The Torch

April 22, 2011

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

COHEAO News

- **2011 COHEAO Mid-Year Conference—Draft Agenda Now Available**
  A draft agenda is now available for the 2011 COHEAO Mid-Year Conference. The conference is set for July 31-August 2 in St. Louis, MO at the Westin St. Louis.
- **Financial Literacy Corner: COHEAO Task Force to Meet May 6**
  The COHEAO Financial Literacy Task Force will hold its meeting via webinar on Friday, May 6 at 2:00 PM ET. If you are interested in joining the task force or would like to participate in this call, please contact Wes Huffman (whuffman@wpllc.net) or Task Force Chair Carl Perry (cperry@progrssivefinancail.com).

The Congress

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  After Leadership and the White House reached an agreement on the spending bill literally at the eleventh hour two weeks ago, Congress passed the legislation by a margin of 260-167 in the House and 81-19 in the Senate last Thursday.
- **With FY2011 (Finally) Settled, Washington Turns to FY2012 Budget**
  Just before recess, The House passed the FY2012 budget plan put forward by Budget Committee Chairman Paul Ryan, "The Path to Prosperity," by a margin of 235-193.
- **Labor-HHS Subcommittee Chairman Votes Against Ryan's Budget Plan**
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- **HELP Republicans Express Dismay with "Disorganized and Prejudicial" Hearings on For-Profit Higher Ed**
  Republicans on the HELP Committee sent a letter this week to Chairman Tom Harkin (D-Iowa) to express disappointment in the way the Majority has conducted a series of "disorganized and prejudicial" hearings on for-profit educational institutions.

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- **Advisory Council to Examine Entrance and Exit Counseling**
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- **Despite No Director, New Hires of Interest at CFPB Continue**
  Although the President is having trouble finding someone to head the Consumer Financial Protection Bureau, there have been several new hires of interest.
- **Department Offers Guidance on State Authorization, (Published) Gainful Employment Regulations**
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- **CREW Questions Shireman's Consultant Arrangement and Benefits with ED**
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Industry News

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  Sallie Mae reported first-quarter GAAP and core earnings, declared its first common stock dividend since 2007 and announced a $300 million share repurchase program.

Employment Opportunities with COHEAO Members

- **University of Minnesota, Office of Student Finance—Principal Collections Representative**
  The University of Minnesota has an opening for a Principal Collections Representative.

Attachments

- **Board of Directors**
- **COHEAO Commercial Members**
- **2011 Mid-Year Conference Draft Agenda**

COHEAO News

2011 COHEAO Mid-Year Conference—Draft Agenda Now Available

A draft agenda is now available for the 2011 COHEAO Mid-Year Conference. The conference is set for **July 31-August 2 in St. Louis, MO** at the Westin St. Louis. Register today by visiting www.coheao.org The draft agenda is included with today's agenda as a special attachment.

As you will see from the attached agenda, the conference will focus on providing information and training that will help campus loan and accounts receivable administrators do their jobs. The Department of Education and the Federal Reserve have published volumes of regulatory changes taking effect this year and last. This conference will draw on experts and provide a chance to share experiences that will help you cope with compliance.

Understanding compliance will be key as a big new regulator, the Consumer Financial Protection Bureau, will have just assumed responsibility for enforcing regulations affecting institutional credit programs stemming from legislation of great importance to COHEAO members, such as the Truth in Lending Act, the Fair Debt Collection Practices Act and others.

We are inviting the Department of Education to provide an update, including discussion of Perkins Loan issues. And this conference will take place only weeks after its complex set of new program integrity regulations takes effect. A session will be devoted to understanding how these rules affect schools and their servicers.

The COHEAO Mid-Year Conference will also again feature interactive discussions among COHEAO's topical task forces and committees. At last year's Mid-Year, the Perkins, A/R Management, and Financial Literacy Task Force sessions were considered by many attendees to be the highlight of the conference.

For the third straight year, COHEAO is holding the line on prices. Early registration fees are the same as last year, and remain significantly less than 2009 levels! Be sure to register soon before prices rise. The Westin St. Louis is a fabulous hotel centrally located for many of St. Louis' top attractions, including the famous Gateway Arch and Busch Stadium, home of the St. Louis Cardinals.

COHEAO members are eligible for an incredible rate of $162 per night for the Mid-Year Conference. Please click here to register for the special rate online: http://tinyurl.com/6l7q7oh You may also call 1-800-Westin1 to register. Please note you must register with the hotel by July 9 to receive the COHEAO special rate.

Financial Literacy Corner: COHEAO Task Force to Meet May 6

The COHEAO Financial Literacy Task Force will hold its meeting via webinar on Friday, May 6 at 2:00 PM ET. If you are interested in joining the task force or would like to participate in this call, please contact Wes Huffman (whuffman@wpllc.net) or Task Force Chair Carl Perry (cperry@progrssivefinancail.com).

The Congress

FY 11 CR Passes—Student Loan Programs Largely Untouched, Year-Round Pell Eliminated

After Leadership and the White House reached an agreement on the spending bill literally at the eleventh hour two weeks ago, Congress passed the legislation by a margin of 260-167 in the House and 81-19 in the

Senate last Thursday. The full year CR for FY2011, what remains of it, is available at the following websites. The Department of Education pages on the text are 325-334, with HEA provisions on Page 332.

Text: http://rules.house.gov/Media/file/PDF_112_1/Floor_Text/FINAL2011_xml.pdf
Program List: http://www.appropriations.house.gov/_files/41211Finalprogramcuts.pdf

However, because this is a CR and not an appropriations measure the Department of Education has great latitude in how much of this funding is spent, though the Congress anticipates that they will follow the guidance that has been provided. A report to the Congress is due on May 18th, detailing these decisions.

Policy “riders” were reported to be a sticking point in the final hours of the negotiations last week. Although the most controversial dealt with the highly charged abortion issue, there was one related to education—the prohibition on the Department using funds for activities related to the proposed (and still yet-to-be published in final form) gainful employment regulations. This provision was dropped from the final bill.

In terms of student loans, nothing was changed directly in the name of “protecting” Pell. However, the second year of the two-year program to provide funds to help mitigate job losses in the FFEL industry was eliminated; with unused funds from the first year of the program this amounted to a $31 million cut. Perkins Loans were not affected and the split-servicing FFEL refinance proposal was not included, nor was the proposal to eliminate interest subsidies for graduate student loans.

All three proposals, which are in the Administration’s FY2012 budget, had been rumored, to some to degree, to be “on the table” to maintain the maximum Pell award for this year but ultimately never made it into the CR. Discussions with Capitol Hill staff indicate there is little appetite to again harvest the loan programs for alleged savings, but any time the Education budget is particularly strained (as it will be again in FY2012), changes to the loan programs (read: expansion of Direct Lending) remain a distinct possibility.

While the loan programs went untouched, year round Pell is permanently eliminated (see Section 1860 on page 342.) to produce the necessary savings to maintain a maximum award of $5,550. The Pell Grant maximum remains at $4,860 from appropriated funds, which adds to $5,550 for AY2011-12, the same as the current academic year, including mandatory funds appropriated under the Higher Education Act. However, there is a .02% across the Board cut to all programs so the number may decrease slightly, depending on Department of Education interpretations.

The loan repayment program for civil legal defense attorneys is not funded for the year. This includes funding for repayment of Perkins Loans. (Note that this does not involve Perkins cancellations, but is a separate program.) The program is not eliminated, simply not funded for FY2011. In addition to these two provisions, the bill makes the following cuts to existing programs:

- No funds are available for the Robert C Byrd Honors Program. The program is not eliminated, simply not funded for FY2011.
- Funds previously appropriated for the Academic Competitiveness Grant Program that were not used are rescinded -- $560 million is left.
- The LEAP Program gets no funding. The program is not eliminated, simply not funded for FY2011.
- Federal Supplemental Education Opportunity Grants are cut a little, by $20 million
- Trio Programs are cut a little, by $25 million
- GEAR UP is cut a little, by $20 million

With FY2011 (Finally) Settled, Washington Turns to FY2012 Budget

Just before recess, The House passed the FY2012 budget plan put forward by Budget Committee Chairman Paul Ryan, "The Path to Prosperity," by a margin of 235-193. Although Ryan's proposal has little chance for success in the Senate, it did prompt President Obama to release a new spending plan, in addition to his FY2012 budget proposal released a little over two months ago, aimed at curbing the deficit, and budget issues will remain at center stage as the debate over raising the debt ceiling comes to the forefront.

Neither proposal has much chance of survival in its current form. The Ryan proposal has little chance for passage in the Senate and the same goes for the President's plan in the House. However, there is some commonality between the two proposals, and they do serve as excellent markers for the conservative and progressive ideas aimed at tackling the deficit issue.

In the Senate, the so-called "Gang of Six," a bipartisan coalition of Senators examining the debt and deficit, are continuing to work on a compromise plan based largely on the recommendations put forward by the Simpson-Bowles Commission. As they have yet to release the proposal, the Gang of Six were rumored to be frustrated at the President's decision to put forward his own plan, but they are expected to offer some sort of outline in the coming weeks which will (hopefully) add some clarity to the FY2012 budget picture

Ryan and Obama's plan have similar top-line goals, reducing the deficit by $4 trillion over the next ten years, but suggest very different means for achieving this end. President Obama hopes to reach his goal through a combination of increases in revenues (taxes) and decreases in spending, while Ryan's rejects tax increases, calling for all of the savings to come from spending cuts.

President Obama's speech was very light on specifics, and some commentators went as far as to suggest the partisan tone of the speech indicates the President is now engaged in the 2012 campaign. Obama did reference the importance of investing in education and research, but did not offer any details. A broad outline of the plan also references $360 billion in mandatory savings in addition to Medicare, Medicaid, and Social Security, and the plans to achieve "savings" through an expansion of the Direct Loan Program are likely part of that figure.

The House Republican budget also only sets a broad outline, instead leaving the policy decisions to authorizers and appropriators. However, it does include several suggestions in the form of the Committee Report.

The Committee Report suggests major changes to the Federal Pell Grant program, including limiting student eligibility to 12 semesters, an overall income cap on student eligibility and elimination of the $5 per grant administrative fee paid to institutions. The proposal also addresses student loans and proposes to repeal new funding financed by the phony savings claimed for eliminating the FFEL program.

In part, the committee report reads:

Repeal New Funding From the Student Aid and Fiscal Responsibility Act [SAFRA] of 2010. During the debate on SAFRA, the Congressional Budget Office provided estimates that showed projected future savings from a government takeover of all Federal student loans decreased dramatically when "market risk" was taken into account. Since that time, the President's National Commission on Fiscal Responsibility and the Pew-Peterson Commission on Budget Reform have reco0mmended the incorporation of such "fair value accounting" for all Federal loan and loan guarantee programs to enable the true assessment of their cost to taxpayers. Unfortunately, SAFRA used the higher non-adjusted savings projection to subsidize the new health care law and to increase spending on several education programs.

The report goes on to suggest several policy changes to recapture the savings:

- Repeal the expansion of the income-based repayment program.
- Eliminate in-school interest subsidies for undergraduate and graduate students.
- Repeal the mandatory funding for College Access Challenge Grants.
- Make payments for the non-profit servicers discretionary rather than mandatory.
- Make funding for Community College/TAA grants discretionary rather than mandatory.

For the full report, see: http://budget.house.gov/UploadedFiles/fy2012FullReportText.pdf.

Labor-HHS Subcommittee Chairman Votes Against Ryan's Budget Plan

In last week's budget vote, all but four House Republicans voted against Budget Committee Chairman Paul Ryan's (R-WI) FY2012 plan. While this is a sign of unity among the House GOP caucus, one important player in the FY12 spending debate, particularly in terms of education voted against it—Rep. Denny Rehrberg (R-MT), the Chairman of the House Labor-HHS-Education Appropriations Subcommittee.

While most of the Republican noes cast against the plan were due to a belief that it did not go far enough in reducing the federal government (see: Rep. Ron Paul), Rehrberg's vote was different. The current Labor-HHS Subcommittee Chairman, who happens to be running for a Senate seat in 2012, expressed concerns with its modifications to the Medicare programs.

While Rehrberg zeroed in on Medicare, education advocates throughout Washington noticed his independence on this vote, which is traditionally very much on party-lines. Rehrberg's statement is included below:

It doesn't matter to me whether it's a Republican plan or a Democrat plan, what matters is whether or not the plan is right for Montana. This budget – the first one we have even considered in two years – has a lot of good things in it that I fully support. But there are still too many unanswered questions with regard to Medicare reform, and I simply won't support any plan until I know for a fact that Montana's seniors will be protected. Regardless of which party wants to change Medicare, either Democrats with Obamacare or Republicans through this budget proposal, it's always been my approach to listen directly to Montanans prior to any vote. It's being rushed through with little to no public input. That's just plain wrong. Montanans deserve a chance to weigh in on this. Additionally, as Chairman of the Labor, Health and Human Services Subcommittee it will be my responsibility to oversee the budget and at this point, there are just too many unanswered questions as to exactly how it will work. I intend to craft a common sense funding bill that works for Montana and that incorporates input from Montanans.

HELP Republicans Express Dismay with "Disorganized and Prejudicial" Hearings on For-Profit Higher Ed

Republicans on the Senate Health, Education, Labor and Pensions (HELP) Committee, led by Ranking Member Mike Enzi (R-Wyo.), sent a letter last week to Chairman Tom Harkin (D-Iowa) to express disappointment in the way the Majority has conducted a series of "disorganized and prejudicial" hearings on for-profit educational institutions. The other members of the committee who signed the letter include Senators Lamar Alexander (R-Tenn.), Richard Burr (R-S.C.), Johnny Isakson (R-Ga.), Rand Paul (R-Ky.), Orrin G. Hatch (R-Utah), John McCain (R-Ariz.), Pat Roberts (R-Kan.), Lisa Murkowski (R-Alaska) and Mark Kirk (R-Ill.).

“We agree that there are serious problems in higher education, particularly with some schools in the for-profit sector,” the Republican members of the committee wrote. “However, the need to address these problems does not warrant the biased and unprofessional conduct we have witnessed during the past four hearings. It is unacceptable and uncharacteristic of the way this committee or this institution has historically conducted its business.”

The Republican members requested Chairman Harkin work with them to find constructive solutions to the problems faced by all institutions of higher education, warning, “If you decline this request, we will not participate in the next hearing on for-profit institutions.”

If you would like a copy of the letter, please email whuffman@wpllc.net.

The Administration

Orange Book Released

The Federal Perkins Loan Program Status of Default as of June 30, 2010, known as the Orange Book, is a report that lists each school that participated in the Federal Perkins Loan (Perkins Loan) Program during the 2009-2010 Award Year and provides a cohort default rate for each school, organized by state. This report is based on data submitted by schools in the Fiscal Operations Report for 2009-2010 and Application to Participate for 2011-2012 (FISAP).

The national Perkins default rate for borrowers who began repayment in 2008-2009 is 10.08%.

The full Orange Book is available online: http://bit.ly/gnzkDv

Advisory Council on Financial Capability to Examine Entrance and Exit Counseling

The President’s Advisory Council Financial Capability held its quarterly meeting yesterday. A full summary of the meeting was sent earlier today to all COHEAO members, but we wanted to highlight the Council’s work on the federal student loan entrance and exit counseling programs in the pages of *The Torch*. If you did not receive the full report and would like a copy, please email Wes (whuffman@wpllc.net).

Each of the Council’s subcommittees—Youth, Research, Partnerships, and Financial Access—submitted reports, both oral and written, for the meeting. In terms of higher education, the Youth Subcommittee identified the need to educate students before they invest in postsecondary education as a top priority. The group will continue to examine long term solutions, but also identified improving entrance and exit counseling in the student loan programs as an immediate goal. The subcommittee did not offer a formal recommendation for a challenge program, but Rosen discussed the prospects for a challenge program and it is mentioned in their written report. Samuel Jackson of the Economic Empowerment Initiative the subcommittee member heading up the effort. Here is the description from the subcommittee’s written report:

Financing college is the first major financial obstacle that many students face. While there are many elements of this topic, subcommittee members were most interested in entrance/ exit loan counseling. Students who take out Federal loans are required to complete loan counseling, but its scope and rigor can vary widely. Uncovering and promulgating best practice counseling programs and modules, through a competition, would encourage colleges to use this critical touch point as a chance to increase students’ financial capability around loans, debt management, credit cards, and other topics. As we encourage *students from low-income communities to attend college, we should also encourage colleges to ensure that their students graduate with the financial capability to manage a reasonable debt burden.*

The webpage for the President's Advisory Council on Financial Capability, which contains most of the meeting materials, is available online: http://1.usa.gov/g4RseS.

ED Announces SAFRA Non-Profit Servicing Pricing

The Department of Education released modified pricing information on the SAFRA non-profit student loan servicing contracts this week. Below is the pricing information provided by the Department:

For the first 100,000 allocated borrower accounts ONLY, the following pricing shall apply:

Category	Unit Price
Borrowers in In-school Status	$ 1.150
Borrowers in Grace or Current Repayment Status	$ 2.320
Borrowers in Deferment or Forbearance	$ 2.280
Borrowers 31-90 Days Delinquent	$ 1.780
Borrowers 91-150 Days Delinquent	$ 1.650
Borrowers 151-270 Days Delinquent	$ 1.510
Borrowers 270+ Days Delinquent	$ 0.550
On-System Conversion Fees (Per Borrower Account)*	$ 10.000
Incurred Start-Up Costs (Per Entity)**	Up to $300,000

**Applies to the first 100,000 borrower accounts each Entity loads onto its system for servicing. Billable only after actual conversion of accounts has occurred. No costs for off-system conversions/transfers shall apply.*
***Reimbursable ceiling amount for actual, reasonable, allowable, and allocable costs incurred in meeting the Government's stated requirements, in accordance with FAR 31.201. All costs under this category shall be subject to audit, and are only reimbursable after contract award.*

For all borrower accounts above the first 100,000 allocated accounts, the following pricing shall apply:

Status	Volume Low	Volume High	Unit Price
Borrowers in In-school Status			$ 1.050
Borrowers in Grace or Current Repayment Status	1	3,000,000	$ 2.110
	3,000,001	UP	$ 1.900
Borrowers in Deferment or Forbearance	1	1,600,000	$ 2.070
	1,600,001	UP	$ 1.730
Borrowers 31-90 Days Delinquent			$ 1.620
Borrowers 91-150 Days Delinquent			$ 1.500
Borrowers 151-270 Days Delinquent			$ 1.370
Borrowers 270+ Days Delinquent			$ 0.500

Entities shall be responsible for the accurate tracking and proper invoicing of its borrower accounts, in accordance with the pricing structure above.

Out year pricing will follow the methodology described utilizing the subsequent terms. There will be no set declination in pricing at the time of award.

In addition to the pricing information, the Department published a list of non-profit student lenders that have signs into memorandums of understanding (MOU) on the servicing contracts:

NAME	PRIME/SUB
Educational Services of America, Inc. (Edsouth Services)	Prime
ALL Management Corporation	Sub
Arkansas Student Loan Authority (ASLA)	Sub
EFS Servicing, Inc.	Sub
Finance Authority of Maine (FAME)	Sub
Illinois Designated Account Purchase Program (IDAPP)	Sub
Louisiana Public Facilities Authority (LPFA)	Sub
Maine Education Services (MES)	Sub
Wyoming Student Loan Corporation (WyoLoan)	Sub
ISL Service Corp.	Prime
Iowa Student Loan Liquidity Corporation	Prime
Missouri Higher Education Loan Authority (MOHELA)	Prime
New Hampshire Higher Education Loan Corp. (NHHELCO)	Prime
Oklahoma Student Loan Authority (OSLA)	Prime
Utah Higher Education Assistance Authority (UHEAA)	Prime
Vermont Student Assistance Corporation (VSAC)	Prime

Additional information on the pricing amendment is available online: http://bit.ly/

Despite No Director, New Hires of Interest at CFPB Continue

Although the President is having trouble finding someone to head the Consumer Financial Protection Bureau, there have been several new hires of interest. The latest in terms of the top position is that Elizabeth Warren has little chance to be named as the Director and may be more likely to run for the Senate, at least according to a "bottom line" analysis from *BusinessWeek* (see: http://buswk.co/id8yBd)

In terms of new hires, there have been several of interest in recent weeks, most notably Rick Hackett in the Research, Markets, and Rulemaking Group and Gail Hillebrand as Associate director of

Hackett is expected to work in the product group that includes policy support for non-mortgage installment lending (e.g., student loans) and also credit information. A piece written on financial services regulation by Hackett may be found at: http://bit.ly/egXlXB

Hillebrand is responsible for various education and engagement offices, including Servicemember Affairs, Financial Education, Older Americans, and Students. Here is an excerpt from the announcement of her hiring:

Gail Hillebrand

Gail Hillebrand will serve as Associate Director of Consumer Education and Engagement. She will oversee several offices, including Community Affairs, Consumer Engagement, Servicemember Affairs, Financial Education, Older Americans, and Students. Hillebrand formerly worked as a Senior Attorney at Consumers Union's West Coast Office, where she managed the credit and finance advocacy team and led the organization's financial services campaign. She is the former founding chair and board member of the California Reinvestment Committee, a statewide coalition working to encourage financial institutions to *serve low-income consumers and neighborhoods. Hillebrand has served on the Consumer Advisory Council to the Board of Governors of the Federal Reserve System and on the Council of the American Law Institute. She began her career as a law clerk to Judge Robert Boochever of the U.S. Court of Appeals for the Ninth Circuit. She practiced law with the San Francisco firm of McCutchen, Doyle, Brown and Enersen (now Bingham McCutchen). She is a graduate of the University of California at San Diego and received her J.D. from the University of California at Berkeley.*

The "financial services campaign" of the Consumers Union that was headed by Hillebrand is known as "Defending Your Dollars." Here is a link for the website (http://bit.ly/gUHKWE). The headline on the homepage reads "Have You Been Ripped Off by the Big Banks or Other Lenders." Also, here is video of a stunt Consumers Union refers to as the "Attack of Banker Man" (http://bit.ly/fPyWE4).

The Office of Student Engagement will seek to be the "voice for students" on consumer issues. On student loan specific issues, Consumers Union has not been terribly active, but we were able to find a "shopping sheet" prepared by the organization.

Professor Warren has long said that simple "shopping sheets" are the best way for consumers to compare prices on loan products and Consumers Union prepared such a sheet for comparing private student loans in 2007 (http://bit.ly/gSDWTd). The organization suggests that ALL federal loan options (including PLUS) should be exhausted before turning to private student loans. They also suggest consumers, when comparing student loan products, should calculate their cost of their loan at a 24% interest rate if it is a variable rate product without a rate cap.

Department Offers Guidance on State Authorization, (Published) Gainful Employment Regulations

This week, the Department of Education released two dear colleague letters providing further guidance on two controversial aspects of the program integrity regulatory package—gainful employment and state authorization.

The Department announced it would delay, for three years, enforcement activities on the regulation requiring colleges to obtain state authorization for each of the states where they were operating a distance education program, so long as the college was making a "good faith" effort to meet the requirement. The higher education community, both for-profit and non-profit alike, consider the state authorization requirements highly problematic. Although Deputy Under Secretary James Kvaal said he was hopeful the guidance would allay the concerns of the Washington higher education community, officials at ACE and NASULGC said that while move was "a step in the right direction," it was not the same as an outright delay, nor did it address the underlying issues.

On gainful employment, the Department provided guidance on the regulations published with the rest of the program integrity package in October 2010, such as those dealing with disclosures and notifications. Perhaps more importantly, the dear colleague provides a detailed explanation, broken down by school type, of the programs subject to the gainful employment requirements.

The letter on gainful employment is available online: http://1.usa.gov/enXzeW
The letter on state authorization is available online: http://bit.ly/dGgqeJ

CREW Questions Shireman's Consultant Arrangement and Benefits with ED

Citizens for Responsibility and Ethics in Washington (CREW) sent a letter to Department of Education Inspector General Kathleen S. Tighe asking for an investigation into the department's consultant agreement with former Deputy Undersecretary Robert Shireman. Mr. Shireman left his government job in June of 2010, but was immediately hired as a paid intermittent consultant to Education's Office of Federal Student Aid.

Despite this change in employment status, newly released documents show Education officials agreed Mr. Shireman could continue to receive federal benefits, including health care, paid leave, and retirement benefits. According to CREW, "Education's personnel manual specifically prohibits intermittent consultants from receiving such benefits. Education redacted the identities of the officials who signed off on the agreement. "

"Mr. Shireman got one heck of a deal: benefits available to federal employees without the bother of a full-time job," said CREW Executive Director Melanie Sloan. "Given his role in the growing scandal that shows the cozy relationship between DOE officials and Wall Street short-sellers, the inspector general needs to take a look at this arrangement and find out who agreed to it and why."

During his time as Deputy Undersecretary, Mr. Shireman headed the effort to more stringently regulate for-profit education companies. CREW has requested an investigation from the SEC and Department of Education on ED activities and interactions with short-sellers in its attempts to regulate for-profit higher education.

Click here for the full letter: http://bit.ly/gFngV4

Industry News

Sallie Mae Reports First Quarter Earnings, Offers First Dividend Since 2007

Sallie Mae reported first-quarter GAAP and core earnings, declared its first common stock dividend since 2007 and announced a $300 million share repurchase program. The company's stock jumped on the news of a dividend and analysts indicated improving originations and performance in the private loan bode well for Sallie Mae.

Sallie Mae declared a quarterly dividend of $.10 per share on the company's common stock, the first since early 2007. The dividend is payable June 17, 2011, to shareholders of record at the close of business on June 3, 2011. The company also authorized the repurchase of up to $300 million of outstanding common stock in open-market transactions and terminated all previous authorizations.

"These results reflect progress," said Albert L. Lord, vice chairman and CEO, Sallie Mae. "The trends we see across the franchise are improving: private loan demand, ABS market tone, and asset quality together with a better Department of Education loan servicing scorecard. Reinstitution of the dividend and share repurchase program reflects the strength of our capital, liquidity and cash flow."

In the consumer lending segment, loan originations were $940 million, up 12 percent from the year-ago quarter's $840 million. The portfolio totaled $36 billion at March 31, 2011. First-quarter core earnings from this segment improved to $44 million from $5 million in the year-ago quarter. Loan delinquencies and charge-offs (each as a percentage of loans in repayment) improved during the quarter to the lowest levels since Dec. 31, 2008. Highlights vs. first-quarter 2010 included:

- Net interest margin of 4.11 percent compared to 3.84 percent.
- A provision for loan losses of $275 million, compared to $325 million.
    - Delinquencies of 90 days or more (as a percentage of loans in repayment) declined to 5.1 percent from 6.4 percent.

- An annualized charge-off rate of 3.9 percent vs. 4.7 percent.

After the news, Sallie Mae stock was trading around $15 per share. However, while the company continues to diversify and is again growing its private loan portfolio, some Wall Street analysts have pegged roughly half of the company's value to FFELP holdings.

Additional information, including links for the earnings announcement and a related webinar, are available online: http://bit.ly/ijMYRv .

Employment Opportunities with COHEAO Members

University of Minnesota, Office of Student Finance—Principal Collections Representative

The University of Minnesota has an opening for a Principal Collections Representative. A brief description is included below, and additional details and applications instructions are available online: https://employment.umn.edu/applicants/jsp/shared/position/JobDetails_css.jsp

Position: *Principal Collections Representative*
Office: *Student Account Assistance, Office of Student Finance*
Full time, permanent position handling the collection of student receivables for the University of Minnesota Twin Cities campus.

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COHEAO Mid-Year Conference Agenda 2011

All Meetings and Sessions Are Located at the Westin St. Louis

Sunday, July 31, 2011

8:30am-3:00pm	Board of Directors Meeting
3:30pm-5:00pm	Perkins Task Force Meeting
5:00pm–6:00pm	Accounts Receivable Management Task Force Meeting

Monday, August 1, 2011

7:30am-9:00am	Registration & Breakfast
8:00am-9:00am	Commercial Members Meeting
9:00am-9:10am	The President's Welcome & Opening Remarks Speaker: Bob Perrin, COHEAO President
9:10am-10:00am	Session: A Legislative Update on Perkins Loan and Related Student Aid Issues *Although the pending sunset of the program is no longer an issue, Perkins Loans continue to face significant legislative challenges. This session will provide an outlook on what to look for from the 112th Congress in terms of higher education and student lending issues.* Speaker: Introduction:
10:00am-11:00am	Session: The CFPB—Up and Running *The Consumer Financial Protection Bureau (CFPB) is scheduled to be up and running by July 21 and it will impact all aspects of campus financial services. This session will provide you with an update on the initial and future plans of the Bureau.*
11:00am-11:15am	Break
11:15am-12:30pm	Session: Department of Education Update *The Obama Administration has proposed significant changes to the student aid programs in the name of "protecting" Pell Grants. This session will review the*

status of those proposals, the program integrity regulations that are to take effect on July 1, 2011, regulations stemming from the most recent reauthorization of the Higher Education Act, and other issues associated with the student aid programs.

12:30pm-1:45pm Lunch and Luncheon Address

2:00pm-3:00pm Compliance Training: Preparing for the CFPB
As we will review earlier in the day, the Consumer Financial Protection Bureau will have assumed jurisdiction over a number of laws governing your operations on campus, including the Fair Debt Collection Practices Act (FDCPA), the Fair Credit Reporting Act (FCPA), and the Truth in Lending Act (TILA). This session will review the pertinent regulations associated with these laws and provide you with tips and tools for remaining compliant.

3:00pm-3:15pm Break

3:15pm-4:15 pm Session: Private Student Loans & Gap Financing
Perkins Loans and institutional loan programs are critical piece of the gap financing puzzle. However, the program is not equipped to cover the remaining costs for millions of students who need additional financing beyond state and federal aid. This session will review the private student loan market landscape and the interaction between the private and federal loan programs.

4:15pm-5:00pm Student Loan and Student Aid Benefits for Active Duty and Veteran Students
There are numerous benefits available to both active duty and veteran students. This session will provide a review of those benefits, focusing on the deferment and cancellation benefits for these students in the federal loan programs, as well as providing a high level overview of the updated GI Bill.

6:00pm-7:00pm Reception
A full day of in-depth student loan and student aid discussions most certainly should conclude with drinks. Please join your friends and colleagues for a reception to close the first day of the conference.

Tuesday, August 2, 2011

8:00am-9:00am Financial Literacy Task Force Breakfast Roundtables
This breakfast will feature a series of roundtable discussion on a variety of topics related to providing these essential services to students. Regardless of membership with the Financial Literacy Task Force, all conference attendees are encouraged to attend this meeting.

9:00am-10:15am	Session: Understanding the Program Integrity Regulations *It is safe to say the program integrity regulations are the most controversial set of regulations ever promulgated by the Department of Education. Many of these regulations take effect on July 1. While most of the attention in the media and in Washington has focused on their impact on the for-profit higher education sector, these regulations will affect all of higher education and this session will provide a timely review.*
10:15am-10:30am	Break
10:30am-11:30am	Session: Direct Loan Servicing and the Impact on Student Borrowers *The SAFRA legislation brought about fundamental changes in the federal student loan programs. This session will examine the details of the Direct Loan servicing model with a particular focus on what it means for student borrowers.*
11:30am-12:30pm	Session: Bankruptcy & Litigation *It is unfortunate, but inevitable, that some former students will face financial difficulties and, in many cases, they ultimately file for bankruptcy. An expert will provide information on going to court for tuition receivables and student loans as well as a review of relevant bankruptcy laws.*
12:30pm	Conference Concludes