

The



Torch

April 26, 2013

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

COHEAO News

- [**2013 COHEAO Mid-Year Conference—Registration Now Available**](#)
Registration is now available for the COHEAO Mid-Year Conference. [Click here](#) to register!
- [**Introducing COHEAO's New CAPS Scholar Program**](#)
COHEAO is pleased to announce the new CAPS Scholar Program, which will recognize COHEAO members for their enhanced commitment to professional development and advocacy.
- [**98 Days & Counting...**](#)
COHEAO will be working diligently to craft our formal response to this week's call for HEA reauthorization proposals from the House Education and the Workforce Committee.
- [**COHEAO Presentations at Recent Conferences**](#)
If you've been traveling to conferences recently, you may have seen a presentation from COHEAO.

Congress

- [**Ed & Workforce Committee Issues Call for HEA Reauthorization Proposals**](#)
Members of the House Education and the Workforce Committee called upon students, parents, college leaders, and higher education stakeholders to share their views on policies and amendments for the upcoming reauthorization of the *Higher Education Act*.
- [**A Bipartisan Call for Department to Defer on Program Integrity Regulations**](#)
A bipartisan group of House Members, including Chairman John Kline, sent a letter urging Secretary of Education Arne Duncan to drop the controversial 'gainful employment' and 'state authorization' regulations and instead work with Congress to address program integrity issues as part of the Higher Education Act reauthorization.
- [**House Subcommittee Hearing Is Latest on Student Debt, Student Aid, and College Costs**](#)
On Wednesday, the House Education and the Workforce Subcommittee on Higher Education and Workforce Training held the latest in a series of hearings on student debt, student aid, and college costs.
- [**Senate Hearing on Youth Financial Literacy**](#)
On Wednesday, the Senate Health, Education, Labor and Pensions (HELP) Subcommittee on Children and Families held a hearing on "The Economic Importance of Financial Literacy Education for Students."

- [Student Groups Join Reps. Bass, Courtney in “Celebrating” \\$1 Trillion’s One-Year Mark, Advocating for Solutions](#)

Representatives Joe Courtney (D-CT) and Karen Bass (D-CA) were joined this week by student advocacy groups including the U.S. Public Interest Research Group (U.S. PIRG), the United States Student Association, Young Invincibles, and Campus Progress to highlight legislative solutions to rein in student loan debt.

White House & Administration

- [Department to Initiate Negotiated Rulemaking](#)
The Department of Education announced it is initiating new negotiated rulemaking.
- [Federal Register Notice on Extension of Perkins Loan Information Collection Requirements](#)
The Department of Education published a *Federal Register* notice seeking comments on its plans to extend current Perkins Loan regulations.
- [Department Provides Information for Calculating Perkins Cancellations](#)
As COHEAO members are well aware, Congress has not funded Perkins Loan cancellations for several years, but the Department of Education is maintaining an ongoing calculation of the amounts owed to each revolving fund.
- [Department Initiates Enhanced Communications for Denied PLUS Applicants](#)
Last Friday, the Department issued this electronic announcement regarding enhanced communications with PLUS loan borrowers.

Industry News

- [Appeals Court Allows for Student Loan Discharge, Concurring Opinion Expresses Concern with “Excuse to Avoid” Obligations](#)
In a recent decision, the US Seventh District Court of Appeals allowed for the discharge of student debt.
- [NY Fed Suggests Student Debt Impacting Home and Auto Purchases](#)
Last week, two economists at the New York Fed indicated that student debt may be having an impact on two other drivers of the economy—housing and auto purchases.

Attachments

- [COHEAO Commercial Members](#)
- [Board of Directors](#)
- [COHEAO CAPS Scholarship Program](#)

COHEAO News

2013 COHEAO Mid-Year Conference—Registration Now Available

Registration is now available for the COHEAO Mid-Year Conference. [Click here](#) to register!

The conference is set for July 28-30, 2013 at the Hotel Monaco, the same location as the successful Mid-Year Conference in 2011—right downtown, in the Loop, a short distance from the famed Miracle Mile, the Navy Pier and many other attractions that make Chicago famous.

Most important, however, will be the comprehensive, useful agenda that will offer a tremendous amount of useful information for the attendees. The agenda will include reports on the latest activities that affect Perkins Loans and other campus-based accounts receivable, with emphasis on financial literacy programs, the Consumer Financial Protection Bureau and many other topics. A preliminary agenda and additional information will soon be available on the COHEAO website.

The hotel has offered a very favorable rate for Chicago of \$169 per night to COHEAO Conference delegates, so start planning your trip! The rates are available, subject to room availability, three days before and after the conference. The cut off to make reservations is **July 12, 2013**. Please call 1-800-397-7661 and mention the group name “COHEAO Mid-Year Conference 2013” to get their special group rate. You can also make reservations online at:

<https://gc.synxis.com/rez.aspx?Hotel=26729&Chain=10179&arrive=7/28/2013&depart=7/31/2013&adult=1&child=0&group=12380602698>

Introducing COHEAO’s New CAPS Scholar Program

COHEAO is pleased to announce the new CAPS Scholar Program, which will recognize COHEAO members for their enhanced commitment to professional development and advocacy.

Built upon the COHEAO CAP Certification Program, the CAPS Scholar designation recognizes COHEAO members’ dedication to their profession and our organization and includes enhanced member benefits, such as discounts on COHEAO events and webinars. An informational one-pager on the new program is included as an attachment with today’s edition.

98 Days & Counting...

Below is the closing paragraph to the bipartisan call for proposals on the reauthorization of the *Higher Education Act* from the House Education and the Workforce Committee this week (see related article in Congress section).

The committee is eager for your feedback on these and other important issues. Your ideas and suggestions will be vital to a successful reauthorization of the *Higher Education Act*. To share your thoughts, please email HEA.Reauth@mail.house.gov by August 2, 2013. To facilitate this process, we ask that you be as specific as possible. We urge you to provide background, cite the concerning statutory language or regulation, detail the change you suggest (with proposed legislative language, if possible), and include the rationale for your suggested change.

Though this request is certainly an indication that HEA reauthorization will not occur before 2014 and there will be other opportunities in the legislative process, this is an extremely important deadline and it is just 98 days away. COHEAO will be working diligently to craft our formal response. Our Board of

Directors, Task Forces and Subcommittees have given considerable thought to the upcoming reauthorization and we will also be seeking the input of COHEAO members throughout the process.

Between the pending HEA reauthorization and the request for comments on Perkins Loan regulations (see related article in White House & Administration section), look for additional information (and requests for your insights) in the coming weeks and months.

COHEAO Presentations at Recent Conferences

If you've been traveling to conferences recently, you may have seen a presentation from COHEAO. Both Harrison Wadsworth and Wes Huffman have been offering an update on select federal issues as well as the COHEAO perspective at state, regional and national conferences.

Wadsworth gave two presentations at the Professional Development Group (PDG) conference in Orlando this week, providing a federal update for student financial services professionals and insights on higher education collection policy and regulation. Huffman spoke to the Eastern Accounts Receivable Management Association (EARMA) earlier this week and the Wisconsin Association of Student Business Office Professionals and Administrators (WASBOPA) earlier this month.

Congress

Ed & Workforce Committee Issues Call for HEA Reauthorization Proposals

Members of the House Education and the Workforce Committee called upon students, parents, college leaders, and higher education stakeholders to share their views on policies and amendments that should be included in the upcoming reauthorization of the *Higher Education Act*.

"The reauthorization of the *Higher Education Act* is no small undertaking," Chairman John Kline (R-MN) said. "These policies affect families nationwide, and the committee must carefully consider feedback from the public as we develop proposals to strengthen the law. I look forward to working with my colleagues on both sides of the aisle to eliminate burdensome federal regulations that could lead to increased costs for colleges and students, while also taking steps to simplify federal student aid programs and help families better understand the college investment."

"Congress will soon be set to rewrite the nation's higher education policy," said Ranking Member George Miller (D-CA). "It is my hope that the results of this process will help ensure that all qualified students have access to the quality and affordable higher education they need to succeed in the 21st century. It is also my hope that, in the upcoming committee process, among other things, we thoughtfully and comprehensively address the increasing cost of higher education and the growing debt burden on students, completion barriers for traditional and non-traditional students alike, and strengthening the roles of community colleges."

In the letter, signed by Chairman Kline, Ranking Member Miller, Subcommittee on Higher Education and Workforce Training Chairwoman Virginia Foxx (R-NC), and Ranking Member Rubén Hinojosa (D-TX), members write:

In preparation for the upcoming reauthorization of the Higher Education Act, the committee will begin exploring proposals to improve postsecondary education in America. To assist us in this process, we are

seeking input from students, parents, the higher education community, employers, and other stakeholders on suggested policy changes and amendments to strengthen the law.

As we work to reauthorize the Higher Education Act, the committee will explore a wide range of issues affecting students, families, and postsecondary institutions. We are particularly interested in examining ways to:

- *Empower students as consumers in higher education,*
- *Simplify and improve the student aid and loan programs,*
- *Increase college accessibility, affordability, and completion,*
- *Encourage institutions to reduce costs,*
- *Promote innovation to improve access to and delivery of higher education, and*
- *Balance the need for accountability with the burden of federal requirements.*

To read the full letter, click [here](#). To submit your feedback, email HEA.Reauth@mail.house.gov.

A Bipartisan Call for Department to Defer on Program Integrity Regulations

House Committee on Education and the Workforce Chairman John Kline (R-MN), along with Subcommittee on Higher Education and Workforce Training Chairwoman Virginia Foxx (R-NC), and Reps. Robert Andrews (D-NJ), Carolyn McCarthy (D-NY), and Alcee Hastings (D-FL), sent a letter urging Secretary of Education Arne Duncan to drop the controversial ‘gainful employment’ and ‘state authorization’ regulations and instead work with Congress to address program integrity issues as part of the Higher Education Act reauthorization.

“The gainful employment and state authorization regulations resulted in several legal challenges and sparked heated congressional debate,” Chairman Kline said. “Higher education leaders and members on both sides of the aisle fear the regulations could raise college costs and limit students’ education options. Yet the administration continues to doggedly pursue implementation, disregarding the concerns of policymakers and institutions. We strongly urge Secretary Duncan to abandon these harmful regulations and instead work with Congress to strengthen the nation’s higher education system through reauthorization of the Higher Education Act.”

The full letter is available online: <http://goo.gl/VJH5b>

House Subcommittee Hearing Is Latest on Student Debt, Student Aid, and College Costs

On Wednesday, the House Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing on “Keeping College Within Reach: Enhancing Transparency for Students, Families and Taxpayers.” The Subcommittee has initiated a series of hearings under the title “Keeping College Within Reach” and is expected to convene several more in the weeks leading up to the early August deadline for HEA reauthorization proposals.

Witness Donald Heller, Dean of the College of Education at Michigan State University pointed out the challenge of providing students with the right information, criticizing the lack of good college counseling at the secondary level. He recommended the federal government consider a “highly-targeted, federally-funded program to place more qualified college counselors in schools serving lower-income students.”

Nicole Farmer Hurd, founder and executive director of the National College Advising Corps, called for universal adoption of the Financial Aid Shopping Sheet—a new tool unveiled by the Obama administration this year that is optional for colleges and universities to use to provide better information about the cost of college to students and families. Hurd also echoed Heller’s concerns, highlighting how her organization uses a near-peer model of recent college graduates to assist low-income schools and students with college advising.

Travis Reindl, program director for the Education Division of the National Governors Association Center for Best Practices, advised the Committee to revise federal dashboards and data tools, such as the Integrated Postsecondary Education Data System (IPEDS), so students can examine an institution’s completion rates by race, income and gender and determine the institution’s track-record serving students of certain demographics.

Several Members were in attendance for the hearing and, regardless of party, seemed genuinely engaged on the topic and concerned with this problem. Of course, their proposed solutions and perception of the problem are quite different among the two parties.

Subcommittee Chair Foxx concluded the hearing by noting that some information could certainly be improved, but much was already collected, and she also expressed concern that “personal responsibility” was being lost in the shuffle.

The hearing was the sixth hearing of interest to the financial aid and student lending communities in the last two weeks. In addition to two “Keeping College Within Reach” hearings in the House Subcommittee, the full Senate HELP Committee examined college costs, a Senate HELP Subcommittee explored financial literacy, and the Secretary Duncan appeared before the education appropriation subcommittees

- More information, including full witness statements and a recording of this week’s House Subcommittee hearing, is available at: <http://edworkforce.house.gov/calendar/eventsingle.aspx?EventID=330710>.
- Additional information on the Senate HELP hearing is available online: <http://www.help.senate.gov/hearings/hearing/?id=58f4674b-5056-a032-5244-d855725503e9>
- Additional information on last week’s House Subcommittee on Higher Education and Workforce Training is available online: <http://edworkforce.house.gov/calendar/eventsingle.aspx?EventID=328634>
- Additional information on the Senate Labor-HHS-Education Appropriations Subcommittee hearing is available online: <http://www.appropriations.senate.gov/ht-labor.cfm?method=hearings.view&id=e8e6111e-8278-48b5-baa4-8baac1113680>
- Additional information on the House Labor-HHS-Education Appropriations Subcommittee hearing is available online: <http://appropriations.house.gov/subcommittees/subcommittee/?IssueID=34777>

Senate Hearing on Youth Financial Literacy

On Wednesday, the Senate Health, Education, Labor and Pensions (HELP) Subcommittee on Children and Families held a hearing on “The Economic Importance of Financial Literacy Education for Students.” Subcommittee Chair Hagan (D-NC) was joined at the hearing by Ranking Member Enzi (R-WY) and Senators Franken (D-MN), Murray (D-WV) and Murphy (D-CT).

In their opening remarks, Senators Hagan and Enzi made clear their strong belief that an understanding of financial literacy was an essential life skill that should be included in the K-12 curriculum if students are to be truly prepared to make economic decisions critical to their success in college and careers. The panel of witnesses who appeared at the hearing included: Curtis Biggs, Vice President of the Wyoming Chapter of the Jumpstart Coalition in Sheridan, WY; Nicole Lipp, High School Social Studies teacher from Charlotte, NC; Annamarie Lusardi, Director of the Global Center for Financial Literacy at George Washington University, DC; Cathy Pace, Allegacy Federal Credit Union in Winston-Salem, NC; and Cy Richardson, Vice President of Housing and Community Development, National Urban League, NY.

Nicole Lipp described a program she developed that taught high school students about budgeting that leads to thoughtful economic decision making, with support from the North Carolina Council on Economic Education. Inspired by her own mother who insisted that she start “saving for her future” as a young child, Lipp discussed the creative ways she opened the eyes of her own students to the importance of making smart choices and wise investments. She also spoke about a grant from Discover Card she received which enabled her to implement the Stock Market game and other hands-on initiatives in her classroom.

The Senators present were attentive to the testimony and did not appear to need convincing about the relationship of the future economic health of the nation and the value of financial and economic literacy instruction for all students. Senator Franken commented on how the “old school” term “home economics” was not far from financial literacy, which he believes should be integrated throughout the curriculum. Senator Murray said it was clear that the foreclosure crisis was in large part brought on by homeowners signing mortgages they did not understand. In her view, requiring a personal finance course is the best way to avert such events in the future.

More information, including full witness statements and a recording of the hearing, is available at: <http://www.help.senate.gov/hearings/hearing/?id=fe50f807-5056-a032-526e-7bd50274b965>.

Student Groups Join Reps. Bass, Courtney in “Celebrating” \$1 Trillion’s One-Year Mark, Advocating for Solutions

Representatives Joe Courtney (D-CT) and Karen Bass (D-CA) were joined this week by student advocacy groups including the U.S. Public Interest Research Group (U.S. PIRG), the United States Student Association, Young Invincibles, and Campus Progress to highlight legislative solutions to rein in student loan debt. The event marked the one-year “anniversary of when the, the United States' total amount of student debt supposedly crossed the \$1 trillion dollar mark.

Representative Courtney promoted his legislation, H.R. 1595, which would prevent the interest rate on subsidized Stafford student loans for undergraduate students from doubling on July 1. Courtney’s legislation would lock in the current low interest rate for two years so that Congress can work on a long-term solution to the student debt crisis.

"The question is how best to subsidize the educational loan program so that it continues to encourage higher education, rather than be an additional barrier," said Christine Lindstrom, Higher Education Project Director for U.S. PIRG. "Until we can answer this question adequately, we need to keep the low fixed rate on subsidized Stafford student loans in place for another two years. With the looming July 1 deadline, Congress and the President must act soon."

Representatives Bass's legislation, the Student Loan Fairness Act (H.R. 1330), would allow debt forgiveness of up to \$45,000 after eligible borrowers have made 10 years of payments at 10 percent of their discretionary income. Additionally, the legislation calls for suspending interest rates while borrowers are unemployed and looking for work.

Student advocates will soon deliver more than 100,000 signatures to Congress in support of extending the low rate on subsidized Stafford student loans.

White House and Administration

Department to Initiate Negotiated Rulemaking

The Department of Education announced it is initiating new negotiated rulemaking. As stated in a May 1, 2012 announcement, the Department originally indicated that it intended to establish a negotiated rulemaking committee to develop proposed regulations designed to prevent fraud and abuse in the Title IV programs. The notice stated that ED was particularly focused on addressing the use of debit cards or other banking mechanisms to disburse Title IV funds, and to improve and streamline the campus-based federal student aid programs. The new notice expands the rulemaking.

In the announcement, the Department indicated it intends to reopen many of the highly controversial program integrity regulations, including the definition of "gainful employment." This will undoubtedly grab much of the attention for this round of neg reg, as a bipartisan group of Representatives have already written the Department urging these topics to be excluded from the negotiations and left to Congress in the reauthorization of the Higher Education Act (see related article).

However, beyond gainful employment, there are plenty of areas which will have a tremendous impact on students as well as the student lending and financial aid communities.

One topic is cash management:

In response to the May 1, 2012, Federal Register notice, we heard testimony and received comments on disbursing title IV Federal Student Aid program funds by electronic funds transfer (EFT) and on whether students should have a greater role in deciding to accept debit cards or other banking services that are provided through an institutionally-controlled process or contracted provider. We are interested in further modifying and updating the Department's cash management regulations in subpart K of 34 CFR part 668. In particular, we are interested in reducing the time by which an institution must refund to a student any title IV Federal Student Aid program funds that are more than the amount the institution charges for tuition and fees and other educationally related costs, amending the regulations relating to requirements for student authorizations, specifying when and how an institution must disburse title IV Federal Student Aid program funds, and addressing how title IV Federal Student Aid program funds are provided to domestic and foreign schools and to students. In addition, we are considering developing regulations governing how an institution may use or invest title IV Federal Student Aid program funds held in its federal or operating accounts or, if the institution transfers the funds to a third-party servicer to make disbursements to students, how those funds are managed by the provider.

The notice also indicates that the Department is considering expanding the topics for the rulemaking to include the areas that have been subject to litigation, including state authorization, clock to credit hour conversion, gainful employment, campus safety and security reporting.

Importantly, the notice indicates the Department anticipates the formation of additional negotiated rulemaking committees to address more directly access to, and the affordability of, higher education and possible steps to improve the quality of higher education in the United States and to better encourage students to complete their education, and that this long-term agenda will take several years to complete.

Three public hearings will be held later in May on these proposals. Written comments regarding the agenda will be accepted and are due on or before May 30, 2013.

The notice of the rulemaking may be found at: http://www.ofr.gov/OFRUpload/OFRData/2013-08891_PI.pdf.

Federal Register Notice on Extension of Perkins Loan Information Collection Requirements

The Department of Education published a *Federal Register* notice seeking comments on its plans to extend current Perkins Loan regulations. This is a standard notice on plans to extend the current regulations and comments due by May 28. The Department describes the effort as follows:

This helps the Department assess the impact of its information collection requirements and minimize the public's reporting burden. It also helps the public understand the Department's information collection requirements and provide the requested data in the desired format. ED is soliciting comments on the proposed information collection request (ICR) that is described below.

The Department of Education is especially interested in public comment addressing the following issues: (1) Is this collection necessary to the proper functions of the Department; (2) will this information be processed and used in a timely manner; (3) is the estimate of burden accurate; (4) how might the Department enhance the quality, utility, and clarity of the information to be collected; and (5) how might the Department minimize the burden of this collection on the respondents, including through the use of information technology.

The *Federal Register* notice is available online:

<http://www.ifap.ed.gov/fregisters/FR042513FederalPerkinsLoanProgramReg.html>

Departments Provides Information for Calculating Perkins Cancellations

As COHEAO members are well aware, Congress has not funded Perkins Loan cancellations for several years, but the Department of Education is maintaining an ongoing calculation of the amounts owed to each revolving fund. The Department issued an electronic announcement on calculating cancellations on Thursday. It reads, in part:

The Consolidated and Further Continuing Appropriations Act, 2013 (Pub. L. 113-6) appropriated funds for Fiscal Year 2013 for the Campus-Based programs. Pub. L. 113-6 did not allocate funds for 2011-2012 Federal Perkins Loan service cancellation reimbursements. As a result, there will be no reimbursement payments issued this year. However, we will calculate the 2011-2012 reimbursement payment for which

a school would have been eligible to receive (using the process explained below) and maintain a record of that amount.

Calculation of a Perkins Loan Program Service Cancellation Reimbursement

There are two categories of reimbursement under the Perkins Loan Program:

- **Cancellations on loans made prior to July 1, 1972.** The first category of loan cancellation reimbursement is a school's portion of principal and interest cancelled on loans made prior to July 1, 1972 under the National Defense Student Loan (Defense Loan) Program. This portion is calculated using the required matching percentage schools contributed for Defense Loans prior to 1972, which is approximately 10 percent for each school that cancelled loans in this category.
- **Cancellations on loans made on or after July 1, 1972.** The second category of loan cancellation reimbursement is both the Federal and school portions of principal and interest cancelled on loans made on or after July 1, 1972 under the National Direct Student Loan (NDSL) and the Perkins Loan programs. Schools are entitled to reimbursement of the total amount cancelled.

As part of the calculation process, we are reviewing edit errors for the cancellation categories in the 2011-2012 data on the 2013-2014 Fiscal Operations Report (FISAP), Part III, Section A. If a school's 2011-2012 data on the 2013-2014 FISAP has edit errors in this area, it may be contacted by the Campus-Based Call Center for resolution.

The full announcement is available online:

<http://www.ifap.ed.gov/eannouncements/042413PerkinsCancellationReimbursement1112.html>

Department Initiates Enhanced Communications for Denied PLUS Applicants

Parent PLUS Loans have been in the headlines and in Congress, particularly the issue of denials at HBCUs and other minority-serving institutions as well as the issue of over borrowing.

The loans were a topic of discussion at both of Secretary Duncan's appearances before the appropriations subcommittees last week. In the House, Rep. Barbara Lee (D-CA) expressed concern over PLUS denials. In the Senate, Sen. John Boozman (R-AR) expressed concern with over borrowing. In response to Boozman, Duncan pointed to the Department's plans to regulate Parent PLUS and said the loans "are often huge and put parents in a bad situation." In response to Lee, Duncan mentioned a meeting with the Congressional Black Caucus on the issue and said the Department looks forward to working with CBC Members on financing for HBCUs.

Last Friday, the Department issued this electronic announcement regarding enhanced communications with PLUS loan borrowers.

On April 21, 2013, we will begin sending emails (or letters when we do not have an email address) to certain Direct PLUS Loan applicants who have been denied a PLUS Loan because of an adverse credit history. The email, which is in addition to the standard denial communication, will be sent to applicants who we believe are likely to be approved if they request reconsideration of the initial PLUS Loan request denial.

This new communication will invite the applicant to contact our Student Loan Support Center at 1-800-557-7394 for more information and will encourage them to request reconsideration of the initial PLUS

Loan denial. The applicant (not the school or the child of a parent applicant) should contact the Student Loan Support Center as soon as possible to avoid the need for an additional credit check. Typically the reconsideration process can be completed in just a few minutes.

While we cannot guarantee that these applicants will be approved for a PLUS loan, our recent experience in conducting this type of special outreach has shown that most such targeted applicants are subsequently approved for PLUS Loans, even if nothing in their credit report has changed.

We also want to alert you that beginning June 28th, the Common Origination and Disbursement Web system will include a flag that indicates that an applicant has been sent the special communication that he or she may qualify for a PLUS Loan under the reconsideration process. A report listing the applicants who received the communication will be available to institutions. More detailed information will be available as part of the June 28th, COD Release 12.2 communication process.

If you have any questions concerning this information please contact the COD School Relations Center at 1-800-848-0978.

The full announcement is available online:

<http://www.ifap.ed.gov/eannouncements/041913PLUSLoanApplicantCommunications.html>

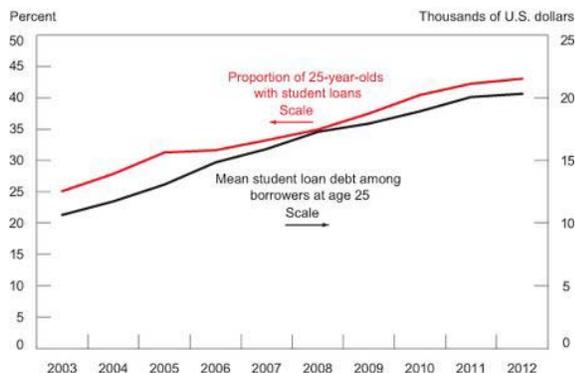
Industry

NY Fed Suggests Student Debt Impacting Home and Auto Purchases

The “Liberty Street Economics” blog of the New York Federal Reserve has been publishing a fair amount of data related to student loans in recent months. This week, two economists at the New York Fed indicated that student debt may be having an impact on two other drivers of the economy—housing and auto purchases. Rohit Chopra of the CFPB (and others) have been hypothesizing that student debt has an impact on the broader economy for some time and those who subscribe to this idea are likely to point to this latest data and info from the New York Fed as evidence to support their claims.

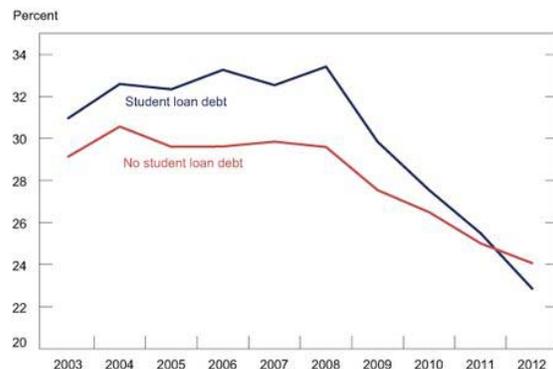
We’ve included all of the charts and graphs from the latest Liberty Street Economics post below. The full blog post is available online: <http://goo.gl/imgB0>

Growth of the Student Loan Market



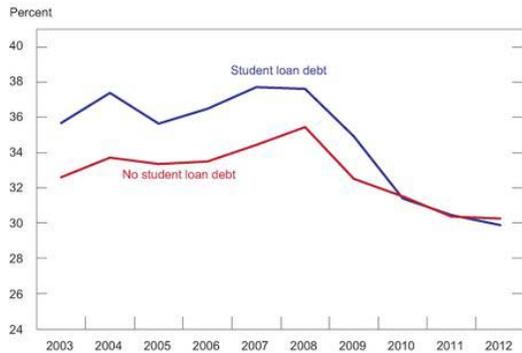
Source: Federal Reserve Bank of New York Consumer Credit Panel/Equifax.

Proportion of Borrowers with Home-secured Debt at Age 30



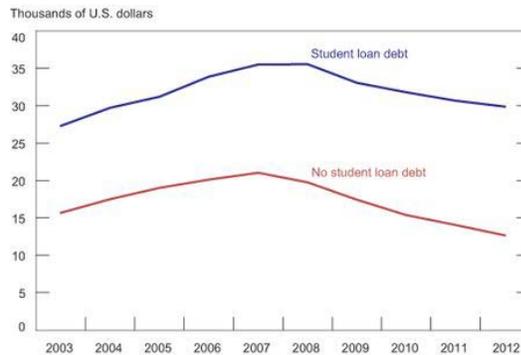
Source: Federal Reserve Bank of New York Consumer Credit Panel/Equifax.

Proportion of Borrowers with Auto Debt at Age 25



Source: Federal Reserve Bank of New York Consumer Credit Panel/Equifax.

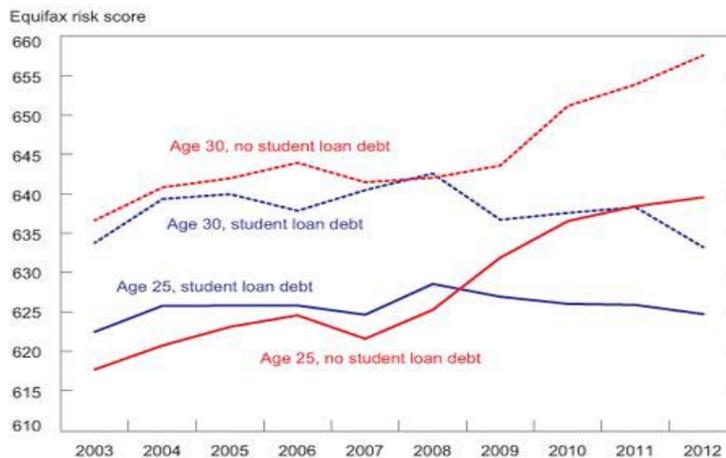
Average Total Debt of Borrowers at Age 25



Source: Federal Reserve Bank of New York Consumer Credit Panel/Equifax.

One of the charts highlighted the risk profile, as identified via their Equifax risk score, of those with and without student debt. Given the economic benefits of higher education, the results were somewhat surprising.

Average Risk Scores for Borrowers and Nonborrowers at Ages 25 and 30



Source: Federal Reserve Bank of New York Consumer Credit Panel/Equifax.

Appeals Court Allows for Student Loan Discharge, Concurring Opinion Expresses Concern with “Excuse to Avoid” Obligations

In a recent decision, the US Seventh District Court of Appeals allowed for the discharge of student debt. In the ruling, the Court of Appeals sided with the initial ruling of a bankruptcy court which was subsequently overturned by a district court.

The borrower used a student loan to finance her paralegal studies but was unable to obtain a job in the field. In seeking the discharge, the borrower indicated she had applied for over 200 paralegal jobs over a ten-year period and subsequently moved to a rural area to live with her mother. The bankruptcy court decided this qualified as an “undue hardship,” but the decision was appealed on the grounds the borrower do not display sufficient diligence in her pursuit of employment. An excerpt from a summary from Goodwin Procter LLP is below:

In deciding to reverse the district court's ruling and reinstate the bankruptcy court's ruling, the Court started by recognizing that the bankruptcy code did not strictly forbid discharge of student loan debt—as the code does for crime- or fraud-related debts—but instead allowed discharge upon a showing of hardship. The Court agreed with the bankruptcy court in concluding that the debtor's situation was "hopeless"—a burden, according to the Court, "more restrictive than the statutory [showing of,] undue hardship." Finding there was no basis to reverse the bankruptcy court's discretionary determination that the debtor showed no ability to pay, and no realistic chance of ever repaying the debt despite her good-faith efforts, the Court reinstated the bankruptcy court's ruling and held that the debtor's educational debt was dischargeable.

Of import was the concurring opinion authored by Judge Daniel Manion. While agreeing that the wide latitude allowed bankruptcy judges in determining "undue hardship" required the Court to uphold the bankruptcy court's determination, Judge Manion disagreed that the bankruptcy judge reached the right result. In particular, Judge Manion focused on the debtor's 200 applications over a 10-year period noting that it was less than two job applications per month. Most notably, however, Judge Manion inquired whether given the current state of affairs in which many people struggle to make payments on their student loans, other similarly situated debtors might "see in this case and perhaps others like it an excuse to avoid their own student-loan obligations."

The summary, which includes a link for the full opinion, is available online:

<http://www.mondaq.com/unitedstates/x/234120/Consumer+Credit/Seventh+Circuit+Permits+Discharge+of+Student+Loan+in+Bankruptcy+Proceeding>

**COHEAO Would Like to Thank Our Commercial Members for Supporting
More Education for More People**



***We Encourage Those Seeking Services to Give
These Committed Organizations Priority Consideration***

Account Control Technology, Inc.	Education Assistance Services, Inc.
ACSI, Inc.	Enterprise Recovery Systems, Inc.
AMO Recoveries, Inc	General Revenue Corporation
Automated Collection Systems, Inc.	Higher One
Bass & Associates	Immediate Credit Recovery, Inc.
Campus Partners	JC Christensen and Associates
Capital Management Services, LP	National Credit Management
Ceannate, Inc.	National Enterprise Systems, Inc.
Client Services, Inc.	NCC Business Services of America
Coast Professional	NCO Financial Systems, Inc.
ConServe	Premiere Credit
Credit Adjustments, Inc.	Progressive Financial Services, Inc.
Credit Control, LLC	Recovery Management Services, Inc.
Credit World Services, Inc.	Regional Adjustment Bureau, Inc.
Delta Management Associates	Reliant Capital Solutions, LLC
Educational Computer Systems, Inc.	Todd, Bremer & Lawson, Inc.
EOS-CCA	Xerox, Inc.
	Williams & Fudge, Inc.
	Windham Professionals

2013 COHEAO Board of Directors

President

Maria Livolsi

Director, Student Loan Service Center
State University of New York
5 University Place, A310
Rensselaer, NY 12144
518-525-2628
MLivolsi@albany.edu

Secretary

Edgar DelosAngeles

Student Financial Support
University of California, Office of the President
Administration Bldg. Room 101
Irvine, CA 92697-3010
949-824-4689
Fax 949-824-4688
edgar.delosangeles@ucop.edu

Past President

Robert Perrin

President
Williams & Fudge, Inc.
300 Chatham Avenue, Suite 201
Rock Hill, SC 29731
803-329-9791 x 2104
Fax: 803-329-0797
bperrin@wfcorp.com

Member at Large

David Stocker

General Counsel
Account Control Technology, Inc.
6918 Owensmouth Avenue,
Canoga Park, CA 91303
800-394-4228
Fax: (818) 936-0389
DStocker@accountcontrol.com

Legislative Co-Chair, Institutions

Tom Schmidt

Associate Director of Student Account
Assistance & Third Party Billing
University of Minnesota
211 Science Teaching & Student Services
222 Pleasant St. SE
Minneapolis, MN 55455
612-625-1082
Fax: 612-624-2873
t-schm@umn.edu

Vice President

Carl Perry

Senior Vice President
Progressive Financial Services
516 N Production Street (Suite 100)
Aberdeen, SD 57401
800-585-4986
cperry@progressivefinancial.com

Treasurer

Bob Frick

President
University Accounting Service
2520 S. 170th Street
New Berlin, WI 53151
262-780-7500
Fax: 262-784-9014
bob.frick@ncogroup.com

Member at Large

Larry Rock

Director of Student Loan Repayment
Concordia College
901 S. 8th St. S
Moorhead, MN 56562
218-299-3323
Fax 218-299-4357
larock@cord.edu

Member at Large

Lee Anne Wigdahl

Manager, Loan Administration
DeVry Inc.
814 Commerce Drive
Oak Brook, IL 60523
630-645-1178
Fax: 630 891-6292
LWigdahl@devry.edu

Legislative Chair

Pamela Devitt

Legislative Analyst, University Student Financial
Services and Cashier Operations
University of Illinois
809 S. Marshfield Ave.
Chicago, IL 60612
312-996-5885
Fax: 312-413-3453
devitt@uillinois.edu

Legislative Co-Chair, Regulations

Lori Hartung

Vice President

Todd, Bremer & Lawson

560 Herlong Avenue

Post Office Box 36788

Rock Hill, South Carolina 29732-0512

800-849-6669

Fax: 803-323-5211

lori.hartung@tbandl.com

Legislative Co-Chair, Perkins

Nancy D. Paris

Sr. Vice President, Financial Services Group

Xerox Education Services, Inc.

900 Commerce Dr Ste 320

Oak Brook IL 60523

630-203-2769

FAX: 630.203.2796

nancy.paris@xerox.com

Internal Operations Chair

Jeane Olson

Director

Northern Arizona University

Gammage Building

Flagstaff, AZ 86011

928-523-3122

Jeane.olson@nau.edu

Internal Operations Co-Chair, Financial Literacy

Kris Alban

Vice President of Marketing

iGrad

2918 Lone Jack Rd

Encinitas, CA 92024

760-306-1313

kalban@igrad.com

Internal Operations Co-Chair, Communications

Michael Mietelski

Regional Director of Business Development

ConServe

200 CrossKeys Office Park

P.O. Box 7

Fairport, NY 14450-0007

800-724-7500 x4450

mmietelski@conserve-arm.com

Membership Chair

Karen Reddick

Vice President Business Development

National Credit Management

10845 Olive Blvd

St. Louis, MO 63141

800-627-2300, 229

kreddick@ncmstl.com

Membership Co-Chair, Institutions

Jeff "JP" Pfund

University of Wisconsin, Madison

Office of Student Financial Aid

Student Loan Servicing Dept.

333 East Campus Mall #9508

Madison WI 53713-1382

608-263-7100

jeff.pfund@finaid.wisc.edu

Membership Co-Chair, Commercial

Julie Mitchell-Barney

Enterprise Recovery Systems, Inc. (ERS)

Director of New Business and Product

Development

2000 York Road, Ste. 114

Oak Brook, IL 60523

877-969-9989

jbarney@ersinc.com

Membership Co-Chair, Support

Rick Wiening

Director of Business Development

Regional Adjustment Bureau

1900 Charles Bryan, Suite 110

Memphis, TN 38016

219-937-9760

rwiening@rabinc.com

Executive Director

Harrison Wadsworth

1101 Vermont Ave. N.W. Suite 400

Washington, DC 20005-3521

202-289-3910

Fax 202-371-0197

hwadsworth@wpllc.net



CAPS

COHEAO *Achievement*

Program Scholar

The CAP Scholar program is designed for members of COHEAO who desire to further advance their education in areas of Higher Education that benefit both professional growth and expansion of knowledge in areas related to student services. Candidates for the CAP Scholar Program will have previously completed all requirements of the CAP Certification Program

Benefits of the Scholar Program

- Acknowledgement of the achievement in both the Torch Newsletter and COHEAO website
- Award of a “CAP” Scholar certificate
- 10% discount for all COHEAO sponsored webinars and teleseminars (excludes Annual & Mid-Year Meetings)

Criteria for Certification

- The CAPS (COHEAO Achievement Program Scholar) continues to be based on a point system. Points awarded to achieve CAP Certification are included in the point accumulation.
- Scholars must have achieved a minimum of 44 point credits to be eligible. Points may be accumulated as follows:
 - (3) points for participation at the COHEAO Mid-Year Conference
 - (2) points for participation at the COHEAO Annual Conference
 - (1) point for participation at a COHEAO Tele-Conference, Webinar, Seminar
 - (1) point for participation at a COHEAO Sponsored Congressional Hill Visit or visit to a local Congressional office
 - (1) point for presenting at a COHEAO Conference or on behalf of COHEAO at another Conference
 - (4) points for participation as an active member of a COHEAO Task Force or service as a COHEAO Board member (maximum cumulative points for this category is 4)
- Scholars are required to have participated in at least one seminar related to the following topics
 - Financial Literacy
 - STAR related Seminar
 - Federal/State Regulatory related Seminar
 - Consumer Financial Protection Board related Seminar
- Scholars are required to have served as an active member for a minimum of one year on at least one COHEAO Task Force to be eligible for recognition as a CAP Scholar.

