The Torch

January 5, 2014

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

COHEAO

- **The 2015 COHEAO Annual Conference—Discount Deadline Just Two Days Away!**
  Time is running out to register for the 2015 COHEAO Annual Conference under the special early bird prices. The conference will be held at the Ritz-Carlton Pentagon City, a fabulous hotel in Arlington, VA, which is a very short metro or cab ride to Washington, DC. COHEAO has negotiated a special rate of $228 per conference delegate, which is an outstanding rate in the DC area for any conference hotel. Space is limited, and **conference attendees must register by January 7** to receive this rate, so reserve your room today.
- **The Silent Auction to Benefit the COHEAO Scholarship Fund—A Highlight of the Annual Conference**
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Congress

- **As Congress Returns, ESEA Reauthorization and Budget Resolution Top the Agenda**
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- **GAO Examines Accreditation Process**
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White House & Administration

- **Higher Ed Groups Seek New Estimates on Burden of ED's Teacher Prep Regs**
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- **Small Private School Guarantees Minimum Income or Pays Back Loans**
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Attachments

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

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To reserve your room at this special price, you may call 703-415-5000 and indicate you will be attending the COHEAO Annual Conference. A website for hotel reservations is also available. The COHEAO group code is CEOCEOA. For COHEAO institutional members, the rates are $590 prior to January 7. For our commercial and organizational members, the rates are $640. For non-members, the rates are $690 for schools and $1,540 for commercial organizations prior to January 7. After January 7, all rates increase by $50.

In addition to professional development and networking opportunities throughout the week, the COHEAO Annual Conference focuses on how Washington impacts those working in student financial services. The full agenda is available online.

Representative Glenn "GT" Thompson (R-PA), a longtime member of the House Education and the Workforce Committee, will provide a keynote address at the upcoming COHEAO Annual Conference. Thompson will provide his insights on what to look for from the Education and the Workforce Committee this year on higher education issues. He will also explain what he hopes to accomplish through the reauthorization of the Higher Education Act.

On Monday, January 26th, the first full day of the conference, attendees will receive a legislative update, with David Bergeron from the Center for American Progress, discussing the Higher Education Agenda in Congress for the upcoming year. COHEAO executive director, Harrison Wadsworth, will also provide an update on COHEAO's perspective on the political and regulatory climate and the implications for Perkins Loans, student financial services operations on campus and their vendor partners. A panel of congressional staff members will give their perspective on what to watch for in terms of higher education in the upcoming congress, and a session with Trinity Washington University President, Patricia McGuire will cover issues of financial literacy for first generation students.

The second day of the conference, Tuesday, January 27th, will begin bright and early with a presentation from Student Tuition and Accounts Receivable Sources (formerly the Account Receivable Task Force) with the latest in tuition account management. The day will continue with sessions covering topics including, "How to Improve Student Retention Using Data-Driven Initiatives," and a Perkins Task Force Meeting and Grassroots Overview that will give you the tools you need to conduct successful meetings on Capitol Hill and outline COHEAO's message to legislators on preserving and improving the Perkins Loan Program and other issues affecting campus offices. The day will conclude with an afternoon set aside for visits to congressional offices.

The final day of the conference includes sessions by Gail McLarnon and Brian Smith of the Department of Education's Office of Postsecondary Education, giving a department update. Additional morning sessions cover topics such as "Assets for Independence: Graduating with Less Debt and More Knowledge" by Emily Appel-Newby of AFI Resource Center, and "What Happens When they Graduate?—An Overview of Student Outcomes Data" by Mark Schneider, President of College Measures. The final session of the conference, a practical discussion of regulatory compliance requirements, will be given by Lori Hartung of Todd Bremer & Lawson.

Sign up today!

The Silent Auction to Benefit the COHEAO Scholarship Fund—A Highlight of the Annual Conference

The Silent Auction to benefit the COHEAO Scholarship Fund has long been a highlight of the COHEAO Annual Conference. Set for the evening of Monday, January 26, this event is the lone fundraiser for the COHEAO Scholarship Fund. Thanks to the generosity of attendees, this event has raised more than $4,000 for the scholarship fund in each of the last three years. That money has funded four $1,000 scholarships each year to help students at COHEAO-member institutions pay for college.

We ask conference attendees to consider participating in this enjoyable fundraiser by donating and purchasing auction items. Many attendees bring items synonymous with their area or university, while others take advantage of the convenience of a top notch mall being connected to our conference hotel, the Ritz Carlton Pentagon City. If you have questions on possible auction items, please feel free to contact Wes Huffman (whuffman@wpllc.net).

Congress

As Congress Returns, ESEA Reauthorization and Budget Resolution Top the Agenda

The 114th Congress officially begins tomorrow. Though much of January will involve hiring new staff, moving offices, and the other logistics of a transition to a new Congress, there is likely to be a fair amount of legislative activity of direct relevance to education and student aid right out of the gate.

Incoming-Senate HELP Committee Chairman Lamar Alexander (R-TN) and House Education and the Workforce Committee Chairman John Kline have vowed to move aggressively on the reauthorization of the Elementary and Secondary Education Act (ESEA). The law, named No Child Left Behind in its most recent reauthorization iteration, has been expired since 2007. The Department of Education has been granting waivers to states from certain provisions of the law, which Republicans cite as another example of an overreach of executive authority.

Kline has already gotten an ESEA reauthorization bill through the House. That bill died when the 113th Congress adjourned Jan. 2nd, but Kline is expected to produce something very similar in the 114th Congress. Alexander also introduced ESEA legislation last Congress, but acknowledges he will need Democratic support to pass a bill. ESEA is a complex piece of legislation of interest to numerous stakeholders—students, parents, educators, and reformers, just to a name a few. Alexander has said he hopes to pass an ESEA bill out of Committee by February and have a bill to the President's desk by summer.

Alexander's aggressive timetable seems to be a pretty tall order, particularly given that 2016 Republican presidential hopefuls, including several senators, have made opposition to the Common Core a campaign issue.

However, for Congressional staff, the work on HEA reauthorization has already begun and will remain ongoing behind the scenes, so it will be very important for higher education advocates to remain engaged throughout this Congress. At the Member level, the initial focus will be on ESEA.

This is not to say that the early stages of this Congress will not be focused on student aid, student debt, and the cost of college. The budget resolution establishes the framework for most legislative activity on domestic issues, including higher education. With one party in control of both chambers of Congress and another controlling the White House, this year's budget process is sure to be contentious.

The budget process also provides House and Senate Republicans with a way to avoid the 60-vote requirement in the Senate through a process known as reconciliation. A reconciliation bill is derived from the budget resolution, and it only has to clear the Senate by a majority vote. That means Democrats won't be able to block such a bill in the Senate. However, it would require the President's signature to become law, and it takes a two-thirds majority of both the House and Senate to override a presidential veto.

There is one other major catch with reconciliation—all provisions in the bill must address spending or revenues and follow "instructions" outlined in the Congressional Budget Resolution, which is really an internal rule-setting measure for Congress that does not involve the President. However, as the student aid and student loan programs rely heavily on entitlement (sometimes called mandatory) funding, there is plenty of room for changes to be made within a reconciliation bill. In fact, the Student Aid and Fiscal Responsibility Act (SAFRA), which eliminated the bank-based FFEL program, was part of a reconciliation bill.

The annual budget process informally begins with the President's State of the Union address, which is then followed by the delivery of his budget request to Congress. The President is supposed to deliver his budget to Congress by the first Monday in February, and Congress is supposed to pass a Budget Resolution by April 30. Both of those deadlines have been ignored in recent years, particularly after the agreement on the Budget Control Act of 2011. However, as Republicans have promised a return to "regular order," they intend to meet the April deadline for the Congressional Budget Resolution.

Former Banking Committee Chairman Writes Outgoing Letter to ED, Treasury and CFPB on Student Loans

Sen. Tim Johnson (D-SD), the retiring Chairman of the Banking Committee, sent letters last month to Education Secretary Arne Duncan, Treasury Secretary Jack Lew, and CFPB Director Richard Cordray calling for coordinated action between the agencies to address issues in the student loan market, including student loan servicing and debt collection.

"While college still represents one of the surest paths to the middle class, rising student loan debt makes it increasingly difficult for graduates to buy a house, start a business, or save for retirement," the letter states.

The letters address the private student loan market, offering support for proposals to reform private student loans: “Requiring more transparent disclosures to students before taking on student loan debt, mandatory certification for private student loans, release of co-signers upon the death or disability of a borrower, and improved credit reporting for education loans.” The outgoing Chairman also urges the agencies to undertake a “serious study of the market for refinancing student loans and develop a plan to enable borrowers to take advantage of the current low interest rate environment.”

The focal point of all three letters is the federal loan market. However, the letters are written with the perspective that further regulation of the private sector is the solution. The letters cite the Servicemembers Civil Relief Act (SCRA) as an example of a need for coordination among multiple agencies. They also point to reforms for defaulted federal loan collections, the use of debit cards for the disbursement of Title IV funds, and further regulation of student loan servicing generally. The latter seems odd given that servicing and debt collection of most federal loans are already fully “regulated” in the form of contracts managed by the federal government itself.

“Clearly more needs to be done to create enforceable consequences for servicers that do not comply with their responsibilities,” Johnson continued. “Servicers are expected to treat borrowers fairly and transparently, which includes ensuring loan information is correct, fees are accurately assessed, and borrowers are given all relevant information about their loans.”

The letters note outstanding student loan debt has grown more than $1.1 trillion and reference a recent GAO report referring to the U.S. Department of Education as one of the largest financial institutions in the nation, but do not address any potential implications for the federal balance sheet. In releasing the letters, Johnson noted he has held several hearings on ways to address existing and future student financial products.

Click ***here*** to view a copy of Johnson’s letter to the Department of Education, ***here*** to view a copy of the letter to the Treasury Department, and ***here*** to view a copy of the letter to the CFPB.

GAO Examines Accreditation Process

The Government Accountability Office (GAO) released a report calling on the Department of Education to increase oversight of accreditors.

Over a four and half year period, accreditors sanctioned about 8 percent of schools for not meeting accreditation standards. They then only terminated accreditation for about 1 percent of accredited schools. Accreditors issued at least 984 sanctions to 621 schools, ending the accreditation of 66 schools during the period of October 2009 to March 2014.

Of the sanctions filed in 2012, Accreditors most commonly stated financial rather than academic problems. *Inside Higher Ed*, points out that the report took particular aim at national accreditors, noting regional accreditors were more likely to sanction colleges with poor outcomes.

“The report is particularly critical of national accreditors, which largely evaluate the quality of for-profit colleges and some non-profit institutions. It also found that, over all, all accreditors of for-profit colleges were more likely to impose a sanction on colleges with student outcomes in the top 25 percent than they were to terminate or suspend colleges in the bottom quartile,” states an article on the report.

In order to receive federal student aid, schools must be accredited to ensure they offer quality education. However, academic quality is difficult to measure. The Higher Education Act specifically prohibits the Department of Education from specifying the specific content of accreditor standards. Yet, the Department must still determine that these accreditor standards are sufficient to measure educational quality. The report raises questions about whether the standards that accreditors use actually ensure that schools are supplying a quality education.

Supporters of accreditation took issue with the GAO findings and said the report reflected a growing push in Washington to "federalize" accreditation. The report also criticizes the Department of Education for not effectively using data about accreditors' sanctions against colleges in deciding whether accrediting agencies should continue to be recognized by the federal government. The GAO also questioned the Department for not using sanction information to inform how it watches over colleges and universities that receive federal funds. The Department said in comments to the report that it agreed with those findings.

For the GAO report, see: http://www.gao.gov/assets/670/667690.pdf
For coverage from Inside Higher Ed, see**:**
https://www.insidehighered.com/news/2014/12/23/congressional-watchdog-questions-whether-accreditors%E2%80%99-sanctions-correlate-student

White House & Administration

Higher Ed Groups Seek New Estimates on Burden of ED's Teacher Prep Regs

A coalition of higher education groups wrote the Office of Management and Budget (OMB) last week seeking an additional review of estimates of the burdens imposed by its recently released regulations relating to teacher preparation programs. The groups, led by the America Council on Education (ACE), argue OMB's dependence on data from the Department of Education lead to estimates that "are unrealistically low."

At issue are the supposed costs of the teacher preparation programs on colleges, local education agencies, and state education agencies. According to the published regulations, the new rules would cost just over $40 million over 10 years. The letter then cites several specific examples as evidence that the Department of Education's estimates "consistently and obviously under-represent commonsense indicators as to their true cost," and requests OMB validate the numbers with a third-party.

The full letter is available online:
https://www.insidehighered.com/sites/default/server_files/files/HE%20Community%20Comments%20on%20OMB%20Collection%201840-0744.pdf

ED and Census Bureau Appear to Have Differing Views on Higher Ed Data

The White House and the Census Bureau may find themselves in disagreement over higher education data in the upcoming year. The White House recently released a new college ranking proposal that seeks to supply students with more information about the quality of the education they are willing to invest money in. At the same time, the Census Bureau has proposed ending its efforts to collect data on college majors.

Although the White House’s rating system would not rely on the Census Bureau’s American Community Survey data, both speak directly about the question of whether or not a college education is valuable. Thus, it is interesting that the Census Bureau finds information on college majors to be of “low-benefit.”

The decision to cut the question on college majors is not yet final, and the Census Bureau has yet to submit its final recommendations to the White House. As of now, seven questions are currently being considered for elimination from the Census, while 17 more have been identified as “low-benefit” and in need of further review.

For coverage from *The Wall Street Journal*, see: http://blogs.wsj.com/economics/2014/12/22/white-house-and-census-set-to-collide-over-college-education-data/

Industry

Small Private School Guarantees Minimum Income or Pays Back Loans

Adrian College, small college in southeastern Michigan is guaranteeing that every student will make $37,000 a year after they graduate, or the school will provide assistance with student debt. Though similar programs have been in place for some time, particularly at small seminaries, Jeffrey Docking, Adrian’s president, is billing the “AdrianPlus” program as a solution to high tuition costs and student loan defaults.

The *Associate Press* reports, “Adrian paid roughly $575,000 this year, or $1,165 per student, to take out policies on 495 students. For those who graduate and get a job that pays less than $20,000 a year, the college will make full monthly student loan payments until they make $37,000 a year. With a job that pays $20,000 to $37,000, the college will make payments on a sliding scale. There's no time limit for the payment plan, but the college caps total loan payments at $70,000 per student. Adrian's annual cost of tuition, room and board is about $40,000 before any forms of financial aid.”

Additional coverage from *The Associated Press* is available online:
http://abcnews.go.com/US/wireStory/college-sees-small-big-benefits-loan-promise-27834224

COHEAO Would Like to Thank Our Commercial Members for Supporting
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