



## **COHEAO ANNUAL REPORT 2019**

## Table of Contents

Message from the President.....	3
Treasurer’s Report .....	4
Membership Report.....	4
Legislative Report.....	5
Internal Operations.....	6
Commercial Membership .....	7
COHEAO Task Force Reports.....	8
COHEAO Achievement Program (CAP) .....	9
Perkins Grass Roots Report.....	9
Consumer Financial Protection Bureau (CFPB).....	13
Financial Wellness.....	16
Loan Task Force.....	17
Hill Visits.....	18
Student Tuition and Accounts Receivable (STAR).....	18
Telephone Communication Protection Act (TCPA).....	19
Agenda Committee .....	22
COHEAO Board 2019.....	24

## Message from the President

As I write my first report as COHEAO President, I have been reflecting on the challenges of the past year, both professionally and as an organization. 2019 was a year of expanded and varied focus. COHEAO continued to work diligently on grassroots advocacy for the Federal Perkins ARC Loan Program while simultaneously working with the Department on an orderly and equitable wind-down of the legacy Perkins program, and, at the same time, expand our involvement in Financial Wellness, receivables management, and became an industry resource for institutional loan development and best practices. All of these projects took considerable work from the volunteer board, COHEAO members, both commercial and institutional, and the staff at Bose Public Affairs Group. COHEAO is blessed to have very dedicated and involved members both on the Board and off; I want to thank everyone for their hard work and continued support.

2019 proved to be an interesting time in Washington, D.C.. Congress was and remains divided, with the Democrats in control of the House, the Republicans in the Senate with a Presidential election just around the corner. The last time the Higher Education Act was reauthorized was in 2008, almost twelve years since a major overhaul to our industry's framework of rules. Despite these distractions, the House in 2019 introduced the College Affordability Act (CAA). It has passed through the Education and Labor committee along party lines, and it waits to go to the full House for a vote. During this timeframe, COHEAO continued to work on a few initiatives, such as an amendment to the CAA for optional campus-based servicing and a stand-alone Perkins ARC bill. We will continue this effort into 2020.

Two years ago, COHEAO launched a new task force, the Institutional Loan Task Force, which is focused on helping schools provide student-friendly loan programs. The loss of the Perkins program left a financial void, and schools were asking how they could fill that void. This last year, the Task Force put its finishing touches on a Resource paper available to COHEAO members on our website. This white paper is the first resource to be published by the committee, and it will be the springboard for future initiatives.

COHEAO also focused on many other regulatory and legislative areas within higher education. Areas such as Financial Wellness, the CFPB (Consumer Financial Protection Bureau), STAR (Student Tuition and Accounts Receivable), and the TCPA (Telephone Consumer Protection Act), all of which have been extremely active. Each of our task force and committee chairs has summarized the actions and accomplishments of their working group, which will provide you a comprehensive look at the past 12 months. I encourage you to take the time to review the information that follows and become more familiar with the various areas in which COHEAO is active, and identify where you might be able to contribute by getting more involved.

COHEAO has many other exciting priorities planned for 2020, but COHEAO relies heavily on its membership to identify issues of importance and work together to strategize, train, and advocate for viable solutions. So I ask that you become involved in the organization today and help us provide to the community the resources it needs.

I want to thank the COHEAO Board of Directors and the staff of Bose Public Affairs Group, and membership for the efforts each one has contributed towards the COHEAO mission.

Mission:

Promote access to higher education through legislative advocacy of financial aid programs; to increase the efficient and cost-effective delivery, billing and collection of higher education student financial assistance programs; to prepare and disseminate information to the public and to governmental officials and agencies in furtherance of the purposes of the Coalition and to keep the membership apprised of said information; and to do all other things necessary and proper to carry out all these purposes.

Submitted by: Lori Hartung, COHEAO President

## **Treasurer's Report**

2019 was a strong year for the organization. COHEAO ended 2020 with net income of roughly \$40,000 and a positive equity position of just over \$30,000.

This reflects the efforts by the board to reverse the trend relating to net losses in each of the past 5 years and restore a positive equity position.

The board committed to taking several steps during the year, including holding the line on management expenses, as well making a concerted effort to promote the value of the organization. Membership responded favorably with increases in both paid Commercial and Institutional membership dues.

Looking ahead, the board will continue to explore new initiatives and review opportunities to meet the primary mission of the organization within the resources available. We recognize the continued need to be diligent given ongoing challenges facing the funding of campus programs.

Submitted By: Bob Frick, Treasurer

## **Membership Report**

The Membership Team for 2019 consisted of Membership Chair, Nancy Lange; Institutional Membership Co-Chair, Mary Beth Gloekler; Commercial Membership Co-Chair, Denyc Perez, and Development Membership Co-Chair, Joe Weglarz. The Membership Committee continues to work with Bose Public Affairs staff to establish a strong database of its members. Our goal is to recruit new members while retaining our current memberships. 2019 proved to be challenging due to the Federal Perkins wind-down. We were able to retain and grow our institutional base as COHEAO continues to be the "go to" source for wind-down information, financial wellness, institutional loan programs and CFPB/TCPA information.

The committee and the board continue to work on strategies to recruit non-traditional members outside of the Perkins Community as well as continuing to monitor the climate of institutional and commercial membership to determine evolving interests and future target markets.

COHEAO Board Members continue to present at conferences throughout the year, encouraging schools to join. We provide a 10% discount for anyone that joins as the result of each presentation. The membership team continues to be involved in efforts to keep members engaged as we work with congressional members on alternatives to the Federal Perkins program, cancellation reimbursement to institutions and continued servicing cost relief for the higher education community.

<b>MEMBERSHIP</b>		
	<b><u>2018</u></b>	<b><u>2019</u></b>
Commercial/Organizational Membership:	31	39
Institutional Membership:	132	142

Submitted by Nancy Lange, Membership Chair

## **Legislative Report**

Throughout the year, COHEAO was hard at work with a number of innovative legislative initiatives that included the Perkins ARC Loan legislation and funding for campus-based servicing of Federal Perkins loans. The future of Perkins was held in limbo, but through the leadership of COHEAO, Bose Public Affairs Group and the Grassroots Committee, major strides were made in advocating for not only the fight for campus-based servicing but for the potential reimagine the Perkins Loan through the Perkins ARC Loan Program that COHEAO has proposed.

We continue to strive for bipartisan sponsorship and support to introduce and pass the Perkins ARC Loan legislation as well as to secure funding for campus-based servicing. COHEAO's Annual meeting once again afforded our members opportunities to meet the Congressional delegation and advocate our positions. COHEAO was successful in getting Representative Marc Pocan to continue to stay interested in being the lead sponsor for the Perkins ARC Loan legislation, and we will continue to build on that momentum.

Submitted By: Robert Schueger, Legislation Chair

## Internal Operations

The following were the key initiatives for the Internal Operations Team in 2019:

### **COHEAO Fundraiser**

At the January 2019 COHEAO Annual Meeting in DC, we raised over \$3,000.00 for the COHEAO scholarship fund. These funds were raised through a Silent Auction; a Split the Pot Raffle and a Scholarship Squares game. We thank all our attendees for their generous support of the COHEAO Scholarship Fund.

### **COHEAO Scholarships**

There were 15 applications received during the 2019 scholarship process which was comparable to last year's numbers. Of the 15, only eight were eligible for consideration once all factors were evaluated.

The scholarship committee was comprised of Karen Reddick-NCM, Nancy Lange- RMS, Jan Hnilica – Wheaton College and Rechelle Brown – Coast Professional. Each reviewer received copies of the application along with an evaluation spreadsheet. The reviewers individually ranked each applicant and provided this information to Karen Reddick, who compiled the rankings.

The individuals awarded the 2019 COHEAO scholarships were as follows

- Quimby Wechter, University of Hartford – Carolyn Hampton Scholarship
- Kieu-My Nguyen, University of Hartford – Cyndy Littlefield Scholarship
- Vanessa Larez, Southern Methodist University – COHEAO Scholarship
- Greta Ketchner, University of Hartford – COHEAO Scholarship

### **Board of Directors Election**

Following the COHEAO By-Laws, we conducted the election process for the Treasurer, Secretary and 3 Member-at-Large positions that are nominated in the odd years for installment in even years.

Nominations were received for each of the positions as follows:

Treasurer: 1

Secretary: 1

Member At Large: 5

Our primary COHEAO members voted, and the selected nominees were as follows:

Treasurer: Bob Frick, UAS

Secretary: Lee Ann Wigdahl, DeVry University

Member At Large: Jan Hnilica, Trinity College

Member At Large: James Seward, Drexel University

Member At Large: Christina Cardinale, Manhattan College

Submitted by: Karen Reddick - Chair, Internal Operations

## **Commercial Membership**

The Commercial Committee experienced turnover in 2019, with the chairman transitioning from Lynn Reynolds (Account Control Technology) to Denyc Perez (General Revenue Corporation) in July. The chairman position was temporarily vacant starting in 12/19. Different Board members, including Lori Hartung, Nancy Lange, Karen Reddick, and Mike Mietelski, helped continue supporting Commercial members and the new Chair throughout that period.

The COHEAO Commercial membership grew to 39 in 2019 from 31 in 2018. This membership growth is particularly significant due to the previously held perception that COHEAO was focused exclusively on Perkins, so that as that program declined, commercial support might also decline. The Board has been especially successful in changing that perception and promoting the “more education for more people” commitment. More non-collection agency partners have joined through the efforts of many Board members. Additionally, the Board encouraged all Commercial primary members to urge their employees to register as members. Multiple company registrants not only more accurately reflect the total membership numbers but also ensures that COHEAO communication is disseminated more widely.

The Commercial Committee:

- Serves as an advocate for COHEAO on legislative and regulatory issues
- Coordinates and supports grassroots initiatives across Institutional and Commercial communities
- Provides Commercial members with a voice to and from the association
- Arms all Commercial members with the intelligence necessary to remain current on legislative and regulatory issues that impact their constituents
- Provides avenues for Commercial members to influence the regulations that affect the industry
- Encourages an industry-wide evolution by providing support to Commercial members who then convey that knowledge and best practices to their Institutional networks

Submitted by: Denyc Perez, Commercial Committee Chair

# COHEAO Task Force Reports



## COHEAO Achievement Program (CAP)

The CAPS (COHEAO Achievement Program) was created in 2011 to recognize the advancements of members in training and education through participation in COHEAO conferences, webinars, and other COHEAO sponsored events.

<u>2019 Scholar Graduates</u>	<u>2019 Cap Graduates</u>
Jan Hnilica	Laurie Beets
	Rechelle Brown
	Matthew Chin
	Anthea Jeffrey
	Debora Jones
	Rashod Jones
	Denyc Perez
	Corey Rethage
	Tammy Robertson
	Angie Ruiz

Submitted By: Jan Hnilica, Member at Large

## Perkins Grass Roots Report

2019 started with the 116th Congress being sworn in giving COHEAO a new opportunity to make headway with our previous year's grassroots efforts. The reauthorization of the Higher Education Act (HEA) remains a top priority in both chambers. With new Democratic leadership in the House, the Aim Higher Act, introduced in the 115th Congress, will be a much closer starting point for any legislation to come out of the chamber. The Republican PROSPER Act has likely gone by the wayside with the leadership change and notably since many Senate Republicans did not support the legislation. Chairman Scott has indicated that he would like the HEA reauthorization process to be bipartisan and substantive. In the Senate, the path for HEA reauthorization is unclear. With Alexander's announced retirement, it would seem that there is an impetus for him to pass something since the HEA is the last major piece of education legislation that has not been reauthorized while he is chairman.

During the 2019 COHEAO Annual conference in Washington, D.C., over thirty-eight (38) congressional offices were visited. Our advocacy message was to promote COHEAO's 21st Century Perkins Loan proposal (now renamed the Perkins ARC Loan) and the need for a replacement to the Administrative Cost Allowance (ACA).

### Perkins ARC Proposal

COHEAO renamed the 21st Century Perkins Loan proposal to Perkins ARC (Access, Retention, Completion) Loan. Perkins ARC was floated to various congressional offices, primarily in the House, looking for members who would be willing to sponsor an introduction of a bill. Bose Public Affairs Group wrote the legislative language for the Perkins ARC proposal per request from some Congressional offices.

At the close of the 2019 calendar year, the coalition was unsuccessful in getting a bill introduced. There were too many competing priorities in Congress for a bill introduction. However, COHEAO will continue to work with House Democrats in 2020 on introducing legislation that would create a new Perkins ARC Loan program.

### HEA Reauthorization

On the HEA Reauthorization front, COHEAO has been working with staff on the Education and Labor Committee to ensure that the bill contains a new Perkins Loan program. The Aim Higher Act, initially introduced in the summer of 2018, included the original 2009 Obama Administration proposal, which would have turned the Perkins Loan into a direct loan type program administered by the Department of Education (ED). COHEAO submitted a "redlined" version to committee staff, and we are having ongoing discussions about why that original legislation was a poor choice because it omitted school administration and other factors. COHEAO members compiled a list of benefits to campus-based servicing and provided that with our advocacy materials.

### **Legacy Perkins Wind Down:**

#### **Return of Cancelled ICC**

After years of advocacy from COHEAO, the Department posted a notice, "[Distribution of Assets from the Perkins Loan Revolving Fund and the Reimbursement for Perkins Service Cancellations](#)," announcing that they have determined they have the authority to reimburse institutions for their institutional share of Perkins Loan Service Cancellations. The Department sent letters to institutions regarding the amount and deadlines by which those institutions will have to return their Federal Share to ED. This letter also specified the amount of each institution's reimbursement for loan cancellations. Reimbursements may be partial at first and occur over several years.

Reimbursement for canceled loans is something for which COHEAO has long advocated, and this is a significant win for institutions involved in the Perkins Loan Program, providing a powerful incentive to keep servicing loans for at least a couple more years.

#### **Replacement for Administrative Cost Allowance**

On the Administrative Cost Allowance front, the decision on what to do about paying schools to service their Perkins portfolios remains on hold by the Department of Education.

COHEAO, for the second time, successfully persuaded Congress to include language in the FY2020 appropriations bill providing the Department of Education with the authorization to reimburse campuses for the cost of servicing Perkins Loans. Funds would come from appropriations for servicing

of Department-owned student loans. However, we have learned that the White House Office of Management and Budget is opposed to the reimbursements, and it seems unlikely that an administrative decision will be made to permit the funding. Our next step in 2020 will be to ask Congress to require the Department to fund the servicing rather than having it be optional.

### **Mandatory Assignment of Perkins**

The Department published an electronic announcement on September 16, 2019, indicating the Secretary will exercise her authority and mandate the assignment of all Federal Perkins loans that are two years or more past due that do not have an "acceptable collection record." COHEAO has reached out to the Department for a clarification of "acceptable collection record" and is waiting for an official response.

### **Department Publications**

#### **Revised Perkins Assignment Form is Posted**

[2019-01-11](#) - (Campus-Based) Subject: Revised Perkins Assignment Form and Instructions

ED released a revised Perkins Assignment Form and instructions, under OMB Control No. 1845-0048.

The changes to the form consist of the following:

- The date of first disbursement was moved from the required manifest portion (Section C) of the Institutional Certification page to the historical loan information portion (Section C) of the Borrower and Loan Information page.
- Some of the data fields on the Borrower and Loan Information page have been shifted and now have new numbers.

#### **Revised Perkins Assignment and Liquidation Guide**

[2019-05-03](#) - (Campus-Based) Subject: Updated Federal Perkins Loan Assignment and Liquidation Guide

The Guide is divided into two parts and includes three appendices:

- Part I provides schools that are not liquidating with the procedures for assigning loans to the Department for any reason.
- Part II provides schools that may have questions about liquidation or schools that wish to begin liquidation with complete information and procedures about the process.
- Appendix A provides contact information.
- Appendix B is a quick reference guide for the liquidation process (see more below).
- Appendix C provides an "Assignments at a Glance" table, showing what documentation is required or not required when submitting loans for assignment to the Department.

### **Delay of Revolving Fund Distribution of Assets**

[2019-05-24](#) - (Campus-Based) Subject: Federal Perkins Loan Program – Delay of Revolving Fund Distribution of Assets

The Department of Education (the Department) has decided not to require a distribution of assets from the institution’s Perkins Fund for the 2018–19 Award Year.

### **Cancer Treatment Deferment**

[2019-08-22](#) - (General) Subject: Deferment for Cancer Treatment for Direct Loan, FFEL, and Perkins Loan Program Borrowers

Qualified borrowers may receive a deferment on their qualifying loans while they are receiving cancer treatment, and for the six months following the conclusion of their treatment. The deferment has no fixed time limit.

### **Reimbursement for Perkins Service Cancellations**

[2019-09-10](#) - (OPE Announcements) Subject: Distribution of Assets from the Perkins Loan Revolving Fund and Reimbursement for Perkins Service Cancellations

The Department determined that it has the authority to reimburse institutions the institutional share of Perkins Loan Service Cancellations from the Perkins Fund.

The Department will be sending institutions participating in the Perkins Loan program a letter regarding the amount and deadlines by which the institution must return to the Department the Federal Share and remove and return to the institution the Institutional share of the Perkins Loan Revolving Fund

### **Assignment of Perkins Loan Two Years or More in Default**

[2019-09-16](#) - (Campus-Based) Subject: Federal Perkins Loan Program – Assignment of Federal Perkins Loans in Default for Two or More Years. With the wind-down of the Perkins Loan Program, the Secretary will require assignment to the Department of all Perkins loans that have been in default for two or more years.

### **Distribution of Assets Timeline**

[2019-10-15](#) - (Campus-Based) Subject: Perkins Loan Program – Federal Perkins Loan Revolving Fund Distribution of Assets and Timelines for 2019–20.

Submitted by: Lori Hartung, President

## **Consumer Financial Protection Bureau (CFPB)**

### **Background:**

Authorized by the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Consumer Financial Protection Bureau (CFPB) will celebrate their 10<sup>th</sup> anniversary in 2020. Bound by their mission “To regulate the offering and provisions of consumer financial products or services under the Federal consumer financial laws and to educate and empower consumers to make better informed financial decisions,” the agency continues their efforts to modernize the debt collection industry through proposed rule-making, execute enforcement action when in their view the action is warranted, and expand financial literacy programs as a tool to encourage good financial decision making.

The Coalition of Higher Education Assistance Organizations (COHEAO) continues to execute the organizations objectives and advocate their goals through continuous collaborative efforts with the CFPB. COHEAO’S collaboration efforts include sharing of data research, industry related experience, and fact finding, as well as providing comments to proposed rulings.

Decisions implemented by the CFPB has the potential to impact every member of The Coalition of Higher Education Assistance Organizations (COHEAO). In response, COHEAO’S CFPB Task Force is committed to represent the voice of the organization when engaging with the CFPB. A brief summary of activity experienced during 2019 is provided below.

### **Director Update**

Kathleen Kraninger completed her first full year serving as Director of the CFPB in 2019. As the Director, Ms. Kraninger approved a new staffing plan in 2019, ended the temporary hiring freeze, and implemented a mission driven approach for the CFPB. Following her listening tour to better understand both consumer’s needs and obtain feedback from internal and external experts, Director Kraninger embarked on a full agenda that included rulemaking, implementing statutory requirements, reviewing regulatory provisions that were considered outdated and/or hampering progress, as well as seeking future requests for comments and information.

### **CFPB Internal Changes**

Not defined as a shakeup by any means, however there were some major personnel changes at CFPB headquarters during 2019. Some key departures included:

- Chris D’Angelo, Associate Director of Supervision, Enforcement, and Fair Lending
- Eric Blankenstein, CFPB Policy Director
- Kristen Donoghue-CFPB Enforcement Chief

### **CFPB Internal Hiring**

One of the most controversial hires during 2019 was the appointment of Robert Cameron to serve as the new Private Education Loan Ombudsman. Cameron previously worked at the Pennsylvania Higher Education Assistance Agency (PHEAA) as the Deputy Chief Counsel and is considered by many as a polar

opposite compared to the previous Student Loan Ombudsman, Seth Frotman, who resigned in August 2018. As Deputy Chief Counsel at (PHEAA), Cameron oversaw litigation, compliance, and risk management. It is important to point out that, previously at the CFPB, the Ombudsman position title was “Student Loan Ombudsman” and has now been changed to “Private Education Loan Ombudsman.”

It did not take long for criticism to swell over the selection of Cameron. Senator Warren fired off a letter to Cameron on August 22, 2019 requesting he reconsider his decision to accept the position at the CFPB. Cameron also stirred up a volley of criticism from various higher education student consumer groups who opposed his selection based on his previous role at PHEAA.

### **Major Milestones:**

Hard to imagine, however, the process of modernizing the debt collection rules began back in November of 2013 when the CFPB issued an Advance Notice of Proposed Rulemaking (ANPR) seeking comments about existing debt collection practices, consumer experiences, and solicited recommendations on how to modernize debt collection while maintaining protections for consumers. The (ANPR) was the first serious attempt to modernize the Fair Debt Collection Practice Act (FDCPA) since the law passed on September 20, 1977. Both first- and third-party collection issues were included in the (ANPR).

After receiving more than 23,500 comments in response to the (ANPR), the CFPB progressed into the second phase of the process by exercising the SBREFA (Small Business Regulatory Enforcement Fairness Act) process in July 2016. The CFPB organized this panel of industry related small businesses to facilitate input on how potential debt collection would impact these businesses based on the outline of proposals the agency was considering. The focus of these discussions changed from including both debt collectors (3<sup>rd</sup> party), and creditors (1<sup>st</sup> party) to just rules that would apply to 3<sup>rd</sup> party debt collectors under the Fair Debt Collection Practices Act.

Issuance of a “Notice of Proposed Rulemaking) (NPRM) on May 7, 2019 became the next step in the debt collection rule process. With a deadline of September 18, 2019 (extended from an original deadline of August 19<sup>th</sup>) to submit comments, COHEAO along with 14, 000 other organizations/individuals submitted comments to the CFPB in response to the proposed debt collection rules. Some of COHEAO’S recommendations included:

- Add clarification to the definition of default
- Supported the “limited-content” messaging and the proposed protections when utilizing this type of communication as well as adding state exemption provisions when sending a limited content message
- Recommended that the CFPB provide authorization to use the limited-content messaging through any approved communication medium
- Commented on the proposed frequency for contacting consumers
- Permit communication with any third party to obtain a death certificate for student loans
- Delete the “should know” reference from the proposed rule addressing an inconvenient time to communicate

- Define “a reasonable period of time” when an attorney representing a consumer fails to communicate in a timely fashion
- Provide clarity of what defines a communication at the consumer’s place of employment
- Modify the proposed rules for opting out from an electronic communication to avoid confusion with a cease and desist
- Supported the concept that any call frequency limits should be based on a per account rather than a per consumer
- Add additional clarification on what constitutes a contact
- Opposed the requirement that consumers must be notified prior to reporting a defaulted debt to a credit reporting agency
- Included additional recommendations for the “model” template letter that would be used as the validation notice

The prevailing thought is that final debt collection rules may be released towards the end of 2020, and these regulations would provide a phase in over a period of a couple of years. It was further noted that the CFPB was considering publishing a separate solicitation for comments to address time-barred debt.

### **Legislation During 2019**

During 2019 Congress continued their efforts to implement changes to the CFPB and/or third-party debt collections with the introduction of multiple bills. A few of those bills are listed below.

S.453- Senate effort to change the funding structure of the CFPB, “Consumer Financial Accountability Act of 2019”

S.1335=Senate attempt to repeal the CFPB

H.R. 1500-House effort to reverse changes at the CFPB created under the current administration

H.R. 5021-House bill to amend the FDCPA by blocking the ability to communicate by either email or text without consumer’s prior authorization

H.R. 4403- House bill to extend FDCPA protection for debts owed to a federal agency, limit fees, and include debt buyers as subject to FDCPA

### **Various Reports Issued by The CFPB:**

- Supervisory Highlights (Published Feb 28, 2019)
- 2018 Consumer Response Annual Report (Published Mar 29, 2019)
- Fair Debt Collection Practices Act Annual Report 2019 (Published Mar 20, 2019)
- Complaint Snapshot: Servicemembers, Veterans, and Military Families 50 State Report (Published Mar 19, 2019)
- Sources And Uses Of Data At the Bureau Of Consumer Financial Protection (Published Jun 27, 2019)

- Fair Lending Report 2018 (Published Jun 28, 2019)
- Third-Party Debt Collections Tradeline Reporting (Published Jul 18, 2019)
- Supervisory Highlights, Issue No 19 (Summer 2019), (Published Sept 13, 2019)
- Semi-Annual Report Spring 2019 (Published Oct 8, 2019)
- Annual Report Of The CFPB Private Education Loan Ombudsman (Published Oct 15, 2019)
- Financial Well-Being By State (Published Nov 13, 2019)
- Borrower Experiences On Income-Driven Repayment (Published Nov 22, 2019)
- Supervisory Highlights-Consumer Reporting Special Edition-issue No 20-Fall 2019 (Published Dec 9, 2019)
- 2019 Financial Literacy Annual Report (Published Dec 23, 2019)

### **Final Comments:**

The CFPB continues to encourage collaboration and feedback from the financial markets that the agency has the responsibility to regulate combined with equal engagement from consumer groups who represent the clientele that CFPB is to protect. COHEAO'S perspective remains that a balanced relationship is critical as the CFPB makes a determination on future rules that will impact creditors (colleges and universities), businesses who service the student debt (billing servicer and debt collectors), and finally the consumer (students who attend institutions of higher education). COHEAO'S CFPB Task Force remains committed to take advantage of opportunities to communicate the needs and desires of its membership as well as being a resource.

The CFPB Task Force is extremely grateful for the continual support and assistance provided by Bose Public Affairs Group. The Task Force also wants to reemphasize that It is equally important to recognize the COHEAO Board of Directors and all members of the organization that provide input and guidance.

Submitted by: Bob Perrin, Co-Chair Regulatory

## **Financial Wellness**

In 2019, The COHEAO Financial Wellness Task Force focus was to build a database to offer financial wellness resources to member schools and or organizations. The database will consist of member schools that have a financial wellness program, center, or a desire to start a program. It will serve as a resource to find expert level content, find guest speakers, and to build community within COHEAO for financial wellness professionals.

### **The Financial Wellness Newsletter**

The monthly newsletter is delivered electronically from COHEAO. The database has grown to 1402 subscribers from last years' 1,322 subscribers. I've continued to do clean up on the list this year to get any bounced emails out of the system and to ensure more accurate information on our numbers. The newsletter continues to include trending articles, upcoming events, and recommended resources to help institutions grow their financial wellness programs. I've added featuring our member school's financial wellness programs.

### **November 19, 2019 White House Financial Literacy Briefing**

COHEAO participated in the White House Summit & Briefing on Preparing Students for Financial Success. The event was held on the afternoon of November 19, 2019 at the White House Eisenhower Executive Office Building. Secretary of the Treasury, Steven Mnuchin, Secretary of Education, Betsy DeVos, and other leaders from the Administration addressed the group. Invited guests were leaders from higher education institutions, trade associations, financial education organizations, and government agencies. Only 100 professionals in Financial Literacy were invited to the briefing. I did two interviews for SMU to potentially be on a panel to discuss with other colleagues what and how we administer financial literacy. Although SMU was not selected, it was an honor to attend the meeting with Harrison.

### **Annual Conference**

This year's annual conference was in a different format and we did not host the financial wellness summit. We had one financial literacy session by one of our member schools and were able to provide a CEU credit for the session. Looking forward to bringing back the Financial Wellness Summit to either the annual or workshop structure.

### **Federal Student Aid Meeting**

Dr. Wayne Johnson from FSA and the FSA team reached out to have a meeting with me to discuss a partnership with COHEAO and launching a pilot program discussing peer mentorship and ways to advance the use of the mobile FAFSA app. The meeting highlighted COHEAO's growing presence and reputation within the financial literacy program world.

Submitted By: Lottia Windham, Financial Wellness Chair

## **Loan Task Force**

At the beginning of 2019, the Institutional Loan Task Force was formed. Since its inception, the task force's mission has been to provide critical institutional loan information to member schools who are looking for resources to assist them in filling funding gaps brought on by the wind down of the Federal Perkins Program.

Going into 2019, the task force set out with one major focus: to create a repository of information that schools could access, whether they were in need of creating, updating, or reviewing their institutional loan program(s). To capture this information, the task force relied on the experience and knowledge of our membership (board members, commercial members, and other institutional members). These members make up some of the most experienced and knowledgeable subject matter experts in the higher education industry.

The first objective was to hold monthly meetings and gather information that would serve as the basis of version one of the COHEAO Institutional Loan Reference Document. The thought was to provide membership a single reference document that would be updated on a regular basis with new and

updated information. In addition to providing a written resource document, it was decided to document those members who were experts in specific loan areas, capturing and allowing for sharing of the wealth of knowledge that members have.

Version one of this reference document was broken down into three main categories.

1. The eight categories of critical information that schools should consider when creating and launching a loan program.
2. The subject matter experts (SME's) across these eight categories that schools could contact directly if they had questions about a specific topic.
3. Presentation of some reasons why schools should consider starting an institutional loan program.

In early 2020 the first version of this document was released and is available exclusively to members.

In 2020, the task force has set out to work in small groups (the SME's for each topic) to elaborate and provide more detailed information on each of the eight critical categories previously identified. This elaboration will be spread out over the course of the year and as information is gathered, new versions of the document will be released to membership. Moving into late 2020 and early 2021 the task force plans to use this material to present on these critical topics and develop supplemental material for schools to use along with this document.

Submitted by: Corey Rethage, LoanTask Force Chair

## Hill Visits

At the 2019 Annual Conference, COHEAO members visited over 38 congressional offices. Many of these Congressional members are working on the Senate Health Education Labor and Pension Committee and the House Education & Labor Committee. Our advocacy message was to promote COHEAO's 21<sup>st</sup> Century Perkins Loan proposal (now renamed, the Perkins ARC Loan) and the need for a replacement of the Administrative Cost Allowance (ACA).

Submitted By: Jan Hnilica, Member at Large

## Student Tuition and Accounts Receivable (STAR)

2019 saw the beginning of changes in legislation on the state level that prohibit the withholding of transcripts of students because of an outstanding obligation to the institution. Some states extended this legislation to include prohibiting the withholding of registration as well. Further, legislation includes wording that would prohibit the usage of using information from the student from transcript requests or registration as "a tool for debt collection."

As a result, the STAR Task Force began the objective of seeking strategic alliances with other prominent and active organizations that have strong state participation in their memberships in an effort to bring

attention to the detrimental effect of this type of legislation. The efforts of developing these alliances and generating mutually beneficial dialog are still ongoing.

Additionally, the STAR Task Force began forwarding the message to the COHEAO membership on the importance of Student Financial Responsibility Agreements, assuring that institutions have agreements in place, and that they are reviewed on a regular basis to align with the changing legislative landscape.

The STAR Task Force and the entire COHEAO board will continue these efforts through workshops, webinars, and conference presentations.

Submitted By: James Seward, Chair

## **Telephone Communication Protection Act (TCPA)**

The public and political outcry in support of legislation/regulations to block Robo-Calls at any cost continued to be a major theme for both Congress and the Federal Communications Commission (FCC) during 2019. According to “YouMail”, a company who provides call blocking technology, an estimated 58.5 billion robocalls were made in 2019. These numbers reflected an increase of 22% from 2018. Sadly, these numbers do not separate calls that are generated for legitimate purposes compared to those that are unlawful.

To obtain a better grasp of the overall challenges related to Robocalls and understand why there is so much pressure to address this issue, below is an estimated breakout illustrating the source of the 58 billion calls made during 2019.

Type of Robo-Call	Number of Calls	Percentage of calls made
Scams	25.9 Billion	44%
Alerts & Reminders	13.0 Billion	22%
Financial Reminders	11.4 Billion	21%
Telemarketing	8.0 Billion	14%

COHEAO’S TCPA Task Force recognizes the negative impact still being experienced by the organization’s membership due to the lack of clarity and outdated definitions of an auto-dialer and called parties. Many in Washington DC were anticipating that the FCC would publish additional guidance to address these long-term issues during 2019, however as of December nothing new had been released.

The Task Force in collaboration with COHEAO’S Board, and Bose Washington Partners is prepared to continue advocating the concerns of the membership through the appropriate channels when the opportunity arises. Channels of communication include addressing TCPA issues with member of Congress, the FCC, as well as respond to proposed rule-making notifications when applicable. COHEAO also continues to seize on any opportunity to further the Organization’s positions by partnering with other national groups to jointly formulate responses, and schedule strategic meetings with regulators.

### **Legal Perspective:**

According to Webrecon, there were fewer TCPA lawsuits during 2019 when compared to 2018. Statistically, TCPA represented approximately 23% of all debt collection type of lawsuits during 2019, however, the industry experienced an overall drop of 14.42% when compared to the same period in 2018. It is important to remember these statistics only represent lawsuits and do not include any direct attorney/consumer demand that are negotiated outside of the court room or through arbitration to reach resolution.

There were numerous Circuit and District Court cases during the calendar year 2019 that continue to regionally impact the interpretation of TCPA regulations. An apparent victory from one region of the country is unfortunately offset by an opposite ruling from another district/circuit. What remains clear is that despite the ruling by the D.C. Circuit in the case of ACA International v FCC that was handed down back in March of 2018 stating the need for clearer definitions of what an Automated Telephone Dialing System (ATDS) as well as a reassigned number, the FCC did not issue further rules in 2019 to address those concerns. Until either the FCC or Congress provides additional clarity either through legislation or regulations, judges will continue to issue different rulings based on the specific circumstances related to the case before them.

### **Impactful Court Cases:**

The Supreme Court issued a ruling on June 20<sup>th</sup> for the case of PDR Network, LLC ET AL., v Carlton & Harris Chiropractic, Inc. This case involved two federal statutes:

TCPA-Prohibition to send an unsolicited advertisement by fax

Administrative Orders Review Act (Hobbs Act)-Federal Court of Appeals has “exclusive jurisdiction to enjoin, set aside, suspend, or the ability to determine if the validity of “final orders of the FCC”

In summary the Supreme Court had to determine whether the FCC term “unsolicited advertisements” requires the lower courts to abide by the definition based on the Fourth Circuit decision. The district court had dismissed the case claiming that the fax sent by PDR Network was not an “unsolicited advertisement.” The Fourth Circuit reversed that ruling arguing that the Hobbs Act required the District Court to apply the FCC “Definition.” The Supreme Court vacated the Fourth Circuit decision.

Although the petition before the Supreme Court was not granted for the 2<sup>nd</sup> until January 20<sup>th</sup>, 2020, the application requesting the court to consider the case of “William P Barr v American Association of Political Consultants Inc” was docketed on November 15, 2019. The final ruling when handed down for this case will impact the members of COHEAO. At issue is:

The TCPA exemption that Congress passed in 2015 authorized the use of an ATDS when calls are made “solely to collect a debt owed to or guaranteed by the United States.” The argument before the court to resolve is the constitutionality of the exemption as it relates to the First Amendment.

The Supreme Court is expected to hear arguments sometime in the Spring of 2020. If ruled unconstitutional, this decision would eliminate the exemption provision and restrict debt collectors from using ATDS'S when collecting government debt (including federal student loans) unless the consumer has provided prior consent.

### **Proposed Rulemaking**

COHEAO submitted comments to the Federal Communication Commission in response to the FCC'S Public Notice announcing their intent to implement Section 503 of the Ray Baum's Act (Rules and Regulations implementing the Truth in Caller ID Act of 2009). The comments reaffirmed COHEAO'S support of preventing caller ID spoofing when used for illegitimate purposes, however, COHEAO noted that there are legitimate purposes for ID spoofing and the ability to use them when legitimate should remain protected.

### **Legislative Initiatives**

The Task Force is also charged with the responsibility to monitor any proposed legislation and determine if a bill being introduced would have either positive or negative impact to COHEAO'S membership. The goal is to further educate the membership and work closely with Bose Washington Partner to establish strategies to support the desires and goals of COHEAO.

A host of bills were introduced during the 2019 session of Congress. Both the House and Senate came to bipartisan agreement on a major TCPA bill and successfully passed the "Pallone-Thume Telephone Robocall Abuse Criminal Enforcement and Deterrence Act." Referred to as the "Trace Act" this legislation was signed by the President on December 30<sup>th</sup>, 2019.

In summary the "Pallone-Thume Traced Act" gave the FCC additional tools to enforce TCPA and mandated certain timelines for the FCC to establish rules. Some key points and required timelines of the legislation included:

The FCC is required to issue rules by March 29,2020 to establish the framework for implementing the Stir/Shaken authentication to prevent call spoofing

The legislation also required the FCC to initiate a new rulemaking to address parties from one-ring scams by April 28, 2020

The bill further requires the FCC to develop new procedures by June 27, 2020 to reduce access to numbers that are obtained by robocall violators.

A deadline of July 27, 2020 was established for the FCC to issue a Public Notice soliciting voice servicer providers comments on the private-led efforts to track the origin of unlawful robocalls

The legislation also provided a deadline of September 25<sup>th</sup>, 2020 for the FCC to adopt and issues regulations to Section 227 made by the Traced Act.

A report on enforcement actions must be submitted to Congress by December 30, 2020 and every year thereafter.

The FCC must require voice service providers to implement the STIR/Shaken authentication process by June 30, 2021.

The "Traced Act" also extended the statute of limitations for the FCC to enforce violations from one to four years as well as increased the penalties for violations

### **Final Thoughts**

The TCPA Task Force is dependent upon the support of Bose Public Affairs Group and COHEAO'S Board of Directors to successfully meet the goals and directives that are important to the organization's membership. On behalf of the Task Force we want to extend our appreciation for the never-ending support to help accomplish the established goals during 2019.

Submitted by: Bob Perrin, Co-Chair Regulatory

## **Agenda Committee**

In 2019, COHEAO offered an annual conference, two (2) regional workshops, three (3) free webinars and eight (8) paid webinars. Details on each event are outlined below.

- **2019 Annual Conference**
  - January 28-30, 2019: COHEAO Annual Conference, Arlington, VA
    - Attendees: 60
      - 24 School
      - 36 Commercial
- **2019 Workshops**
  - April 10, 2019: COHEAO Higher Education Compliance Workshop, Southern Methodist University, TX
    - Attendees: 43
      - 34 School
      - 9 Commercial
  - September 17, 2019: COHEAO Higher Education Compliance Workshop, Wellesley College, MA
    - Attendees: 49
      - 31 School
      - 18 Commercial
- **2019 Webinars**
  - Free Webinars:
    - April 3, 2019: Games, Games, Games: Interactives to Teach Valuable Financial Skills!
      - 125 participants

- Thursday, September 12, 2019: The FISAP: All Your Questions Answered by a Department of Ed Expert
  - 90 participants
- Paid Webinars:
  - Thu, Feb 21, 2019: Collection Fees: Regulation, Compliance, Calculations and Reputation: A COHEAO Webinar
    - 29 participants
  - Tuesday, March 19, 2018: Bankruptcy and PLUS Loan Clawbacks
    - 11 participants
  - Wednesday, May 28, 2019: GLBA and Red Flags Training
    - 20 participants
  - Thursday, June 20, 2019: Financial Literacy: Great Tools from the Federal Deposit Insurance Corporation
    - 5 participants
  - Wednesday, July 17, 2019: Debt Collection Rules: An Update On CFPB Regulations and The Impact They May Have On Your Campus
    - 26 participants

In total, there were 60 Annual Conference registrants. The workshops netted 92 attendees between both locations. Finally, we had 91 paid webinar participants and 215 free webinar participants.

Attached are the agendas for the annual conference and two (2) regional workshops.

Submitted by: Christina Cardinale, Agenda Chair

## COHEAO Board 2019

COHEAO 2019 Board of Directors			
ELECTED POSITIONS			
OFFICERS			
PRESIDENT	VICE PRESIDENT	SECRETARY	TREASURER
Lori Hartung	Jeff Pfund	Lee Anne Wigdahl	Bob Frick
ELECTED POSITIONS			
MEMBERS AT-LARGE			
STARS	CAPIHill	Agenda	
James Seward	Jan Hnilica	Christina Cardinale	
PAST PRESIDENT	COMMERCIAL CHAIR	EXECUTIVE DIRECTOR	
Maria Livolsi	Denyc Perez	Harrison Wadsworth	
INTERNAL OPERATIONS			
CHAIR	(CO-CHAIR) FINANCIAL WELLNESS	(CO-CHAIR ) COMMUNICATIO NS CHAIR	CO-CHAIR SUPPORT
Karen Reddick	Lottia Windham	Rechelle Brown	Mike Mietelski
LEGISLATIVE			
CHAIR	(CO-CHAIR) LOAN TASK FORCE CHAIR	(CO-CHAIR REGULATORY) TCPA & CFPB TASK	
Robert Schuerger	Corey Rethage	Bob Perrin	
MEMBERSHIP			
CHAIR	CO-CHAIR INSTITUTIONAL	CO-CHAIR COMMERCIAL	CO-CHAIR SUPPORT
Nancy Lange	Beth Gloekler	Denyc Perez	Joe Weglarz