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# *Torch*

**December 2, 2011**

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

## **COHEAO News**

- [\*\*COHEAO Election Ballots Sent to Primary Members\*\*](#)  
It is time of year for the election of the COHEAO Board of Directors.
- [\*\*Register Today for the 2012 COHEAO Annual Conference\*\*](#)  
As December brings the holiday season, the early discount deadlines for the COHEAO Annual Conference will be here before you know it.
- [\*\*COHEAO Hosting Webinars December 8 & 14\*\*](#)  
COHEAO will be hosting two webinars in December, "Ensuring Effective Information Security at Your Campus or Organization" on Thursday, December 8 and "Financial Literacy: What's in It for Me? (WIIFM)"
- [\*\*Support the COHEAO Scholarship Fund with the Silent Auction at the Annual Conference\*\*](#)  
The silent auction reception to support the COHEAO Scholarship Fund has long been a tradition of the COHEAO Annual Conference at the 2012 is no different. Please consider donating an item to be auctioned at the reception, which is set for Monday, January 30.

## **The Congress**

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- [\*\*After Super Committee Failure, Congress \(Hopefully\) Looks to Finish Work in Advance of Holiday Recess\*\*](#)  
Rumor has it we are going to hear a word spoken on Capitol Hill in the next few weeks that we have not heard in a while. That word is yes.
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Sen. Scott Brown (R-MA) proposed, but later withdrew, an amendment to the Defense Authorization bill which would have required significant additional disclosures from colleges participating in DoD education assistance programs. The additional disclosures to students required under Brown's amendment are listed below:
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The House Subcommittee on Higher Education and Workforce Training held a hearing on November 30th, "Keeping College within Reach: Discussing Ways Institutions Can Streamline Costs and Reduce Tuition."

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- [Obama Calls College Presidents for Private White House Meeting on College Costs and Affordability](#)  
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The Consumer Financial Protection Bureau (CFPB) announced that it is seeking public input on ways to streamline the regulations under more than a dozen consumer financial laws that the agency inherited from seven different federal agencies under the Dodd-Frank Wall Street Reform and Consumer Protection Act.
- [ED Releases FERPA Regulations](#)  
The U.S. Department of Education announced new FERPA regulations this week.
- [New York Fed Revises Outstanding Student Loan Estimates](#)  
The New York Fed announced major revisions in its estimates of outstanding student loans in its most recent report.

## Industry News

- [Student Aid Alliance Petition Surpasses 130,000 Signatures](#)  
The letter to Congress opposing cuts to federal student aid that was launched last month by the Student Aid Alliance had 133,000 signatures as of December 1.
- [Occupy Student Debt Mass Default Plan Officially Launched as Some Wonder If Movement Will Increase Focus on College Campuses](#)  
The Occupy Wall Street student debt campaign was officially launched with a rally near Zucotti Park, the base for the movement in New York, last week.

## Attachments

- [Board of Directors](#)
- [COHEAO Commercial Members](#)
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## COHEAO News

### **COHEAO Election Ballots Sent to Primary Members**

It is time of year for the election of the COHEAO Board of Directors. This year, the positions of Treasurer, Secretary, and three Members-at-Large are up for election.

Earlier this week, ballots were sent to those listed as the primary member for all current COHEAO member colleges, organizations, and companies in the COHEAO database. If you believe you should have received a ballot, but did not, please notify Wes Huffman ([whuffman@wpllc.net](mailto:whuffman@wpllc.net)) immediately.

Ballots are due to the special COHEAO election email address by December 14.

### **Register Today for the 2012 COHEAO Annual Conference**

As December brings the holiday season, the early discount deadlines for the COHEAO Annual Conference will be here before you know it. Please be sure to register as soon as you can to ensure you receive discounted registration fees and an exceptional deal on rooms at the site of our conference, the Ritz-Carlton Pentagon City.

[Click here](#) to register for the conference! (If the link does not work, please paste the following into your browser: <http://bit.ly/tv0qkq>). Also, COHEAO has again negotiated a special rate of \$219 per night at our conference hotel, the Ritz-Carlton Pentagon City. **Be sure to contact the Ritz-Carlton Pentagon City at (703) 415-5000 or 1-800-241-3333 by January 6.** You must contact the hotel directly and mention you are with the COHEAO meeting to receive this excellent deal.

Set for January 29-February 1 at the Ritz Carlton-Pentagon City just across the river from Washington, DC, the COHEAO Annual Conference begins 2012 with an outlook on policy issues affecting campus-based student loans and financial services, including Perkins Loans and the other Federal Student Aid programs, institutional loans and tuition accounts, the new Consumer Financial Protection Bureau, campus-based financial literacy programs, regulatory compliance, e-commerce and data protection.

Visits to Capitol Hill are another important aspect of this event and continue to be a highlight of the COHEAO Annual Conference. A conference session will help you understand best practices in advocacy and COHEAO mentors will help you navigate the halls of Congress. In addition to updates and perspectives from Washington, this event will also offer insights from best practices for campus-based loan and student financial services professionals.

A draft agenda is attached with today's *Torch* and is also available at [www.coheao.org](http://www.coheao.org).

Please check back with [www.coheao.org](http://www.coheao.org) for additional information as we will be posting updates on the conference often. If you have any questions on the 2012 COHEAO Annual Conference, please feel free to contact Wes Huffman ([whuffman@wpllc.net](mailto:whuffman@wpllc.net), 202.289.3910).

### **COHEAO Hosting Webinars December 8 & 14**

COHEAO will be hosting a webinar, "Ensuring Effective Information Security at Your Campus or Organization." Scheduled for Thursday, December 8 at 2:00 PM EASTERN, this is a webinar you will not want to miss as it will address a topic keenly important to all who of those who work with the sensitive financial and personal information of students—maintaining information security.

[Click here](#) to register (If this link does not work, please paste the following into your browser:

[https://netforum.avectra.com/eWeb/DynamicPage.aspx?Site=COHEAO&WebCode=EventDetail&evt\\_key=f091d81f-ae90-4f40-acc6-7a5ce84f817d](https://netforum.avectra.com/eWeb/DynamicPage.aspx?Site=COHEAO&WebCode=EventDetail&evt_key=f091d81f-ae90-4f40-acc6-7a5ce84f817d)).

Aaron Smith, an IT Forensic Investigator at Oklahoma State University, will provide his insights for ensuring the information you work with remains secure. Laurie Beets, the Bursar at Oklahoma State, is also a featured panelist and will offer the perspective of a bursar and business officer on matters related to information security.

Aaron, who is responsible for investigating IT matters at OSU, will offer webinar attendees with insights on avoiding the tricks of fraudsters as well as review several basic measures to ensure IT security in your office will not be compromised by your actions. The presentation will address issues such as confidentiality, data destruction, and basic internet safety, among other topics.

[Sign up](#) for the December 8 webinar today. This is a great educational opportunity, particularly for those who work with students' sensitive personal and financial information on a regular basis!

In addition to the webinar on information security, COHEAO will also be hosting a webinar on December 14, "Financial Literacy on Campus: What's in It for Me? (WIIFM)." This webinar will feature insights from experts in the field at a campus (Denny DeSantis of the University of Pittsburgh) and an organization focused on financial literacy (Kris Alban of iGrad) as well as COHEAO's own Wes Huffman. Additional information is available at [www.coheao.org](http://www.coheao.org).

## **Support the COHEAO Scholarship Fund with the Silent Auction at the Annual Conference**

The silent auction reception to support the COHEAO Scholarship Fund has long been a tradition of the COHEAO Annual Conference at the 2012 is no different. Please consider donating an item to be auctioned at the reception, which is set for Monday, January 30.

Though some attendees prefer to bring their items with them (or do some last minute shopping at the Pentagon City Mall located next to the hotel), please feel free to ship your items in advance of the auction. Donation items may be sent to

COHEAO  
1101 Vermont Ave, NW  
Suite 400  
Washington, DC 20005

If you have any questions on possible donation items, please feel free to direct them to Wes Huffman ([whuffman@wpllc.net](mailto:whuffman@wpllc.net), 202.289.3910)

## **The Congress**

### **Super Committee Fails to Reach Deal**

As expected, the Joint Select Committee on Deficit Reduction was unable to meet the goal of producing a recommendation for reducing the deficit by \$1.2-\$1.5 trillion. Members of the Super Committee spoke about developing relationships across party, chamber and ideological lines, but ultimately, the two sides were unable to reach an agreement on reducing the deficit.

Absent an agreement, the Budget Control Act of 2011 calls for automatic budget cuts through a process known as “sequestration” commencing in January 2013. Through this process, the President is required to issue sequestration orders to cut both the mandatory and discretionary side of the budget to achieve the savings target of \$1.2 trillion over 10 years.

The sequestration element of the Budget Control Act was designed to squeeze both parties—Republicans through cuts to defense spending and Democrats through cuts to domestic programs such as education, Medicaid and Medicare. Although gridlock is always a fairly sound bet when it comes to Washington this year, both parties indicated the elections of 2012 will show where the American people stand on issues related to deficit reduction, and there remains hope the “machete” approach of sequestration will eventually be replaced with a “scalpel” approach of a thoughtful review of all aspects of the budget.

Below is an excerpt from a summary from the New America Foundation:

*The Pell Grant program is exempt from sequestration, so the Department of Education wouldn't be forced to cut funding already provided for the program in any year. But there is some confusion about this exemption and the White House Office of Management and Budget hasn't tried to clear it up yet. Specifically, the sequestration rules and exempt programs identified in the Budget Control Act originated in a 1985 budget law. Under that law, Pell Grants were subject to sequestration if triggered. But in 2010, Congress exempted Pell Grants from sequesters when the president signed a new pay-as-you-go law. Since the 2010 PAYGO law applies only to mandatory (non-appropriations) funding, some have interpreted the Pell Grant exemption to only apply to the portion of the Pell Grant program funded with mandatory funding. However, the exemption added in 2010 references the very beginning of the Pell Grant statute, not any specific funding source for the program. That suggests that the entire program – both its appropriations and mandatory funding – are exempt from cuts under sequestration.*

*But an exemption from cuts is not an exemption from constraints.*

*The fallback scenario under the Budget Control Act also further ratchets down spending caps for total appropriations spending by about 7 percent. That reduction comes on top of the limits already in place under the Budget Control Act. This shrinking-pie effect will make it all but impossible for Congress to provide the \$32 billion needed annually to maintain today's maximum Pell Grant of \$5,550.*

*Now that the supercommittee looks certain to fail, all eyes are on whether Congress and the president will allow the Budget Control Act's automatic cuts and spending caps to proceed in 2013. Higher education funding (and K-12 funding) has more riding on that decision than most people realize.*

The full analysis from the “Ed Money Watch” blog, “What Happens to Higher Education Funding When the Supercommittee Fails?” is available online:

[http://edmoney.newamerica.net/blogposts/2011/what\\_happens\\_to\\_higher\\_education\\_funding\\_when\\_the\\_supercommittee\\_fails-60701](http://edmoney.newamerica.net/blogposts/2011/what_happens_to_higher_education_funding_when_the_supercommittee_fails-60701)

Additional coverage from *Inside Higher Ed*, “What Now?,” is also available online:

<http://www.insidehighered.com/news/2011/11/22/spending-cuts-loom-due-supercommittee-failure>

## **After Super Committee Failure, Congress (Hopefully) Looks to Finish Work in Advance of Holiday Recess**

Rumor has it we are going to hear a word spoken on Capitol Hill in the next few weeks that we have not heard in a while. That word is yes.

It appears the Republican leadership in the House of Representatives, after months of saying no to any kind of budget compromise with Democrats, and Democrats' similarly recalcitrance about working across the aisle, may come together to finish the pressing legislative business before the Congress in time for the holidays. There are of course many opportunities for yes to turn into no in the world of politics, but there is also reason for optimism.

The list of "must do" business is a long one. It begins with the federal budget for FY 2012. Appropriations Committee staffers are working to find agreement on the remaining spending bills that will likely be folded into an omnibus measure. The current continuing resolution expires on December 16.

In terms of student aid, the gridlock has prevented much maneuvering on the appropriations bills and will again likely leave Perkins Loans without funding. The House and Senate continue to battle over proposed Pell Grant funding, with the Senate looking to eliminate the interest subsidy during the six-month after graduation grace period on Stafford Loans and the House looking to restrict Pell eligibility. Both sides are seeking to maintain the maximum award of \$5,550 and fill an existing budgetary shortfall, but neither side has agreed on how to get there. In fact, representatives of the higher education community acknowledge they can't really agree on this "mini-Sophie's Choice" of which cuts to support.

Extending unemployment insurance is another critical issue that must be addressed before December 31<sup>st</sup> or millions of Americans will lose their benefits. For the past year the payroll deduction that supports the social security trust fund has been reduced by 2 percentage points, a benefit that has given families on average an extra \$1000 in income but increased the federal deficit by more than \$100 billion. Congress is eager to see this benefit extended, though how much and how to pay for it are points of contention. There are several other tax breaks that also expire on December 31<sup>st</sup> that the Congress wants to find a way to extend. Finally, without Congressional action, Medicare payments to physicians will be reduced, something the Congress wants to prevent.

In spite of the rumors about "yes," it will be a few weeks before Congress would approve compromise plans. Last night both the Democratic and the Republican proposals to extend the payroll deduction failed on the Senate floor. In response, House Speaker John Boehner (R-OH) told the press that this was an issue where compromise is possible and he was sure the extension would ultimately be agreed to. Today, the House Republican Conference is meeting to discuss plans for the remaining weeks of the session. It is rumored that the leadership will present their legislative strategy, designed to complete action on these items in time to recess for the holidays.

### **Withdrawn Brown Amendment Would Have Required Additional Disclosures for Schools Participating in DoD Programs**

Sen. Scott Brown (R-MA) proposed, but later withdrew, an amendment to the Defense Authorization bill which would have required significant additional disclosures from colleges participating in DoD education assistance programs. The additional disclosures to students required under Brown's amendment are listed below:

- (1) The type of the postsecondary institution (whether public, private non-profit, private for-profit, 4-year, 2-year, or less than 2-year, as applicable).*
- (2) The disclosure by the postsecondary institution of the following with respect to such program:*
  - (A) Tuition costs.*
  - (B) Applicable fees.*
  - (C) Estimated costs for books and supplies.*

- (D) Normal time to completion of the program.*
- (E) Average time to completion of the program.*
- (F) Percentage of graduates completing the program in normal time.*
- (G) Median Federal loan debt incurred by students who completed the program.*
- (H) Median private loan debt incurred by students who completed the program.*
- (I) Median institutional loan debt incurred by students who completed the program.*
- (J) The current accreditation status of the program, including the following:*
  - (i) The most recent date of accreditation of the program.*
  - (ii) Whether accreditation of the program is regional or national.*
  - (iii) If the program is not currently accredited whether such accreditation is missing, pending, or rescinded.*
- (K) The level of award offered through the program (whether certificate, associate's degree, bachelor's degree, advanced degree, or other).*
- (3) The disclosure of such other matters with respect to such program as the Secretary of Defense considers appropriate, including—*
  - (A) transferability of credits;*
  - (B) qualification for relevant examination, certification, or license required as a precondition for employment in the occupation for which the program is represented to prepare the student;*
  - (C) job placement rates, if appropriate, for individuals who undertook the program;*
  - (D) rates of default on Federal student loans for individuals who enrolled in the program;*
  - and*
  - (E) comparative data with nearby postsecondary institutions of similar type, student body, and offered programs, if applicable.*

The compliance burden associated with these programs has already been under tremendous scrutiny due to a proposed Memorandum of Understanding (MOU) between DoD and participating schools. ACE and other higher education associations recently sent a letter to Secretary of Defense Leon Panetta encouraging DoD to revisit the proposed MOU. To date, DoD has yet to respond.

## **House Subcommittee Explores College Costs**

The House Subcommittee on Higher Education and Workforce Training held a hearing on November 30th, "Keeping College within Reach: Discussing Ways Institutions Can Streamline Costs and Reduce Tuition." A COHEAO Spark on the hearing was sent to all members. If you did not receive the Spark, please notify Wes Huffman ([whuffman@wpllc.net](mailto:whuffman@wpllc.net))

## **The Administration**

### **Duncan Gives Speech on College Costs, References Old Perkins Proposal**

Secretary of Education Arne Duncan gave a keynote address at the Education Department Office of Federal Student Aid annual conference this week, calling for a "national conversation" on college costs.

Speaking to a conference of more than 7,500 financial aid professionals in Las Vegas, Duncan said all stakeholders need to move beyond the "Iron Triangle" of higher education, a theory implying costs, access, and quality are so deeply intertwined that college costs really can't be controlled in significant fashion without sacrificing access or quality. He highlighted the efforts of states, communities, and colleges to minimize costs, particularly to low and moderate income families. The speech was a bit of the greatest hits of college cost containment, touching on everything from a redesign of curricula in terms of content and

delivery to price transparency to free textbooks to performance based contracting to tuition free pledges for low income students, among others.

Late in the speech, Duncan referenced the Administration's Perkins proposal of 2009, which Congress has not considered this year, as an effort to reward colleges for efforts to contain their costs, stating:

*In the end, we need to start a national conversation of what makes sense to improve completion rates while controlling costs. And we need the expertise and creativity of financial aid administrators to help drive that discussion.*

*To help move that conversation, the Obama administration is pursuing several initiatives.*

*We are proposing to replace the current Perkins loan program, scheduled to expire in 2014, with a new and improved program that would provide federal support for campus-based, low-cost student loans to many more institutions. Funding would be allocated to colleges based not only on the financial needs of students, but also on the performance of institutions in graduating Pell Grant recipients.*

The "low-cost" student loans with a fixed 6.8% interest rate would be much more expensive for students than the current Perkins Loan Program, which "expires" in 2014, just like all of the programs authorized through the Higher Education Act, but actually will automatically be extended at least until October 2015. Duncan also pointed to two other proposals in the Obama Administration budget, which like the Direct Perkins Loan proposal, have little support in Congress—the First in the World Fund and College Completion Incentive Grants—as federal measures to reduce costs.

The Secretary also mentioned the Administration's efforts in the "We Can't Wait" initiatives, rewarding consolidation of split-serviced borrowers and the acceleration of the IBR program. He referenced student debt on several occasions, stating no one doubted the value of student loans, but followed up with "yet there is also little doubt that for too many students and families, the cost of college is a serious and growing problem." Duncan then offered sympathetic examples of student loan defaulters, such as single mothers and students returning home to live with their parents.

Duncan's full speech is available online: <http://www.ed.gov/news/speeches/beyond-iron-triangle-containing-cost-college-and-student-debt>

## **Obama Calls College Presidents for Private White House Meeting on College Costs and Affordability**

Apparently the "national conversation" mentioned by Secretary Duncan at this week's FSA Conference (see article above) will begin very quickly and in private. Following Duncan's remarks on Tuesday in Las Vegas, reports surfaced on Thursday that ten college presidents have been invited to a private White House meeting on Monday with President Obama for a "candid" conversation on removing barriers "to college access, affordability, and success for students."

Duncan indicated he and several White House advisors will be in attendance, but additional details remain scarce. However, they are starting to trickle out. The following is from the *Chronicle of Higher Education*:

*The White House and the Education Department did not respond to questions about the meeting. But an official of a higher-education association, who spoke on the condition of anonymity, said that the presidents and other leaders in attendance [sic] will include F. King Alexander, president of California State University at Long Beach; Francisco G. Cigarroa, chancellor of the University of Texas system;*

*Jared L. Cohon, president of Carnegie Mellon University; William (Brit) Kirwan, chancellor of the University System of Maryland; Holden Thorp, chancellor of the University of North Carolina at Chapel Hill; and Nancy L. Zimpher, chancellor of the State University of New York. The names of other invitees could not be learned late Friday.*

...

*The letter says the Obama administration wants to discuss ways to bring down "overall campus costs" and to make other innovations so college is more affordable for students. According to the letter, the meeting comes at a time when a college degree has become essential for Americans to compete in the global marketplace, and when the cost of college is almost three times what it was in the 1980s.*

## **CFPB Seeking to Streamline Regulations**

The Consumer Financial Protection Bureau (CFPB) announced that it is seeking public input on ways to streamline the regulations under more than a dozen consumer financial laws that the agency inherited from seven different federal agencies under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

The Notice and Request for Information issued by the CFPB asks the public to identify provisions of the inherited regulations that the agency should make the highest priority for updating, modifying, or eliminating because they are outdated, unduly burdensome, or unnecessary. In addition, it seeks suggestions for practical measures the Bureau could take to make complying with the regulations easier.

Opportunities for streamlining rules and facilitating compliance may include:

- Simplifying regulations that have become unnecessarily difficult to understand and comply with over time;
- Standardizing definitions of common terms across regulations where statutes permit;
- Updating regulations that are outdated or unnecessary due to changing technologies; or
- Removing unnecessary restrictions on consumer choice or business innovation.

In the coming weeks, the CFPB will republish the regulations it inherited – a necessary step any time one agency takes over rulemaking authority from another. With public input from the notice, the Bureau will determine where there may be opportunities to streamline these regulations and an appropriate schedule for proceeding. However, the notice indicated the regulations may also be strengthened, where necessary.

Notably, the *Register* notice mentions an exemption for student loan lenders who provide very few student loans. COHEAO has long advocated that institutions of higher education should be exempted from the TILA student loan regulations in certain situations.

The Dodd-Frank Act established the CFPB and transferred to it rulewriting authority under more than a dozen consumer protection laws previously held by: the Board of Governors of the Federal Reserve System, Department of Housing and Urban Development, Federal Deposit Insurance Corporation, Federal Trade Commission, National Credit Union Administration, Office of Comptroller of the Currency, and Office of Thrift Supervision.

The public will have a 90 day public comment period, followed by an additional 30 day period to respond to other comments. A copy of the Notice submitted to the Office of the Federal Register for publication is available at: [http://www.consumerfinance.gov/wp-content/uploads/2011/11/Streamlining\\_Notice\\_1129.pdf](http://www.consumerfinance.gov/wp-content/uploads/2011/11/Streamlining_Notice_1129.pdf)

## **ED Releases FERPA Regulations**

The U.S. Department of Education announced new FERPA regulations this week. According to the Department the regulations will “safeguard student privacy while giving states the flexibility to share school data that can be helpful in judging the effectiveness of government investments in education.”

"Data are a powerful tool needed to improve the state of education in this country," said Secretary of Education Arne Duncan. "At the same time, the benefits of using student data must always be balanced with the need to protect students' privacy rights and ensure their information is protected."

Despite the Secretary's claims of balancing the needs of policymakers and researchers with the rights of students, many privacy advocates were dismayed the final regulations were published with little modification from their proposed form which was released in April.

"The department has regrettably decided to go down the path of a data free-for-all in the name of accountability," Barmak Nassirian, an associate executive director of the American Association of Collegiate Registrars and Admissions Officers, told the *Chronicle of Higher Education*.

The new regulations also extend FERPA to outside agencies that handle student information, such as lenders, servicers, and guarantors.

The new FERPA regulations are available online: <http://www.scribd.com/doc/74403748/Final-FERPA-Regulation-12-2-2011>

The Department also published additional guidance which is available online: [http://www2.ed.gov/policy/gen/guid/fpco/pdf/reasonablemtd\\_agreement.pdf](http://www2.ed.gov/policy/gen/guid/fpco/pdf/reasonablemtd_agreement.pdf)

## **New York Fed Revises Outstanding Student Loan Estimates**

The New York Fed announced major revisions in its estimates of outstanding student loans in its most recent report. The revision was explained as follows:

*The 2011Q2 and 2011Q3 totals reflect improvements in our measurement of student loan balances, which we had previously undercounted; see below for more detail. As a result, student loan and total debt balances for 2011Q2 and 2011Q3 are not directly comparable to earlier data, so we have removed discussion of changes in total number of accounts and indebtedness over longer horizons. The 2011Q2 and 2011Q3 are, however, consistent with each other, so quarter-to-quarter comparisons are valid. Other components of household debt are unaffected by this change.*

### **Revisions to Student Loan and Total Debt Balances**

*From the inception of the FRBNY Consumer Credit Panel, we have frequently compared the aggregate balances reported on our sample of consumer credit reports to other publicly available sources of data. For most categories of consumer debt, our aggregate figures are close to other public estimates and/or we are able to understand the differences we observe. However, we came to realize that our aggregate reported student loan balance was at the low end of the substantial range of publicly available sources.*

*Our new data reflect changes to our vendor's method of identifying outstanding student loans in 2011Q2 and 2011Q3. In particular, the new data for student loan balances – and total debt outstanding – incorporate additional student loan accounts that had previously been excluded.*

*After several months of discussions with our vendor, we have now come to understand the source of this difference.*

*The revisions to the data are fairly substantial: as of our August report, 2011Q2 student loan balances were reported at \$550 billion. We now estimate that student loans outstanding in that quarter (2011Q2) amounted to \$845 billion, \$290 billion or 53.7% higher than we reported earlier. These previously excluded loans were also missing from the total debt outstanding; as a result, our estimate of total debt outstanding in 2011Q2 is also revised upward by \$290 billion (2.5%).*

*For now, we only have data using the revised methodology for the two most recent quarters – 2011Q2 and 2011Q3. As noted above, the charts and data for the 2011Q3 Quarterly Report have been adjusted and annotated to reflect this fact. We are continuing to work with our vendor to make revisions to earlier data (1999Q1-2011Q1) and will report revised data when we have them.*

The New York Fed has previously indicated its numbers were underreported. In fact, this issue was brought to light in October when the New York Fed reported suspiciously low figures. Felix Salmon, a blogger at *Reuters*, explored the issue of student loan data. A post from Salmon, the “Murky World of Student Loan Statistics,” is available online: <http://blogs.reuters.com/felix-salmon/2011/10/21/the-murky-world-of-student-loan-statistics/>

The complete report may be found at:

[http://data.newyorkfed.org/research/national\\_economy/householdcredit/DistrictReport\\_Q32011.pdf](http://data.newyorkfed.org/research/national_economy/householdcredit/DistrictReport_Q32011.pdf)

## **Industry News**

### **Student Aid Alliance Petition Surpasses 130,000 Signatures**

The letter to Congress opposing cuts to federal student aid that was launched last month by the Student Aid Alliance had 133,000 signatures as of December 1. COHEAO is an active member of the Alliance and has assisted in developing the campaign, which is being led by Alliance chairs NAICU and ACE.

The campaign was started to pressure the members of the Congressional “Super Committee” on deficit reduction to avoid cuts to student aid programs, especially at a time when state aid and hits to endowments are contributing to higher college costs. With the Super Committee giving up without an agreement, the focus is now on the appropriations process, which is not resolved for the current fiscal year that began Oct. 1, 2011. A shortfall in funding for Pell Grants in 2012-13 is leading to proposals to either increase Stafford loan costs or reduce eligibility for the grants. It also squeezes out prospects for funding for Perkins Loan cancellation reimbursements and other programs.

COHEAO urges members to circulate the Alliance website address and ask your colleagues, all the way up to the president or chancellor’s office, to sign the petition and also to circulate it to students. The website is at: <http://studentaidalliance.org/>

### **Occupy Student Debt Mass Default Plan Officially Launched as Some Wonder If Movement Will Increase Focus on College Campuses**

The Occupy Wall Street student debt campaign was officially launched with a rally near Zucotti Park, the base for the movement in New York, last week. About 100 people showed up for the event led by NYU

professor of social and cultural analysis Andrew Ross. Thus far, organizers still need almost 999,000 signatures to reach the 1 million goal that would trigger the plans for mass refusal to pay their loans.

Though the rally was lightly attended, the prevalence of student debt complaints among the Occupy movement did give it media attention. However, even the most strident critics of the US higher education and student loan systems have been questioning the plans for a mass refusal from students to repay their obligations. The *Huffington Post* covered the rally. Excerpts are below:

*But Anya Kamenetz, author of "Generation Debt" and "The Edupunks' Guide," cautions borrowers against romanticizing the notion of what it means for student borrowers to actually default on their loans -- including the garnishing of future wages and tax refunds, among other penalizing tactics.*

*Additionally, Kamenetz said she sees the college graduate population as being less likely to garner widespread sympathy by virtue of their relative privilege.*

*"As an organizing tactic, mass default is a little bit difficult to get mainstream America to embrace, since there's this very strong moral and ethical belief that people don't walk away from loans they voluntarily assumed," said Kamenetz, who has written about the issue of student loan debt for seven years. "There's this deep, pervading sense that since I had to pay off my loans, you should have to pay off your loans, too."*

*Besides the difficulty of amassing widespread public support, Carl Van Horn, a professor of public policy at Rutgers University, also said defaulting on student loan debt will have long-lasting consequences.*

*"Defaulting is considered a financial felony that will continue to haunt you," Van Horn said. "Student loans are not something you can easily walk away from, and defaulting is hardly the same thing as missing a credit card payment. It really is a black mark."*

*Black mark or not, Thomas Gokey and many others see little in the way of viable alternatives.*

*Gokey, an adjunct professor of visual art at Syracuse University, participated in Monday's announcement. He said it was not uncommon for his students at Syracuse to graduate with upwards of \$200,000 in debt. Gokey said he is personally on the hook for about \$100,000.*

Also of note, some observers of the Occupy movement believe the natural "next steps" for the protests are to move to college campuses. College campuses are seen to be more accommodating to the protests than the public areas in cities where many Occupy outposts have started to wear out their welcome and concerns over college costs and student debt are obviously an ongoing theme.

- An article from Campus Progress, "Occupy U: Is Relocating to College Campuses the Next Step for the Occupy Movement?" is available online:  
[http://campusprogress.org/articles/occupy\\_u\\_is\\_relocating\\_to\\_college\\_campuses\\_the\\_next\\_step\\_for\\_the\\_occupy\\_mov/](http://campusprogress.org/articles/occupy_u_is_relocating_to_college_campuses_the_next_step_for_the_occupy_mov/)
- The Occupy Student Debt Campaign webpage is available online:  
<http://occupystudentdebtcampaign.com/>
- Additional coverage from the *Huffington Post* is available online:  
[http://www.huffingtonpost.com/2011/11/21/occupy-student-debt-campaign\\_n\\_1106379.html](http://www.huffingtonpost.com/2011/11/21/occupy-student-debt-campaign_n_1106379.html)
- Additional coverage from *Inside Higher Ed* is available online:  
<http://www.insidehighered.com/news/2011/11/21/occupy-movement-proposes-refusing-pay-back-loans>

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**COHEAO Annual Conference Agenda 2012**  
*All Meetings and Sessions Are Located at the  
Ritz Carlton Pentagon City Hotel in Arlington, Virginia*

**Sunday, January 29<sup>th</sup>, 2012**

- 8:30am – 3:00pm      **Board of Directors Meeting**
- 4:00pm – 5:00pm      **Commercial Members Meeting**
- 4:00pm – 7:00pm      **Registration**
- 6:00pm – 7:00pm      **Welcoming Reception**

**Monday, January 30<sup>th</sup>, 2012**

- 7:30am – 8:30am      **Breakfast: Perkins Task Force Meeting**  
*Discussion of Perkins proposals*  
*COHEAO's Perkins Task Force will again meet over breakfast. This breakfast meeting will feature discussions on topics ranging from legislative strategies for improving Perkins to the day-to-day operations of the Program. A summary discussion will be led by Task Force Chair Nancy Paris, COHEAO Executive Director Harrison Wadsworth and members of the Perkins Task Force. You do not need to be a member of the Task Force to attend this meeting, and all conference attendees are encouraged to participate.*
- Leader: Nancy Paris, ACS, Perkins Task Force Chair
- 8:30am – 8:45am      **The President's Welcome**
- Speaker: Bob Perrin, COHEAO President
- 8:45am – 9:30am      **Session: Washington Activity/Inactivity: What It Means For Us**  
*With a Presidential and Congressional Election Year underway, Harrison Wadsworth, COHEAO's Executive Director, will provide an outlook on what to look for from Washington in terms of higher education, student lending, and student financial services issues and how what happens in Washington may affect you and your colleagues.*
- Speaker: Harrison Wadsworth, COHEAO Executive Director

9:30am – 10:30am **Session: Effective Campus-Based Financial Literacy Programs**  
*Improving the financial literacy skills of students remains a pressing concern on campus, particularly in the face of increasing student debt loads and a tough economy. In this session, Roxie Johnson of Meharry Medical College and their partners at BC Holdings will review their campus program, including a demonstration of the student program.*

Panelists: Roxie Johnson, Meharry Medical College  
Sidney Curry, BC Holding, LLC  
Saundra Curry, BC Holding, LLC

10:30am – 10:45am **Break**

10:45am – 11:45am **Session: Bankruptcy & Litigation**  
*Unfortunately, bankruptcy remains a fact of life for many Americans struggling in this economy, including numerous former college students. An experienced higher education attorney will review the latest on bankruptcy and litigating student accounts and provide legal tips for ensuring the collection of lost funds in these unfortunate circumstances*

Speaker: Chad Echols, Hamilton Martens & Ballou, LLC

11:45am – 12:30pm **Session: Private Student Loans & The Gap Financing Puzzle**  
*Perkins and institutional loans are just one piece of the puzzle that helps many students with their remaining cost of attendance beyond grants and Stafford Loans. A panel will discuss other forms of gap financing, particularly private loans, offering the latest trends on this important source of funding for many students.*

Speakers: To Be Announced Soon

12:30pm – 1:45pm **Luncheon Address**

1:45pm – 3:15pm **Session: Department of Education Update: Regulations Old and New**  
*Gail McLarnon will provide an update on regulations affecting Perkins Loans and other pertinent issues in the Federal Student Aid programs. With the negotiated rulemaking on Total and Permanent Disability, Income Based Repayment, Perkins, FFELP and Direct lending underway and the release of the President's FY 2013 budget just around the corner, this is a session conference attendees will not want to miss.*

Speaker: Gail McLarnon, US Department of Education

3:15pm – 3:30pm **Dessert Break**

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3:30pm – 4:30pm      **Session: Budget Cuts and Its Effect on Financial Aid**  
*In recent years, it seems that federal student aid policy has been driven by the budget process, as opposed to reauthorization of the Higher Education Act. As Congress works toward more austerity in the name of deficit reduction, this session will provide a review and outlook on federal spending cuts and their impact on the student aid programs.*

Speakers:

4:30pm – 5:15pm      **Session: Negotiated Rulemaking: Non-Federal Perspectives**  
*The first of three rounds of the 2012 negotiated rulemaking at the Department of Education will have just taken place in Washington. COHEAO representatives will be there and will report on the issues, including Perkins Loan specific issues such as deferments, cancellations, assignments, and reporting requirements and other key issues like Total and Permanent Disability, IBR and ICR, and a rewrite of the Direct Lending regulations.*

Speakers: To Be Announced Soon

6:00pm – 7:30pm      **Silent Auction and Reception to Benefit the COHEAO Scholarship Fund**

**Tuesday, January 31<sup>st</sup>, 2012**

7:45am – 8:45am      **Breakfast: Financial Literacy Task Force Meeting**  
*COHEAO's incredibly active Financial Literacy Task Force will meet over breakfast. The breakfast will feature roundtable discussions 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.*

Leader: Carl Perry, Progressive Financial Services, Task Force Chair

8:45am – 9:00am      **Annual Business Meeting**

9:00am – 9:30am      **Congressional Address**

9:30am – 10:30am      **Session: Consumer Financial Protection Bureau Update**  
*By the time of the COHEAO Annual Conference, the Consumer Financial Protection Bureau will have been up and running for roughly six months. The Bureau has identified student loans as a high priority. This session will take a look at current initiatives related to higher education, such as "Know Before You Owe," the private loan study mandated by the Dodd-Frank Wall Street Reform Act, the private student loan ombudsman's office, and ongoing efforts to coordinate activities with the Department of Education.*

Speaker(s): CFPB Officials have been invited.

10:30am – 10:45am      **Break**

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10:45am – 11:30am **Session: Congressional Communications & Becoming a Better Advocate for Perkins**

*Visiting Congressional offices can feel like a daunting prospect, but it should not be. As a constituent, those who visit with their Senators and Representatives are providing a service to these offices by sharing their views on pending legislation and issues affecting their campus or organization. Scheduled immediately before an afternoon of visits with legislators, this session will provide tools for beginner and experienced advocates alike in communicating your message to Capitol Hill.*

Speaker: Carl Perry, Progressive Financial Services

11:30am – 12:30pm **Networking Lunch**

12:30pm Gather with mentors for Congressional office visits and depart for Capitol Hill via Metro

1:00pm – 5:30pm **Visits to Congressional Offices**

Location: House and Senate Office Buildings, Washington, DC

*Please visit your legislators' offices to inform them on issues affecting your campus or organization, such as the importance of the Perkins Loan Program for you and your students. Don't forget to make appointments in advance.*

**Wednesday, February 1<sup>st</sup>, 2012**

8:00am – 9:00am **Breakfast: S.T.A.R.S. Meeting**

*Student Tuition and Accounts Receivable Sources (formerly the Accounts Receivable Task Force) will begin Wednesday with discussions on the latest in tuition account management. This meeting provides an opportunity for you to gather with your colleagues and discuss a multitude of issues, both in terms of policy and best practices. All conference attendees are encouraged to attend this meeting.*

Leader: Laurie Beets, Oklahoma State University, S.T.A.R.S. Chair

9:00am – 10:00am **Session: E-Commerce**

*Issues associated with E-Commerce are increasingly coming to the forefront for many campus offices, and they are constantly evolving. This session will cover much of the latest in E-Commerce, including debit cards/refund cards, global consent, and the E-Sign Act.*

Speaker:

10:00am – 10:30am **Break**

10:30am – 11:30am **Session: Compliance**

Speaker: David Stocker, Account Control Technology, Inc.