 2015)
- NSLDS Transfer Student Monitoring/Financial Aid History User Guide and Batch File Layouts (January 2016)
- 2016-2017 ISIR Guide
- Revised Federal Perkins Loan Program Questions and Answers Available on IFAP Web Site - November 2015

Industry

Accreditor Fight with CFPB Moves to Federal Court

On Tuesday, the Accrediting Council for Independent Colleges and Schools (ACICS) argued in a court filing that it should not be required to turn over records to the CFPB because the Bureau does not have jurisdiction over college accreditors.

In August, the CFPB asked for records and testimony from the accrediting agency as part of its investigation into possible “unlawful acts and practices in connection with accrediting for-profit colleges.” ACICS then lost its attempt to have the CFPB reconsider the demand for records and after the accreditors still failed to turn over the documents, the Bureau asked a federal judge last month to order the accreditor to provide them.

ACICS not only asserts that the CFPB lacks this authority, but also claims the Bureau’s demand is unreasonably burdensome and threatens to disrupt the accreditation process. Senantor Lamar Alexander (R-TN) and Rep. John Kline (R-MN) sent a letter to CFPB Director Richard Cordray in October asking him to rescind the Bureau’s demand for records from the ACICS, arguing that the agency is overstepping its jurisdiction.

For more information, see: https://www.insidehighered.com/quicktakes/2015/12/04/accreditor-fight-cfpb-moves-federal-court

Massachusetts AG Cracks Down on Debt Relief “Scammers,” Creates Student Loan Unit

Massachusetts Attorney General Maura Healey announced last Tuesday that her office is “cracking down on a ‘cottage industry’ of unlawful debt relief companies.” The AG’s Office is also launching a new Student Loan Assistance Unit to help borrowers with repayment.

The office is working with trained attorneys within the Insurance and Financial Services Division to establish a dedicated hotline and mediation program designed to review current student loan and payment situations and help borrowers get out of default or delinquency, work with students to apply for various income-driven repayment plans offered by the federal government, and advocate for complete discharges of the loans in “appropriate circumstances.”

The following is an excerpt from Healey’s press release:

> *“When people can’t get out from under their debt, they can’t buy homes, start businesses, support families or contribute to our economy,” AG Healey said. “Many companies are taking advantage of this student loan debt crisis by misleading vulnerable borrowers looking to reduce their payments. We are committed to protecting students from these abuses and will ensure that they are able to utilize free programs offered by the federal government to manage their loans.”*
>
> *According to the AG’s Office, many federal loan servicers often fail to do their jobs to help students enter into affordable payment plans, resulting in debt relief companies offering their services in exchange for exorbitant fees that violated state law. Many of these companies falsely associate themselves with the federal government and fail to make it clear that they are generally filing the same applications for income-based repayment programs that student borrowers could fill out themselves online and for free.*

For more information, see: http://www.mass.gov/ago/news-and-updates/press-releases/2015/2015-11-24-student-debt.html

Groups Map the Geography of Student Debt

The Washington Center for Equitable Growth in conjunction with the Center for American Progress' (CAP) Generation Progress and Higher Ed Not Debt released a set of interactive maps, which compare the geographic distribution of average household student loan balances and average loan delinquency to median income across the nation. The student debt "heat maps" indicate affluent zip codes have the highest average student loan balances and student debt and student loan delinquency are inversely related.

Particularly within metropolitan areas, the geography of loan balances is very different than the geography of delinquency. Delinquency appears to affect those with low debt disproportionately. The researchers argue that the concentration of debt delinquency in areas with low average loan balances is partly due to students who borrow money to attend for-profit schools and then face poor employment outcomes and lower earnings.

The Center for American Progress hosted an event this week to launch the maps and discuss with how states are working to address the impact of student debt on consumers and local economies. Rohit Chopra, Senior Fellow at CAP and the former Student Loan Ombudsman at the CFPB, moderated the discussion, and offered his own opinions as he chimed in between panelists. Chopra compared the student loan distribution illustrated by the maps to the subprime mortgage crisis.

Chopra asked the panelists what states can do to help with loan repayment. Panelists agreed that states need to do more in terms of accreditation to ensure that for-profit institutions are not taking advantage of students. State Representative Matthew Lesser from Connecticut discussed how he helped his state become the first to implement a Student Loan Bill of Rights. He advocated for other states to establish state Student Loan Ombudsman positions to regulate student loan servicers and assist borrowers and families in navigating the student loan process. He explained that Connecticut now requires student loan servicers to register with the state and that the Ombudsman will compile data on borrower complaints and develop an education program aimed at improving financial literacy among college students.

- For Mapping Student Debt, see: http://www.mappingstudentdebt.org/#/map-1-an-introduction
- For a blog post from The Washington Center for Equitable Growth, see: http://equitablegrowth.org/an-introduction-to-the-geography-of-student-debt/
- For more information on the event, see: https://www.americanprogress.org/events/2015/11/23/126192/exploring-the-geography-of-student-debt/

Advocacy Groups Weigh in Against APSCU's Gainful Appeal

Last week, 28 advocacy groups filed a friend-of-the-court brief in the U.S. Court of Appeals for the D.C. Circuit in support of the Department of Education's Gainful Employment rule.

Currently, the Association of Private Sector Colleges and Universities is challenging a court ruling that upheld the Department's Gainful Employment rule in 2014.

The brief says the rule "provides critical protections against the grievous, detrimental conduct of failing career training programs, the bulk of which are operated by for-profit schools." The groups add, "The government considered the costs and benefits to students of the debt-to earnings measures and reasonably concluded that the rule is beneficial overall. It also considered whether the rule unfairly affects for-profit institutions and determined that the rule's scope and impact are appropriate in light of the Department's regulatory authority under the relevant statutes. Amici agree with this determination."

Several advocacy groups including the Leadership Conference for Civil and Human Rights, the NAACP Legal Defense and Educational Fund, the American Federation of Teachers, the Center for Responsible Lending, filed the brief.

For more information, see: http://www.citizen.org/documents/appellate-amicus-brief-air-force-sergeants-association.pdf

New Demos Reports Looks at Student Debt, Race, and Bankruptcy

Demos, a left leaning think tank, released two new reports last week focusing on student loan debt, the wealth gap, and race.

The first report, "Less Debt, More Equity: Lowering Student Debt while Closing the Black-White Wealth Gap," was published by researchers from Demos and the Institute for Assets and Social Policy (IASP) at Brandeis University's Heller School for Social Policy and Management. The report found that young black households are more likely to have student debt than their white peers, regardless of income, which contributes to widening wealth disparities between black and white households. The writers argue that racially-biased public policies have historically prohibited families of color from accumulating wealth and thus, reduced their ability to contribute to their children's college degree, forcing students of color to borrow more.

The report uses the "Racial Wealth Audit" framework to show that universal debt relief would actually disproportionately benefit white households, ultimately expanding the divide between median black and white wealth by an additional 9 percent. Instead, they argue for a progressive student debt reduction policy to dramatically reduce the racial wealth gap among low-wealth households. They found that eliminating student debt among those making $50,000 or below reduces the black-white wealth disparity by nearly 37 percent among low-wealth households, and a policy that eliminates debt among those making $25,000 or less reduces the black-white wealth gap by over 50 percent.

The report includes a list of public policy ideas to help reduce student debt and narrow the racial wealth divide. These include guaranteeing debt-free public higher education for low-income and middle-class households; mandating institutional accountability and debt forgiveness for students attending low-quality institutions; offering incremental debt forgiveness for students in public, low-wage professions; and allowing student loans to be discharged in bankruptcy.

The think tank focused solely on bankruptcy in its second report, "No Recourse: Putting an End to Bankruptcy's Student Loan Exception." The document outlines a detailed argument for fully repealing the student loan exception from the bankruptcy code. It differs from many policy proposals put forward by Democrats calling for a partial repeal, allowing the exception to continue for federal student loans and/or other loan products which offer access to income-driven repayment.

- For Demos’ press release, see: http://www.demos.org/press-release/new-demosiasp-report-shows-how-address-debt-crisis-and-narrow-racial-wealth-gap
- For “Less Debt, More Equity: Lowering Student Debt while Closing the Black-White Wealth Gap,” see: http://www.demos.org/sites/default/files/publications/Less%20Debt%2C%20More%20Equity.pdf
- For “No Recourse: Putting an End to Bankruptcy’s Student Loan Exception,” see: http://www.demos.org/publication/no-recourse-putting-end-bankruptcy%E2%80%99s-student-loan-exception

Enrollment Rates Dropping, Particularly Among Low-Income Students

A new study from the American Council on Education found the proportion of low-income recent high school graduates who enroll in college has dropped significantly since 2008. The study, based on data from the Census Bureau , indicates that higher education institutions have seen a three-point decrease in enrollment, from 69 percent of high school graduates enrolling in college in 2008 to 66 percent of graduates enrolling in 2013.

However, this decrease is disproportionate among low-income students. In 2008, 56 percent of low - income high school graduates enrolled in two- or four-year institutions. Five years later, only 45 percent enrolled.

Terry Hartle, from the American Council on Education and co-author of the report, lists a few reasons as to why enrollment is decreasing among the poorest youth, such as fast-rising sticker prices; economic recovery that allows for more jobs without a college degree; or incorrect data (as the survey just covers over 10% of the population).

- For more information, see: https://www.washingtonpost.com/news/education/wp/2015/11/24/college-enrollment-rates-are-dropping-especially-among-low-income-students/
- For more information, see: http://www.citizen.org/documents/appellate-amicus-brief-air-force-sergeants-association.pdf

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