

The



Torch

May 24, 2013

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

COHEAO News

- [COHEAO Mid-Year Conference: Agenda Now Available \(and Attached\)](#)
The draft agenda is now available for the COHEAO Mid-Year Conference. It is included as a special attachment with today's *Torch*
- [Special Attachment: Have Fun & Visit Chicago at the COHEAO Mid-Year Conference!](#)
While the attached agenda shows the COHEAO Mid-Year Conference is sure to have an informative and engaging agenda, having a little bit of fun is often what turns a good conference into a great one.
- [Congratulations to COHEAO's New CAP Graduates](#)
COHEAO is pleased to announce several new graduates in its COHEAO Achievement Program (CAP).
- [COHEAO Member Institutions—Please Check Your Inboxes for Dues Renewal Notices](#)
Notices for dues renewals should have been received by most COHEAO institutional members in recent days.

Congress

- [House Passes Stafford, PLUS Loan Interest Rate Legislation](#)
Yesterday, the House of Representatives took up H.R. 1911, the "Smarter Solutions for Students Act," which would convert Stafford (both Subsidized and Unsubsidized) and PLUS loans to a variable rate with a cap tied to the 10-Year Treasury rate plus a specified margin.
- [Special Attachment: Secretary Duncan Appears Before House Education and the Workforce Committee](#)
Days before the student loan interest rate debate and vote, Secretary of Education Arne Duncan appeared before the House Education and the Workforce Committee. A summary of the hearing from Washington Partners, LLC is included as a special attachment with today's edition.
- [House Passes IPEDS Act](#)
In addition to H.R. 1911, the House passed H.R. 1949, the Improving Postsecondary Education Data for Students (IPEDS) Act.

White House & Administration

- [**Negotiated Rulemaking Hearings Ongoing, Comments due by June 4**](#)
In advance of negotiated rulemaking, the Department of Education is hosting several public hearings seeking input on proposed topics as well as possible additional topics for the negotiations.
- [**GAO Report Highlights Concerns with VA Education Benefit Administration**](#)
The Government Accountability Office (GAO) issued a report this week highlighting challenges with the Department of Veterans Affairs administration of its education benefits programs.
- [**Department to Delay “State Authorization” Regulations**](#)
The Department of Education announced it will again delay the publication of “state authorization” rules for distance education.
- [**Information on 150% Subsidized Stafford Loan Limitation**](#)
Recently, the Department of Education has published information on implementing this new provision on Stafford Loans.

Industry News

- [**NACUBO Releases Tuition Discounting Survey**](#)
The National Association of College and University Business Officers (NACUBO) released its annual tuition discounting study (TDS).
- [**WSJ on Justice Department Investigation of Bob Shireman**](#)
Media reports indicate the Justice Department is investigating Bob Shireman, former Deputy Undersecretary, for possible improper contact and information sharing with The Institute for College Access and Success (TICAS), the organization he founded.
- [**Dallas Woman Indicted on Multiple Financial Aid Fraud Charges**](#)
Susette Sheree Timmons, a resident of Dallas, has been charged by federal prosecutors for applying to multiple online colleges, receiving the financial aid, and never enrolling.

Attachments

- [**COHEAO Commercial Members**](#)
- [**Board of Directors**](#)
- [**Secretary Duncan House Education and the Workforce Hearing**](#)
- [**CAPS Scholar One-Pager**](#)
- [**COHEAO Mid-Year Conference Agenda \(Separate Attachment\)**](#)
- [**COHEAO Mid-Year Conference Flyer \(Separate Attachment\)**](#)

COHEAO News

COHEAO Mid-Year Conference: Agenda Now Available (and Attached)

The draft agenda is now available for the COHEAO Mid-Year Conference. It is included as a special attachment with today's *Torch*. The conference is set for July 28-30, 2013 at the Hotel Monaco, the same location as the successful Mid-Year Conference in 2010.

With what promises to be an incredibly informative, engaging conference program, a wonderful location, and our affordable conference rates, we are extremely confident COHEAO members and others in the industry will want to attend this conference. [Click here](#) to register!

In preparing this agenda, we surveyed many COHEAO members and non-members, and we think we will have one of our most engaging and informative conference programs in some time (and we'd humbly submit that is quite a high standard). It includes reports on the latest activities that affect Perkins Loans and other campus-based accounts receivables, with an emphasis on financial literacy programs, the Consumer Financial Protection Bureau and many other topics.

Our conference hotel is a great property in a wonderful location (see below article) and has offered a very favorable rate for Chicago of \$169 per night to COHEAO Conference delegates. The cut off to make reservations is **July 12, 2013**. [Click here](#) to register with the Hotel Monaco online. Please call [1-800-397-7661](tel: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.

Special Attachment: Have Fun & Visit Chicago at the COHEAO Mid-Year Conference!

While the attached agenda shows the COHEAO Mid-Year Conference is sure to have an informative and engaging agenda, having a little bit of fun is often what turns a good conference into a great one. From our conference hotel and venue, the Hotel Monaco in Chicago, the COHEAO Mid-Year Conference offers tremendous convenience to some of Chicago's greatest attractions.

Attached with today's edition is a flyer detailing some of the activities within close proximity to the COHEAO Mid-Year. Bring your family or a colleague, learn a great deal on current developments and best practices, and take in some of the best activities in one of the Great American Cities!

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](tel:1-800-397-7661) and mention the group name "COHEAO Mid-Year Conference 2013" to get their special group rate.

[Click here](#) to register for the conference

[Click here](#) to make your reservation at the Monaco.

Congratulations to COHEAO's New CAP Graduates

COHEAO is pleased to announce several new graduates in its COHEAO Achievement Program (CAP). The following individuals have displayed a tremendous commitment to higher education and our organization and we cannot thank them enough for their efforts:

- Larry Rock, Concordia College
- Deborah Lindsley, University of Michigan
- Mike Mietelski, ConServe
- Lee Ann Wigdahl, DeVry University
- Bob Frick, NCO Group
- Jeane Olson, Northern Arizona University
- Nancy Paris, Xerox, Inc.
- Thomas Schmidt, University of Minnesota
- Rick Wiening, Regional Adjustment Bureau

COHEAO members earn CAP “points” for attending COHEAO events, providing training and updates to COHEAO members and the outside activity, and their advocacy activities. CAP Graduates receive an official certificate to commemorate their Graduate status. To date, there are 18 CAP Graduates and we thank them for their service to our organization and the community.

In addition, COHEAO recently launched 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.

COHEAO Member Institutions—Please Check Your Inboxes for Dues Renewal Notices

Notices for dues renewals should have been received by most COHEAO institutional members in recent days. However, the bills are continuing to roll out and yours may be arriving shortly. If you have not received a notice by the evening of Tuesday, May 28, please contact Wes (whuffman@wpllc.net)

We would also like to apologize to those of you who have had some difficulty logging in to pay with our online system. Please know we are working diligently to smooth out the processing of renewals, event registrations, and other items for online purchase. We apologize for any inconveniences with this process and please know we are working behind the scenes to make our entire platform much more seamless and user-friendly.

Congress

House Passes Stafford, PLUS Loan Interest Rate Legislation

Yesterday, the House of Representatives took up H.R. 1911, the “Smarter Solutions for Students Act,” which would convert Stafford (both Subsidized and Unsubsidized) and PLUS loans to a variable rate with a cap tied to the 10-Year Treasury rate plus a specified margin.

The bill passed 221-198, largely on party lines. Eight Republicans voted against H.R. 1911 and four Democrats voted for it. Rep. John Yarmuth (D-KY), who voted to report the bill out the House Education and the Workforce Committee, voted against H.R. 1911 on the Floor.

The debate on the Floor was very similar to the debate last week within the Education and the Workforce Committee. Republicans, led by Chairman Kline and Subcommittee Chair Foxx, continued to speak to “getting politicians out the business” of establishing student loan interest rates, while many Democrats, led by Ranking Member Miller (D-CA), took to renaming H.R. 1911 the “Making College More Expensive Act.”

The debates of previous years, particularly the College Cost Reduction and Access Act of 2007, were again discussed and debated as the root causes of the problem. Upon occasion, the Committee Leaders and other Members would refer to the cost of college and point to the pending HEA reauthorization in 2014 as a time to address the issue, but the discussion largely stuck to the interest rates.

By and large, Republicans kept on the same message—they would love to go lower on interest rates, but the proposal uses the market to provide a long-term solution, the most responsible way to handle the situation; college costs and jobs are the most immediate serious problems facing young people; the federal debt and deficit are a highly problematic legacy to leave the nation’s youth; and, to a lesser extent, the loan programs will still have generous repayment options.

Most Democrats spoke out against the bill and occasionally harshly criticized Wall Street, disinvestments in education, and the fact H.R. 1911 offers \$3.7 billion in deficit reduction.

Rep. Joe Courtney (D-CT) pushed strongly for his proposal to extend the 3.4 percent rate for two years. He argued it would give Congress time to sort through the numerous issues in the loan programs and higher education finance. He also noted he had offered an amendment offsetting the cost of the extension (largely similar to the Harkin legislation), but it was not allowed by the Rules Committee. This view was supplemented by many other Democrats who spoke to the “Making College More Expensive Act.” They referred to the Congressional Research Service report on the legislation which contains details on the borrower costs of various interest rate proposals.

Rep. Kyrsten Sinema (D-AZ) offered the motion to recommit, which was designed to make a statement on “teaser rates” by requiring all sorts of disclosure on variable-rate loans. Speaking on the motion, Ranking Member Miller said he would support applying “Truth in Lending” Act rules to the federal loan programs.

Going forward, the most instructive comments came from Kline and Miller at the end of the debate. Kline indicated his office had been in contact with the Department of Education extensively before the legislation was introduced. He also spoke to the similarities between H.R. 1911, the White House proposal, and what has been put forward by Senate Republicans. At times, Kline sounded hopeful for a deal and said he planned to continue to work on finding a solution.

Miller remained pessimistic on bipartisanship, saying he had hoped to reach a deal, but did not see how it could be accomplished with H.R. 1911. He did say he was not opposed to market-based rates, noting he had offered the President’s proposal as an amendment, which was blocked by the Rules Committee. Miller also said the cap of the House Republican plan was appealing. (The President’s proposal doesn’t have a cap.)

With legislation passing the House, the focus now turns to the Senate and the White House. Though there are some similarities between the House bill and the President’s proposal, the White House issued

a Statement of Administration Policy including a veto threat, and the Education Department has indicated an extension is preferable to H.R. 1911.

In the Senate, Chairman Harkin was highly critical of the House bill, issuing a statement immediately upon passage calling it a tax on students. Sen. Jack Reed (D-RI) and Harkin have offered the two-year extension of current rates as an amendment to the pending Farm Bill. Debate on that legislation will pick up after the Memorial Day break on June 3.

In addition to the Reed amendment, there has been talk of Sen. Tom Coburn (R-OK) offering as a Farm Bill amendment a version of his variable fixed-rate bill setting all Stafford and PLUS rates at 10-year Treasuries plus 3 percentage points, should the Reed-Harkin amendment be offered. Coburn, Sen. Richard Burr (R-NC) and Sen. Johnny Isakson (R-GA) introduced a new version of the Senate Republican proposal, S. 1003, earlier this week.

Additional Information

- The “Smarter Solutions Act” website from House Education and the Workforce Republicans is available online: <http://goo.gl/5OHA3>
- The Education and the Workforce Democrats webpage on H.R. 1911 is available online: <http://goo.gl/PdoZn>
- A statement by Senate HELP Chairman Harkin is available online: <http://goo.gl/NKz01>
- The White House Statement of Administration Policy is available online: <http://goo.gl/OqVzl>

Special Attachment: Secretary Duncan Appears Before House Education and the Workforce Committee

Days before the student loan interest rate debate and vote, Secretary of Education Arne Duncan appeared before the House Education and the Workforce Committee. A summary of the hearing from Washington Partners, LLC is included as a special attachment with today’s edition.

House Passes IPEDS Act

In addition to H.R. 1911, the House passed H.R. 1949, the Improving Postsecondary Education Data for Students (IPEDS) Act. The bill, sponsored by Rep. Luke Messer (R-IN), passed on an uncontested voice vote.

In addition to Messer, Majority Leader Eric Cantor (R-VA) spoke on the Floor in favor of the bill, calling it a “great step” toward additional transparency in higher education. Cantor has previously indicated improving higher education consumer information should be a priority for Republicans.

A fact sheet on the IPEDS Act indicates the legislation does the following:

- Requires the advisory committee to review existing federal, state, institutional, and private-sector transparency initiatives to determine the information that is most helpful to both traditional and non-traditional students, including student veterans.
- Directs the advisory committee to explore whether information about college graduates’ earnings would serve as an effective measure of program quality for prospective students.

- Instructs the advisory committee to solicit feedback from students and families as part of its study. The committee must issue its recommendations within a year of enactment to assist congressional efforts to reauthorize the Higher Education Act.

The IPEDS Act webpage is available online: <http://goo.gl/Qiy3D>

White House and Administration

Negotiated Rulemaking Hearings Ongoing, Comments due by June 4

In advance of negotiated rulemaking, the Department of Education is hosting several public hearings seeking input on proposed topics as well as possible additional topics for the negotiations. ED added one more hearing in Atlanta, GA on June 4. With the new hearing, comments are now due by June 4.

The proposed topics for negotiations include cash management issues, including aid and refund delivery, a streamlining of Campus Based regulations (though early reports have indicated this may not address Perkins Loans), elements of the program integrity regulations, and PLUS loan eligibility criteria, among others. At the hearings, the most controversial issues—gainful employment and concerns surrounding PLUS loan eligibility from HBCUs—have garnered the most attention.

COHEAO is currently in the process of determining whether to comment on the proposed topics for negotiation. We encourage your office to review the proposed topics (provided below) and if there is a topic of particular interest to your institution, please let us know. As the process moves forward, COHEAO will also be working with other higher education associations and considering putting forward nominees for negotiators.

- The Department’s initial notice on establishing the negotiated rulemaking committee (from 2012) is available online: <http://goo.gl/wqsOs>
- A subsequent update to the proposed topics (from April 2012) is available online: <http://goo.gl/ex8xl>
- The Department’s webpage for HEA negotiated rulemaking is available online: <http://goo.gl/rV13g>

GAO Report Highlights Concerns with VA Education Benefit Administration

The Government Accountability Office (GAO) issued a report this week highlighting challenges with the Department of Veterans Affairs administration of its education benefits programs. The report, “VA Needs to Improve Program Management and Provide More Timely Information to Students,” includes the following recommendations, all of which are currently pending.

Recommendation: *To improve VA's administration of the Post-9/11 GI Bill and other education benefit programs and help veterans achieve their education goals, the Secretary of Veterans Affairs should develop materials or processes to inform student veterans about education benefits before they enroll in school, including expected payment timelines, housing allowance policies, and other financial resources such as the availability of grants and loans provided by Education. For example, VA could provide veterans with current information on expected processing times when they submit their original applications for VA education benefits, and more clearly highlight in online and printed resources VA's*

housing allowance policies and the availability of federal grants and loans to help veterans financially prepare for school breaks.

Recommendation: To improve VA's administration of the Post-9/11 GI Bill and other education benefit programs and help veterans achieve their education goals, the Secretary of Veterans Affairs should work with postsecondary schools to identify the types of information that would help facilitate more timely access to other sources of federal financial aid during the VA benefit processing period.

Recommendation: To improve VA's administration of the Post-9/11 GI Bill and other education benefit programs and help veterans achieve their education goals, the Secretary of Veterans Affairs should leverage the experience and best practices of those schools and organizations that are currently providing support services to student veterans, for example, by hosting an online forum or raising awareness of existing resources from higher education associations and veteran service organizations.

Recommendation: To improve VA's administration of the Post-9/11 GI Bill and other education benefit programs and help veterans achieve their education goals, the Secretary of Veterans Affairs should develop a plan for using new sources of data on student veteran outcomes as they become available to improve program management and help student veterans achieve their academic goals.

Additional information, including the full report, is available from the GAO website:
<http://www.gao.gov/products/GAO-13-338>

Department to Delay “State Authorization” Regulations

The Department of Education announced it will again delay the publication of “state authorization” rules for distance education. These particular regulations arose from the controversial “program integrity” negotiated rulemaking and have been problematic for all sectors of higher education. Below is the announcement from ED:

Within the next several days, we will publish a Notice in the Federal Register announcing a further delay until July 1, 2014 of the implementation date for 34 CFR 600.9(a) and (b) of the State authorization regulations when an institution's State authorization does not meet the requirements by the earlier delayed implementation date of July 1, 2013. We are providing this further extension to qualifying institutions because several States have notified us that they need additional time to develop or complete processes in order for some institutions to be able to comply with the State authorization provisions in 34 CFR 600.9(a) and (b). To receive a further extension, an institution must obtain from the State an explanation of how an additional one-year extension will permit the State to modify its procedures to comply with amended 34 CFR 600.9.

The full announcement, including a preview of the *Register* notice, is available online:
<http://www.ifap.ed.gov/eannouncements/051713NoticetoFurtherDelayImplementationDateforCertainStateAuthorizationRegulat.html>

Information on 150% Subsidized Stafford Loan Limitation

One of the “pay-fors” for extending the 3.4 percent interest rate on Subsidized Stafford Loans was to limit Subsidized Stafford Loans availability to 150 percent of academic program length. For loans made on or after July 1, 2013, borrowers may no longer receive Subsidized Loans once they have reached 150

percent of the length of their academic program. What's more, interest begins to accrue from the date of disbursement once borrowers hit this threshold.

Recently, the Department of Education has published information on implementing this new provision.

- An interim final rule is available online:
<http://www.ifap.ed.gov/fregisters/attachments/FR051613DLProgramInterimFinalRule.pdf>
- A Dear Colleague Letter is available online: <http://www.ifap.ed.gov/dpcletters/GEN1313.html>
- An Electronic Announcement is available online:
<http://www.ifap.ed.gov/eannouncements/051613DirectSubsidizedLoanLimit150PercentAnnounce1.html>

Industry

NACUBO Releases Tuition Discounting Survey

The National Association of College and University Business Officers (NACUBO) released its annual tuition discounting study (TDS). The following is an excerpt from NACUBO's announcement:

The 2012 Tuition Discounting Study (TDS) shows a drop in enrollment, a large jump in the discount rate, and falling net tuition revenue for 2011 at private, nonprofit colleges and universities. This year's discounting study includes charts and tables Average discount rate for first-time, full-time freshmen and all undergraduates on:

- *Percentage of institutions that experienced a decline in enrollment*
- *Distribution of enrollment changes*
- *CBOs' perceptions on loss or gain in enrollment*
- *Distribution of the freshmen discount rate*
- *Acceptance rate and yield rate*
- *Distribution of institutions' changes in their freshmen discount rate,*
- *Percentage of freshmen and all undergraduates receiving an institutional grant*
- *Percentage of tuition and fees covered by an institutional grant on average*
- *Average change in net tuition revenue*
- *Inflation-adjusted average change in net tuition revenue*
- *Percentage of institutional grant aid funded by endowment*
- *Percentage of institutional grant aid that met student need*

Participating institutions may access the survey and its appendix, which includes an additional 80 tables, free of charge. Non-participating institutions may purchase the survey from NACUBO. Additional information is available online:

http://www.nacubo.org/Research/Research_News/The_2012_Tuition_Discounting_Study_Has_Been_Released.html

WSJ on Justice Department Investigation of Bob Shireman

Media reports indicate the Justice Department is investigating Bob Shireman, former Deputy Undersecretary, for possible improper contact and information sharing with The Institute for College Access and Success (TICAS), the organization he founded.

There has been quite a bit of back and forth between Shireman, TICAS, and the Department of Justice (both DOJ and the Inspector General at the Dept. of Ed) in recent weeks, and it was reported a while ago as a small matter in the higher education trade press. However, last week, the *Wall Street Journal* reported on the ongoing investigation. Excerpts from the article are below:

Newly released court documents show that federal prosecutors believe the Education Department's former deputy undersecretary, Robert Shireman, might have violated executive-branch ethics laws by allegedly discussing sensitive government information with the group, the Institute for College Access & Success, or TICAS.

"We have documents showing your involvement or interaction with TICAS in matters pending before the U.S. Department of Education in violation of the statute," Justice Department lawyers wrote in a letter to Mr. Shireman in April 2012. "Your conduct may render you personally liable," the letter stated. The letter and other legal documents showing the Justice Department's interest in Mr. Shireman were recently disclosed as part of a legal proceeding on the scope of a subpoena request.

A lawyer speaking on behalf of Mr. Shireman, who served in the post from February 2009 to July 2010 and then as a departmental consultant, declined to comment. An Education Department spokesman and a TICAS spokeswoman also declined to comment.

...

In court papers dated April 17, 2013, the department's Office of Inspector General said that for two years beginning February 2009, "there were communications between Mr. Shireman and TICAS through Mr. Shireman's TICAS email and personal email accounts."

A few days before the Education Department announced its clampdown in July 2010, officials laid plans to selectively leak news of the policy shift, according to departmental emails. The emails show officials considered briefing Diane Schulman, who ran an investment-research firm that shared information with Steve Eisman, a short-seller portrayed in "The Big Short," a book about the housing crisis. Mr. Eisman had bearish bets on stocks of for-profit colleges and shared information about the industry with senior Education Department officials, including Mr. Shireman, according to the departmental emails.

On July 21, 2010, an Education Department official wrote to a colleague: "Eisman is a short seller anyway you cut it and anything you tell Schulman gets to Eisman." Neither Ms. Schulman nor Mr. Eisman were briefed by the department.

Ms. Schulman didn't respond to requests for comment.

The department made public the final regulations on July 23, 2010. The rules were weaker than expected, and the stocks of some for-profit colleges rose as much as 15% that day.

The full article is available online (WSJ subscription may be required):

http://online.wsj.com/article/SB10001424127887323398204578485411420518702.html?mod=WSJ_hps_sections_news

Dallas Woman Indicted on Multiple Financial Aid Fraud Charges

Susette Sheree Timmons, a resident of Dallas, has been charged by federal prosecutors for applying to multiple online colleges, receiving the financial aid, and never enrolling. Following an investigation from the Department's Office of Inspector General, Timmons, 30, has been charged with six counts of financial aid fraud. The *Dallas Morning News* reports:

The indictment said Timmons received financial aid from the following schools: New Mexico State University; Western New Mexico University; Ashford University; Northern New Mexico College; Coconino Community College; and Pima Community College.

"She enrolled in classes at the schools and the awarded financial aid was applied to her tuition and fees," the U.S. attorney's office said. "She did not complete any of the classes for which she enrolled, and she did not intend to pursue an education at the schools."

Timmons also received checks that she cashed, although she had no plans to use it for educational expenses, according to the indictment.

When the schools asked her for the money back, she refused. Timmons even appealed when one of the schools suspended her financial aid in 2011.

"That school rejected her appeal, stating that she had withdrawn from 13 colleges or universities since 2009," federal authorities said.

If convicted of all counts, Timmons faces up to 30 years in prison and a maximum fine of \$1.5 million.

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



**HOUSE EDUCATION AND THE WORKFORCE COMMITTEE REVIEWS PRESIDENT'S
FY2014 EDUCATION BUDGET REQUEST**

Prepared by:

Laura Kline (lkline@wpllc.net)

Della Cronin (dcronin@wpllc.net)

May 23, 2013

On Tuesday, May 21, the House Education and the Workforce Committee held a hearing titled, “Reviewing the President’s FY2014 Budget Proposal for the US Department of Education.” The hearing provided members an opportunity to publicly respond to the Administration’s Department of Education (ED) budget request and ask Secretary of Education Arne Duncan questions about the proposals and the Administration’s priorities for education policy.

MEMBERS PRESENT

Committee Chairman John Kline (R-MN) and Ranking Member George Miller (D-CA); Representatives Virginia Foxx (R-NC); David Roe (R-TN); Tim Walberg (R-MI); Joe Heck (R-NV); Matt Salmon (R-AZ); Luke Messer (R-IN); Todd Rokita (R-IN); Brett Guthrie (R-KY); Scott DesJarlais (R-TN); Ruben Hinojosa (D-TX); Carolyn McCarthy (D-NY); Raul Grijalva (D-AZ); Timothy Bishop (D-NY); Marcia Fudge (D-OH); Suzanne Bonamici (D-OR); Frederica Wilson (D-FL); John Yarmuth (D-KY); Jared Polis (D-CO); and Joe Courtney (D-CT).

WITNESSES

- The Honorable Arne Duncan, US Secretary of Education

OPENING STATEMENTS

In his opening statement, **Committee Chairman Kline** provided a brief overview of the Administration’s budget for ED—a request for more than \$71 billion in discretionary funding and \$7 billion in mandatory funding for Pell Grants, \$17.5 billion to reform the teaching profession, and \$1.3 billion for a new universal preschool program—bringing the total proposal to \$97.1 billion. Despite significant increases in education spending, there have not been measurable improvements in student performance or graduation rates, said Kline. Additionally, he pointed to what he considers to be insufficient investments in the *Individuals with Disabilities Education Act* (IDEA) in the President’s budget plan, calling it “appalling”, and saying it is the federal government’s responsibility to provide up to 40 percent of the costs of educating students with special needs. The President’s plan contributes a “paltry” 15 percent of those costs,

www.wpllc.net

according to the Chairman. He went on to express concern about the budget request's proposed new and untested programs, versus an attempt to improve existing initiatives. "While we all recognize the value of quality early learning experiences, we must remember a number of programs with similar goals are already out there, including Head Start, the Child Care and Development Block Grant, and dozens of state preschool programs nationwide." Chairman Kline concluded with appreciative remarks related to the potential for agreement between him and the President on federal student loan interest rates and a change in policy that would make them market-based. He noted his interest in moving a bill on this issue quickly through the legislative process.

In his opening statement, **Ranking Member Miller** compared the President's budget proposal to the budget plan released by House Republicans in March. "The Republican budget not only leaves in place the across-the board cuts known as sequestration, but calls for more cuts to education programs across the country, freezes the maximum Pell award at fiscal year 2013 levels for the next ten years, and allows interest rates on subsidized Stafford loans to double from 3.4 percent to 6.8 percent for 7.2 million students," he said. Concerning student loan interest rates, Miller said students would be better off if Congress let the interest rates double, citing a Congressional Research Service study that estimates students and parents will pay more for their student loans under the Republican plan, even if interest were to double on July 1. He also pointed out the urgent need for Congress to work together to reform and update the *Elementary and Secondary Education Act (ESEA)*. "I wish we did not need to discuss waiver renewals. I wish we were working in a bipartisan fashion to renew this law—the way we have done for years. It's the only way we could get a bill to the president's desk and signed into law," said Miller.

WITNESS STATEMENT

Secretary Duncan

The majority of Secretary Duncan's testimony focused on educational progress made during the President's first-term, challenges that remain and the potential return on investment that the President's preschool plan would yield. In 2010, the on-time high school graduation rate hit its highest level in three decades, with gains among Hispanic and African American students, said Duncan. He attributed these gains to the "sharp drop" in the number of so-called "dropout factories", from about 1,750 high schools to roughly 1,425 high schools—sparing approximately 700,000 students. As a result, college enrollment rates are increasing with more than 500,000 additional Hispanic students enrolled and the overall number of Pell Grant recipients up from 6.2 million in 2008 to 9 million in 2011. Along these lines, Duncan asserted the greatest, single most important investment to change outcomes in education is investing in high-quality early education. Students from low-income families start school 12 to 14 months behind their peers in language development and reading skills, said Duncan. The return on investment of high-quality early education has no equity or efficiency trade off; Duncan cited short-term reductions in spending on special education, grade retention, and high school dropout rates, and long-term benefits such as reduced crime and teenage pregnancy. Finally, Duncan discussed college affordability and the President's plans to link student loan interest rates to market rates and expand repayment options.

MEMBER QUESTIONS

Pointing out the similarities and differences between the Committee's market-based interest rate proposal and the President's, **Chairman Kline (R-MN)** asked Secretary Duncan to state for the record where the Administration stands on interest rates and long-term solutions. Secretary Duncan responded, "We are interested in a long-term fix, we are interested in it being budget-neutral and look forward to continuing conversations with you and others to find some common ground."

Calling the *No Child Left Behind Act* (NCLB) a "fundamental civil rights law," **Ranking Member Miller (D-CA)** discussed how the law provided accountability and transparency, particularly related to the education of certain "vulnerable" groups. Duncan pointed out that the waivers address the number of "invisible children" unaccounted for under NCLB and argued that high-quality early childhood education will reduce the number of students needing special education and other interventions, reducing both federal government spending and the size of vulnerable groups.

Referencing the House, and Senate's opposition to ED's plans to continue to issue regulations related to both gainful employment and distance education, **Representative Foxx (R-NC)** asked Duncan why he continues to pursue "flawed regulation" and if he plans to make every university follow the regulation. In order to meet the President's college graduation goal, Duncan said institutions must provide students with skills and training that lead to jobs and these regulatory packages support that goal. Foxx voiced strong disdain for these plans and said states should be left to authorize operating institutions of higher education.

Noting the increase in graduation rates among Latino students and the decrease in drop out factories, **Representative Hinojosa (D-TX)** asked Duncan about the impact of sequestration on disadvantaged children and youth and the potential implications of the Ryan Budget on college completion. Duncan emphasized work that remains, noting approximately 1.5 million students still attend dropout factories. He called sequestration "devastating," pointing out that "international competitors, Japan, India, China, and Singapore, are not managing their education strategy by sequestration. They are nesting. They are investing. We are poorly serving our nation's economy by failing to give our children an ability to compete." He added that any time a budget takes \$2.5 billion from Title I funding, \$228 million in impact aid, \$2 billion in cuts to IDEA, and \$4 billion in cuts to Pell grants is a "baffling, self-destructive move."

Representative Roe (R-TN) questioned the Administration's pre-K investment and suggested that studies have not proved the benefits of high quality pre-K. Duncan said that much analysis, including that by University of Chicago Economics Professor James Heckman, has shown that high quality pre-K is vital to closing the achievement gap. Duncan said that recent data from pre-K programs in Tulsa (Okla.) Public Schools and Boston Public Schools are adding to the body of research supporting high quality pre-K.

Concerning waivers, **Representative McCarthy (D-NY)** asked about the criteria ED is using to evaluate state compliance with requirements to provide critical services to students through waivers. Secretary Duncan stressed the importance of assessing outcomes over plans.

Referencing the high cost of college tuition, **Representative Walberg (R-MI)** inquired how excessive record keeping and administrative work influences the cost of higher education. He also asked Duncan to point out specific ED actions to “clamp down” on fraud within the Pell Grant program. Duncan expressed his support to reduce burdensome paperwork and to focus on college completion rates, asking Walberg and others to provide specific redommed activities in this area. He also mentioned ED’s proposed Race to the Top- Higher Education grant, which provides incentives for states to invest in higher education and for universities to keep down their own costs while building a culture around completion as well as access. Concerning Pell Grant fraud, Duncan said the establishment of an anti-fraud task force, the creation of a call line, and a process for schools to review and flag unusual enrollment activities are among a number of activities being undertaken by ED to address this issue.

Representative Grijalva (D-AZ) asked about federal investments and outcomes of students who attend for-profit universities, how the Department of Health and Human Services (HHS) will be involved in the President’s preschool initiative. While Duncan expressed support of for-profit universities and how the percentage of federal dollars given to these universities has increased significantly, he stated concern about discrepancies in quality and providing students with jobs. Concerning the President’s preschool initiative, ED would partner with HHS; HHS would focus on providing services in the zero to three space by scaling up home visiting services and other supports, while ED would focus on four-year-olds transitioning into pre-K programs and preparing them for kindergarten.

Representative Heck (R-NV) expressed concerns about the current funding formula related to Career and Technical Education (CTE) programs asserted it could be revised to achieve a more equitable distribution of funding among states.

Representative Bishop (D-NY) stated concern about federal campus based student aid programs and Perkins. Duncan said keeping college affordable has proven to be a challenge and that the Race to the Top- Higher Education challenge grant focuses on providing states and universities incentives to control costs.

Representative Salmon (R-AZ) discussed the Common Core State Standards and his concern related to attempts from the federal government to implement a standard curriculum. These comments prompted a heated exchange between Salmon and Duncan, with Duncan emphasizing that the Common Core initiative is one driven by the states and that the federal government is prohibited by law from endorsing or requiring any curriculum.

Referencing ED’s request of \$150 million for Science, Technology, Engineering, and Mathematic (STEM) education, **Representative Fudge (D-OH)** asked what emphasis ED will place on designating a portion of the funds to exposing students from underrepresented groups to STEM education. Duncan emphasized the importance of equipping all students with STEM skills noting the proposed creation of the STEM Master Teacher Corps and investing in communities where there are strong public-private partnerships around STEM education.

Representative Messer (R-IN) discussed the Improving Post-Secondary Data for Students Act and the importance of providing students and families with information to make educated decisions regarding higher education. Duncan agreed that there should be greater transparency and clarity so students and families can choose the right school. On the transparency note, Messer also asked Duncan why outcomes of students receiving Pell Grants are not measured and reported. Duncan responded that these outcomes should be part of transparency efforts as well, as should information on how well universities support student completion.

Representative Bonomici (D-OR) shared her thoughts about the importance of the arts in education and how it supports critical thinking skills. Duncan agreed that the arts is an area that should not be discounted.

Noting how the Secretary circumvented federal law through the waiver process, **Representative Rokita (R-IN)** asked him to provide a “ball park figure” of the amount of time he spent working on the waivers. Duncan said he played a large role in the development of the tenets and the philosophy behind the waivers. He did not provide an estimate of his time.

Representative Wilson (D-FL) ask the Secretary what impact the Ryan Budget would have on efforts to ensure all children have skills need to succeed to in school. Duncan said the Ryan Budget was not in the nation’s best interest and reiterated the need for high-quality preschool.

Representative DesJarlais (R-TN) asked what reforms have proven most effective at the lowest cost. In response, Duncan said the goal should not be simply bringing costs down, but increasing efficiency. He referenced the Race to the Top- Higher Education grant competition as an example of this strategy.

Representative Yarmuth (D-KY) asked how the implementation of expanded Medicaid services under the *Affordable Care Act* affect student achievement. Duncan said there are a series of foundations necessary for students to be successful and physical, social and emotional needs are one. Yarmuth also asked how difficult is it to entice people into STEM field when cuts are being made to research and development funding. Duncan admitted said this is a challenge and that teachers who teach math and science need higher salaries in order to attract professionals who are comfortable with the content and subject matter.

Representative Rokita (R-IN) asked if there were any set of standards other than the Common Core State Standards. Duncan asserted that the goal is not common standards, but high standards and cited efforts in Virginia and Minnesota as examples outside of the Common Core effort.

Representative Polis (D-CO) asked how the federal government is supporting the growth of high-quality charter schools. Duncan stated, “Good charters are part of the solution and bad charters are part of problem,” and that states without charter laws are “fighting the wrong fight.” He expressed a commitment to continue to replicate and expand high-quality charter schools.

Representative Courtney (D-CT) discussed the number of families losing access to Head Start due to sequestration. Duncan said his team needs to do a better job articulating the reality of the sequestration cuts.

CONCLUSION

In conclusion, Chairman Kline reiterated the importance of ensuring Pell Grant funding is spent wisely and his interest in moving the student loan bill quickly through the legislative process. More information, including Secretary Duncan's statement and a recording of the hearing, is available at:

http://edworkforcehouse.granicus.com/MediaPlayer.php?view_id=2&clip_id=143.



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.

