



The Future of Perkins Loans

2018 COHEAO ANNUAL
CONFERENCE

Agenda



- Status of Perkins
 - Extension Bill, HEA Reauthorization
- Wind-down Planning Perspectives from:
 - A Large Public School
 - A Small Private School
 - A Perkins Loan Servicer
 - A Third Party Recovery Provider



CURRENT ENVIRONMENT

Perkins Status



- COHEAO has not given up on Perkins
 - Perkins Extension Act
 - Reauthorization – Campus Flex
 - Modified Perkins Proposal
- What if Perkins is not reauthorized or extended
 - COHEAO will work to ensure smooth transition
 - Proposal regarding Administrative Cost Allowance
 - The COHEAO organization is much more than just Perkins-focused



Maria Livolsi
Director
SUNY Student Loan Service Center

SUNY Student Loan Service Center



- Servicing 29 SUNY State Campuses
 - Perkins, Health Professions & Nursing Student Loans
 - Federal Pell Grant Reporting
 - Administrative Management of FWS & FSEOG
 - AOR, FISAP Reporting
 - Centralized collection agency contract for loans & A/R
 - Adding 2 SUNY Community Colleges for Perkins/NSL Servicing
 - Adding 1 SUNY Institutional Loan Program
- We service loans in-house using ECSI's SAL System as a buy-client
- Staffing
 - 25 FTE's (9 positions vacant)
 - 75% of workload is Perkins-related

SUNY Student Loan Service Center



Campus-Based Loan Portfolio

Program	Active Borrowers	Outstanding Balance	Average Balance
HPSL/NSL	16,500	\$36.2M	\$2,194
Perkins	63,580	\$176.8M	\$2,780
Total	80,080	\$213.0M	\$2,660

79% of the Active Borrowers are Perkins
83% of the Outstanding Balance is Perkins

SUNY Student Loan Service Center



Campus-Based Loan Portfolio

Loan Program	# of Accounts Enrolled	# of Accounts in Grace	# of Accounts in Repayment	Total
HPSL/NSL	870	310	15,320	16,500
Perkins	17,650	11,480	34,450	63,580
Total	18,520	11,790	49,770	80,080

38% of the loans are not yet in repayment

Repayments will extend well into 2030's

SUNY Wind-Down Scenario



- What would it take to assign 63,580 Perkins Loans?
- 6,000 loans are in judgment with the NYS AGO
 - Judgments have to be requested from County Clerk, assignment paperwork completed and then certified judgment assigned to DOE
 - Due to staffing and workload they estimate that it would take 4 to 5 years to complete all assignments of judgment
- At an average of 30-minutes per loan it would take one person approximately 18 years to complete all assignments
- To complete in 5 years, it would take 5 people devoted full-time
- Uncertain how quickly DOE would be able to complete their review and close-out process once completed
- Best case scenario for us would be 6-8 years to complete a full liquidation if we started now

How To Fund Operation with Loss of ACA



Program	Percentage
Perkins ACA	* 42.54%
FWS ACA	19.85%
FSEOG ACA	* 14.71%
Pell ACA	11.71%
Perkins Late/Letter Fees	* 10.37%
A/R Fees	.83%
Total	100.00%

No ACA for administering HHS Programs!

57% of Revenue is from Perkins & FSEOG ACA
68% if Perkins late and letter fees are included

How To Fund Operation with Loss of ACA



- Broaden services if possible
 - We are looking at alternative call-center or centralized services
 - Potential to add A/R pre-collect services
- COHEAO Proposal for revision to the Perkins ACA Formula (based on 5% of collections vs. expenditures)
- Utilize ICC (Intitutional Share) of Perkins Collections
 - Calculate your institutional share percentage
 - Estimate your collections over the next 5 years

Determining Your Institutional Share %



Proportional Share Percentage is calculated using the following FISAP data:

- **Total Net FCC (Federal Capital Contribution)**
Total FCC minus Repayments of FCC to the Department
- **Total Net ICC (Institutional Capital Contribution)**
Total ICC minus Repayments of ICC to the institution
- **Federal Share Percentage** =
$$\frac{\text{Net FCC}}{\text{Net FCC} + \text{Net ICC}}$$
- **Institutional Share Percentage** =
$$\frac{\text{Net ICC}}{\text{Net FCC} + \text{Net ICC}}$$

SUNY ICC percentages range from 10% to 30% with the average = 15%

How To Fund Operation with Loss of ACA



- Review Expenditures
 - Where can we cut costs
 - What will naturally decrease or be eliminated
 - Staff reductions (78% of our budget is salaries)

- Manage Changes in Staffing
 - Reassure staff about the plan going forward
 - Review job duties – existing and new
 - What will be eliminated (i.e. new loans)
 - Estimate staff attrition
 - Train and cross-train staff for changes

- Regardless of whether a school wishes to continue to service or decides to liquidate, the process to liquidate can extend many months or years and must be funded.



Wheaton College

For Christ and His Kingdom



Jan Hnilica
Student Financial Services Manager
Wheaton College

Wheaton College



- Wheaton College is a 4-year private college
- Located 30 minutes west of Chicago
- 2,200 full-time undergraduate students
- 400 graduate students
- Methodology on awarding financial aid is need-based

Wheaton College



- Business as Usual Environment Post-Perkins Expiration
 - Awarding Perkins through June 30th, 2018
 - Spending Perkins to avoid excess cash
 - 2016-17 \$600,000 Expenditures
 - Using a Servicer to handle the day-to-day operations
 - No plans on liquidating
 - Continue to collect on old accounts
 - Preliminary talks on forecasting Wheaton's institutional match and excess cash



Bob Frick
Vice President - Education Services
TSI/University Accounting Service

Perkins Billing Servicer Perspective



- Business as usual for the most part
- Leverage resources to maximize recovery from older accounts
- Strategically clean-up portfolios
- Streamline processes relating to all institutional programs
- Leverage relationships to develop alternative programs



Nancy Paris
Vice President Client Relations
RMS-Recovery Management Services

Third Party Recovery Provider Perspective



- Continuing need for collections of outstanding Perkins Loans
- Continuing need for collections of other loan programs (NSL, HPSL, Inst. Loans)
- Possible increases in receivable balances
- Contraction in the marketplace?

Contact Information



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Questions...

