The Torch

August 29, 2013

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

COHEAO News

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- **COHEAO Hosts Series of Webinars on Perkins Loan Operations**
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Congress

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- **Durbin Promises More Bankruptcy Hearings**
  At a recent press conference, Senate Majority Whip Dick Durbin (D-IL) promised the President of the Illinois Student Senate additional hearings on bankruptcy and student loans.

White House & Administration

- **President Announces New Plans for Higher Ed**
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- **Higher Ed Groups Agree with Obama Principles, But Have Serious Concerns & Await Details**
  The proposal to tie student aid to an institution's rating was clearly the most controversial aspect of the President's plan.
- **Student Loan Specific Aspects of the President's Plan**
  Arguably all aspects of the President's plan are related to student debt, as it is meant to address college affordability and value, but there were certain student loan specific elements highlighted by the White House, which related to the Pay as You Earn repayment program.
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  On September 30 at 1 p.m. Eastern Time in Washington, DC, the CFPB will hold a forum, "Banking on Students," to discuss student checking accounts, debit cards, and other financial products.
- **ED OIG Finds Problems with Direct Loan Servicing Contract Administration**
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- **ED Releases Title IV Servicer Customer Service Surveys**
  This week, the Department of Education released customer service surveys on the large Title IV servicers (TIVAS) as well as the not-for-profit Direct Loan servicers (NFPs).
- ***Federal Register* Notice Provides Stafford and PLUS Rate Table**
  Today, with a notice in the *Federal Register*, the Department of Education formally published interest rates for Stafford and PLUS loans for July 1, 2013-June 30, 2014.
- **Department Releases Aid Estimates for 2011-2012**
  The National Center for Education Statistics (NCES) released 2011-2012 estimates on student aid via the National Postsecondary Student Aid Study (NPSAS) last week.

Attachments

- **COHEAO Commercial Members**
- **Board of Directors**

COHEAO News

COHEAO Welcomes New Board Member

COHEAO is pleased to announce Diana Day of Premiere Credit has joined our Board of Directors. Diana will serve as part of the Board's membership team, specifically focusing on Alliance memberships.

Diana has thirteen years of student loan experience and has been very active with COHEAO since taking her position at Premiere in 2010. We would like to thank Diana for becoming a Director and we look forward to working with her in her new role.

COHEAO Hosts Series of Webinars on Perkins Loan Operations

COHEAO is pleased to announce it will be hosting a webinar on Monday, September 16. The webinar will cover "Perkins Loan Basics & Due Diligence" and is part of a series from COHEAO. In addition to this event, COHEAO plans to offer online events on Perkins default management, as well as processing cancellations, later in the fall.

"Perkins Loans Basics and Due Diligence" will feature a presentation from Keith Fitzsimmons of the University of Kansas Medical Center and Chris Stompanato of ECSI. This webinar offers an opportunity to learn about the Perkins Loan Program from A to Z. In this session, we will discuss the nuts and bolts of Perkins loans, responsibilities of the school and the student, promissory notes and disclosures, and Perkins regulations and compliance issues. You will walk away from this session with valuable information that will make your entire team successful.

Registration for the September 16 webinar will be available online soon.

Congress

CBC, HBCU Leaders Remain Concerned with PLUS Loan Policies

The Department of Education recently issued guidance to schools on an improved PLUS Loan "reconsideration process," in which schools can now identify students and parents for outreach on reapplying if they have been previously rejected. Secretary of Education Duncan also sent a letter to Congressional Black Caucus Chair Marcia Fudge (D-OH) explaining these efforts, offering statistics on the enrollment impact of the changes, and promising to review PLUS loan eligibility this spring.

Last week, Fudge and other HBCU leader were very critical of this response. The following are statements collected by the *Crew of 42*, a website devoted to the CBC:

CBC Chair Marcia L. Fudge (OH-11):

"Ensuring access to higher education is one of the CBC's top priorities. In this case, we are also fighting to enable students to remain in the school of their choice until they graduate. The sustainability of the institutions that serve these students is critical to maintaining a high standard of education in this country. Members of the CBC are committed to doing all we can to quickly undo the change made by this Administration that has resulted in thousands of young people being unable to pursue their education and in the economic hardship for so many HBCUs. This is no longer an issue that can be discussed. The issue must be addressed and the policy must be fixed now."

National Association for Equal Opportunity in Higher Education (NAFEO) President and CEO Lezli Baskerville:

"I very much appreciate the Department's current and planned public engagement actions to respond to the substantial adverse economic impact and the tremendous loss of students from HBCUs occasioned by the shift in its regulatory interpretation. However, the reality is that the current and proposed public input actions should have taken place prior to the Department's significant policy change.

The Administrative Procedures Act specifies that in these cases, public 'notice and comment' are required in advance of the policy change. Implementing the change when there is no indication that there were especially high default rates, fraud or abuse, or any loss on the federal government's investment in this program is perplexing and it has resulted in the hemorrhaging of tens of thousands of students from our campuses.`

"NAFEO has been working with its members to move from 35,500 to 57,000 graduates per year to reach the goal of 167,000 new HBCU graduates by 2020, a goal that the Department of Education has set. The Parent PLUS Loan policy shift is an unanticipated stumbling block in the road.

"The Administration is leaving us with no choice but to pursue legal action. It seems the only relief we will be able to get is injunctive relief."

Additional statements, including those from the Presidents of Hampton University, UNCF, and TMCF are available online: **http://www.crewof42.com/featured/black-caucus-hbcu-advocates-slam-obama-on-parent-plus/**

Durbin Promises More Bankruptcy Hearings

At a recent press conference, Senate Majority Whip Dick Durbin (D-IL) promised the President of the Illinois Student Senate additional hearings on bankruptcy and student loans. The *Daily Illini* reports:

"A student debtor, somebody who wanted to improve their life and serve their community, cannot," (Student Senate President) Fiorentino said. "That's a very perverse incentive that our bankruptcy court treats gamblers better than our students."

Neglect of addressing these problems in the law affirmed Fiorentino's call to students to engage in the conversation.

Illinois Student Senate will be pursuing a ballot referendum in the fall. This referendum would give students the option to initially call upon state lawmakers and federal lawmakers to meet with students in a community meeting to address the student debt crisis.

"Students can testify before the higher education committee about their concerns and get answers directly from lawmakers," Fiorentino said.

The referendum may appear on the ballot with or without senate support. If the question is supported by two-thirds of the senate, ISS would need 5 percent of the student body's signatures in order for the referendum to appear on the ballot. If not, 7 percent of the student body's signatures will need to be acquired.

With students showing interest and catching the attention of lawmakers, he said he believed there could be movement in this campaign.

Sen. Dick Durbin, D-Ill., answered Fiorentino's request on July 26 during a press conference by agreeing to hold hearings on the restoration of bankruptcy protection for student loans.

White House and Administration

President Announces New Plans for Higher Ed

In a bus tour last week, the President announced a new set of proposals aimed at making college more affordable The plan is broad ranging, covering a new ratings system, performance pay, changes in aid disbursement, expansions of student loan repayment assistance, alternative credentialing, and more. It is part of the Administration's "A Better Bargain" initiative aimed at the middle class.

The following are highlights as identified by the White House:

Paying for Performance

- *Tie financial aid to college performance, starting with publishing new college ratings before the 2015 school year.*
- *Challenge states to fund public colleges based on performance.*
- *Hold students and colleges receiving student aid responsible for making progress toward a degree.*

Promoting Innovation and Competition

- *Challenge colleges to offer students a greater range of affordable, high-quality options than they do today.*
- *Give consumers clear, transparent information on college performance to help them make the decisions that work best for them.*
- *Encourage innovation by stripping away unnecessary regulations.*

Ensuring that Student Debt Remains Affordable

- *Help ensure borrowers can afford their federal student loan debt by allowing all borrowers to cap their payments at 10 percent of their monthly income.*
- *Reach out to struggling borrowers to ensure that they are aware of the flexible options available to help them to repay their debt.*

In addition to conference calls with White House and Department staff, the President's remarks provided additional color, and the fact sheet offered some more information, but this is truly a proposal where the devil is in the details. For instance, the Administration indicates the plan will group colleges with peer institutions in the ratings system, but who defines "peers" and by what metrics? These questions become even more complicated when tied to access to Title IV funds, but that part of the proposal would require Congressional approval.

The President, Secretary Duncan, and others have indicated they plan to work collaboratively with institutions of higher education to ensure they "get it right." Judging from the initial reactions of the community, the Administration will have plenty of work to do.

A transcript and video of the President's speech is available online:
http://www.politico.com/story/2013/08/obama-college-affordability-buffalo-speech-transcript-video-95808.html
A White House fact sheet on the proposal is available online: **http://www.whitehouse.gov/the-press-office/2013/08/22/fact-sheet-president-s-plan-make-college-more-affordable-better-bargain-**

Higher Ed Groups Agree with Obama Principles, But Have Serious Concerns & Await Details

The President proposed changes to higher education last week, including a call to tie federal aid dollars to a new federal ratings system and other proposals designed to increase success in higher education at reduced cost. The proposal to tie student aid to an institution's rating was clearly the most controversial aspect of the plan. Performance-based funding has been supported by both parties at the state level, but never proposed at the federal level. With the federal government's massive role in financing higher education, some conservatives argued the proposal amounted to price controls, while others said performance-based funding would not work at the federal level.

"Washington needs to be careful about taking a good idea for one state and forcing all 6,000 institutions of higher education to do the exact same thing," said Senate HELP Ranking Republican Lamar Alexander of Tennessee, a state which employs performance-based funding in delivering its aid.

Many aspects of the plan require Congressional approval, including the tying of Higher Education Act Title IV funds to the new ratings system and anything else that requires additional government spending, such as the expansion of Pay as You Earn. However, certain aspects of the plan, such as the rating system itself, can be implemented without any Congressional input.

Those in the higher education reform camp were very supportive of the new ratings system. Many believe the comparisons among peer institutions will have an impact with or without the hammer of Title IV eligibility behind them.

"It will be a powerful incentive for institutions to pay attention to outcomes," said Amy Latinen, deputy director for higher education at the New America Foundation. "Just having an alternative to the U.S. News & World Report rankings based on access, affordability, and outcomes is really important."

However, some observers worried about the effects of the "shame list" among those who enroll low income students.

"You have to think about the consequences of your shame list," said David Feldman, chair of the economics department at the College of William & Mary. "They have to be really careful that they don't provide perverse incentives for schools to discriminate against the kinds of students" they are trying to help.

The American Council on Education (ACE) issued a supportive statement, but did criticize a central tenet of the proposal—tying federal aid to the ratings to be developed by 2015. The Administration has proposed this on a smaller scale for the Campus-Based programs, particularly Perkins Loans. Plans for "expanding" Perkins by converting it to a new Direct Loan system and rewarding institutions which provide a "good value" through the allocation of Campus-Based funds have been proposed for five years by the Administration. For the last four years, the proposal has been "dead on arrival" on Capitol Hill.

ACE and others in the traditional higher education community acknowledged the Administration could implement much of the plan without Congress. They said they agreed in principle with much of plan and were looking forward to collaborating with the Department and White House on the details.

“Now is the time to get to work,” said ACE Senior Vice President Terry Hartle.

The Association of Private Sector Colleges and Universities (APSCU) had even more praise for the President’s plan. APSCU and other for-profit supporters have long argued for equal regulations across all sectors of higher education.

“This is where we wanted to go for a long time,” said APSCU President Steve Gunderson.

“The devil is in the details” was a phrase oft-repeated on Thursday, as many elements of the plan need to be fleshed out. White House officials spoke of a “datapalooza” and working collaboratively with “anyone who has a good idea,” while higher education officials spoke of the need to cautiously define the key metrics as well as how they should be presented and interpreted.

"If you want to condition the receipt of student aid on this information, you have an obligation to have perfect data," Hartle added.

A collection of articles, analyses, and reactions to the President’s plan from the Education Writers Association is available online: **http://www.edmediacommons.org/forum/topics/obama-s-college-affordability-plan-news-and-analysis?xg_source=activity**

Student Loan Specific Aspects of the President’s Plan

Arguably all aspects of the President’s plan are related to student debt, as it is meant to address college affordability and value. Additionally, the proposal to tie student aid funding to the ratings system is likely to be built off of previous efforts for the Perkins Loans Program.

There were certain student loan specific elements highlighted by the White House, which related to the Pay as You Earn repayment program. Additional details from the White House are included below:

- ***Make All Borrowers Eligible for Pay As You Earn:*** *To make sure that students and families have an easy-to-understand insurance policy against unmanageable debt now and in the future, the President has proposed allowing all student borrowers to cap their federal student loan payments at 10 percent of their monthly income. Currently, students who first borrowed before 2008 or have not borrowed since 2011 are not eligible for the President’s Pay As You Earn plan. In addition, the Administration will work with Congress to ensure that the benefits are targeted to the neediest borrowers.*

- ***Launching an Enrollment Campaign for Pay As You Earn:*** *Beginning this fall, the Department of Education will contact borrowers who have fallen behind on their student loan payments, undergraduate borrowers with higher-than-average debts, and borrowers in deferment or forbearance because of financial hardship or unemployment to ensure they have the information they need to choose the right repayment option for them. Starting in 2014, the Department of Education and the Department of Treasury will work to help borrowers learn about and enroll in Pay As You Earn and Income-Based Repayment plans when they file their taxes. And to assist* *guidance counselors and other advisers who guide students through the process of selecting and financing their higher education, the Administration will launch a "one-stop shop" that will include important resources for choosing among various income-driven repayment options.*

Given the breadth of the President's plan (and the expansion of PAYE's listing at the very end of the fact sheet), this element of the proposal has received relatively little scrutiny. However, the President's rhetoric does not seem to match certain elements of the plan. The White House has indicated it will work with Congress to better target the subsidies in this program, but in a speech last Friday, President Obama said "our national mission is not to profit off of student loans."

NPRM's New Regulations for Rehab Loans and Reasonable & Affordable Payments Raise Concerns

Comments on the Department of Education's notice for proposed rulemaking (NPRM) on the student loan programs, including Perkins, FFEL, and Direct Loans, were due yesterday. As negotiators reached consensus, most comments were technical in nature. However, a surprise in rehab loans did catch some student loan servicers, guaranty agencies, and school representatives by surprise.

The provision in question is "reasonable and affordable" payments toward a rehabilitated loan. In the NPRM, the Department is indicating servicers and guaranty agencies will need defaulted borrowers to complete a detailed form before offering this type of payment plan. As anyone who has tried to contact a borrow with delinquent debts knows, engaging the customer is more than half the battle and opportunities to explain possible options are few and far between. Needless to say, there is a fear that requiring borrowers to submit complicated forms with income information could cause many to miss an opportunity to rehab their loans.

Here is what NASFAA had to say on this issue in its NPRM comments:

> The proposed rules require the use of a form approved by the Secretary to determine reasonable and affordable payment amounts for borrowers pursuing loan rehabilitation. Under current rules, which only require that "the amount of such a payment is determined on the basis of the borrower's total financial circumstances," our understanding is that the determination of a "reasonable and affordable" payment amount can often be accomplished in a telephone conversation with the loan holder in which a borrower's overall financial circumstances are evaluated to establish an acceptable payment amount.
>
> If the loan holder and the borrower come to an agreement on a reasonable and affordable payment upfront, must the standardized form still be collected? The proposed rules appear to require the form for all rehabilitations, even though a phone call would make the process easier and more efficient. The draft 5-page form requests information about the borrower's (and if applicable, the borrower's spouse's) taxable and untaxable income, household size, and expenses. In the interest of streamlining the rehabilitation process and moving more borrowers out of default status through rehabilitation, we recommend that the form only be required in situations where the loan holder and borrower are not able to agree on a reasonable and affordable payment amount, and the borrower still seeks to rehabilitate one or more defaulted loans.

Below is an excerpt from the joint comments of the National Council of Higher Education Resources (NCHER), the Consumer Bankers Association (CBA), the Student Loan Servicing Alliance (SLSA), and the Education Finance Council (EFC):

> *Proposed §§ 682.405(b)(1)(iii) and 685.211(f)(1)(i) require the use of a form approved by the Secretary to determine reasonable and affordable payment amounts for borrowers pursuing loan rehabilitation. It appears that an incorrect trigger event is proposed for the form's use.*
>
> *Section 428F of the Higher Education Act (HEA) states, "Neither the guaranty agency nor the Secretary shall demand from a borrower as monthly payment amounts…more than is reasonable and affordable based on the borrower's total financial circumstances" to rehabilitate defaulted loans.*
>
> *The determination of a "reasonable and affordable" payment amount can often be accomplished in a telephone conversation in which a borrower's overall financial circumstances are evaluated to establish an acceptable payment amount. In these discussions, the borrower's own assessment of his or her total financial circumstances and ability to pay the requested amount serves as the basis for the guaranty agency or Department's determination that the payment amount is reasonable and affordable. This is a fair conclusion, since the borrower understands his or her financial resources and constraints better than others. Guaranty agencies find that nearly half of borrowers seeking rehabilitation are able to obtain reasonable and affordable payment amounts in this manner.*
>
> *In other cases, the borrower objects to the repayment terms discussed with the guaranty agency or Department. If the borrower indicates an unwillingness or inability to make payments in the amount requested, a reasonable and affordable payment must be determined by a closer examination of the borrower's total financial circumstances, requiring the collection of additional financial information.*
>
> *To achieve consensus during the negotiated rulemaking process, a compromise was reached to use a proposed, new Department-approved form as the standardized tool to collect additional financial information from borrowers who indicate that an initially-requested payment amount is too high. This type of borrower feedback has always been the trigger event for collecting additional financial information to determine reasonable and affordable payments, and no change to this trigger event was discussed or agreed to during the negotiations.*

Additional information on the NPRM is available online:
https://www.federalregister.gov/articles/2013/07/29/2013-15812/student-assistance-general-provisions-federal-perkins-loan-program-federal-family-education-loan

CFPB Releases New PSLF Report, Launches Employer-Based Initiative

The Consumer Financial Protection Bureau (CFPB) launched a toolkit to assist school districts and other public service organizations in helping their employees pay off student loan debt. The CFPB is asking these employers to make a pledge to inform their employees of their options. According to the Bureau, up to a quarter of the U.S. workforce is in public service and may be eligible for existing student loan debt forgiveness programs.

According to a report released this week, the CFPB estimates that more than 25 percent of the U.S. labor force is in "public service," at least as defined in the Stafford and PLUS loan programs. The PSLF program is very broad, including those traditionally thought of as "public servants," such as teachers, librarians, firefighters, military personnel, law enforcement, first responders, nurses, and social workers, as well as anyone else who works for a government agency and most non-profit workers.

To help employers provide information about loan forgiveness programs to their employees, the CFPB is unveiling a toolkit – the Employer's Guide to Assisting Employees with Student Loan Repayment. The toolkit offers practical advice to public sector employers and employees, advising that an early start can make the difference of thousands of dollars. It includes:

- An action guide for employers that details the steps they should take in providing information to their employees, such as helping employees certify and checking in with them annually about their repayments;
- An action guide for borrowers that tells them how to qualify for benefits, what their options are, and important things they should consider;
- A sample letter from public service employers to employees that says they are a qualified employer under the federal Public Service Loan Forgiveness program; and
- A set of frequently asked questions, like how an employer can help his workers know whether they are in the best repayment plan.

The CFPB is also launching a new public service pledge for thousands of public service employers to help their workers tackle student loans. The pledge asks employers to make a commitment to talk to their workers about student debt, help them understand their options, and assist them in enrolling in student loan repayment benefits. To start off, Richmond Public Schools in Virginia and the City of South Bend, Indiana, have signed on to the pledge.

The Bureau states the toolkit will allow government and non-profit agencies to counsel their employees on student loan repayment options "at little or no cost."

- The Public Service & Student Debt report is available at: http://files.consumerfinance.gov/f/201308_cfpb_public-service-and-student-debt.pdf
- The toolkit is available at: http://files.consumerfinance.gov/f/201308_cfpb_public-service-toolkit.pdf
- An action guide for employees is at: http://files.consumerfinance.gov/f/201308_cfpb_pledge-action-guide-for-employees.pdf
- School districts and other interested public service employers can take the Public Service Pledge by emailing pledge@cfpb.gov or learn more by visiting www.consumerfinance.gov/pledge.

CFPB to Host "Banking on Campus" Event on September 30

On September 30 at 1 p.m. Eastern Time in Washington, DC, the CFPB will hold a forum, "Banking on Students," to discuss student checking accounts, debit cards, and other financial products. A notice was sent to stakeholders from Student Loan Ombudsman Rohit Chopra and the event requires an RSVP. Those seeking to attend can RSVP to students@cfpb.gov with the subject line "Banking on Students."

The event will feature the Bureau's findings on its recent request for information on financial products designed for college students. With the notice at the beginning of the year, the CFPB said it, "…seeks information on how current and future partnerships or other arrangements between institutions of higher education (including their affiliated entities) and financial institutions could be structured to promote positive financial decision-making among young consumers. We also seek information to develop a clearer picture of the financial products and services that are being offered to college students, as well as consumers' experiences using those products and services."

The original notice is available online: http://www.consumerfinance.gov/students/whats-the-deal/request-for-information-regarding-financial-products-marketed-to-students-enrolled-in-institutions-of-higher-education/

ED OIG Finds Problems with Direct Loan Servicing Contract Administration

The Department of Education's Office of Inspector General (OIG) issued a report on the Department of Education's, specifically FSA's, administration of the Title IV (TIVAS) servicing contracts. The report finds that while FSA negotiated the most cost effective servicing rates, it has not been properly reviewing billing invoices from the TIVAS. The following is an excerpt from the report:

Based on the evidence we reviewed, we determined FSA appears to have negotiated the most efficient and cost-effective servicing rates with the TIVAS because the final awarded contracts included negotiated rates that were generally lower than the lowest proposed bid. However, we could not determine whether FSA selected the most efficient and cost-effective prices for changes made to the contracts for several reasons. First, FSA modified the TIVAS contracts to include a requirement for cohort default rate challenges that should have been included in the base contracts. This modification resulted in a separate cost of $600,866 from June 17, 2009, the start of the contracts, through December 31, 2012, that was possibly more than it would have been if the requirement was included initially. Second, FSA officials did not properly document their decisions for 18 of 21 changes to the prices or terms of the TIVAS contracts that totaled $1,271,949 out of $2,968,143. FSA officials also did not properly execute the 18 changes by obtaining the signatures of TIVAS officials.

In accordance with its own rules, the Department must file a Corrective Action Plan (CAP) with the OIG within 30 days of receipt of the report. The report offers the following recommendations:

- *Develop and implement comprehensive and detailed guidance and procedures on how to adequately validate borrower volumes and related costs in invoices, and apply those steps to the invoices during our audit period to ensure accurate billing and payment occurred;*
- *Ensure that FSA officials who receive and review deliverables required by the TIVAS contracts communicate with the TIVAS contracting officer's representatives about the timeliness and quality of the work products;*
- *In future base contracts for Title IV servicing, include the requirement that servicers research and resolve postsecondary institutions' challenges to their draft cohort default rates so that this activity is performed within the scope of the initial contract;*
- *Require the director of Acquisitions Group to complete Standard Form 30, "Amendment of Solicitation/Modification of Contract," signed by the contracting officer and TIVAS officials for future changes to the TIVAS contracts, and to document the rationale of the determinations made by FSA officials regarding changes to the contract terms and prices; and*
- *Ensure the use of proper monitoring criteria when reviewing TIVAS performance and compliance with the contracts.*

The full report is available online:
http://www2.ed.gov/about/offices/list/oig/auditreports/fy2013/a02l0006.pdf

ED Releases Title IV Servicer Customer Service Surveys

This week, the Department of Education released customer service surveys on the large Title IV servicers (TIVAS) as well as the not-for-profit Direct Loan servicers (NFPs). Below is an excerpt from the Department's announcement on the surveys:

> *Since September 2009, the Department of Education (the Department) has been assigning federally-owned loans to a team of federal loan servicers. Per our contractual agreement with each of our federal loan servicers, the Department will annually measure servicer performance in the areas of customer satisfaction and default prevention. We will then use these results to determine each servicer's allocation of future loan volume when applicable.*
>
> *This announcement is intended to share customer service performance results and the allocation information with the financial aid community. The Department measured customer satisfaction with each member of the federal loan servicing team exclusively through independently administered customer satisfaction surveys conducted through June 2013. We assessed default prevention through analysis of each servicer's portfolio. We determined allocations in accordance with contractual agreements*

In this quarterly survey, the Department also indicated fifth year allocations for the four TIVAS (Sallie Mae, Nelnet, Great Lakes, AES-PHEAA). As outlined above, these surveys can influence account allocation. Below is the table of new account allocations for TIVAS announced by the Department:

	Total Score	% of New Volume Servicer Will Receive (Total Score / Combined Totals)	New Borrowers (based on 3.1 M total new borrowers)
FedLoan Servicing (PHEAA)	13.00	26.00%	806,000
Great Lakes	13.00	26.00%	806,000
Nelnet	15.00	30.00%	930,000
Sallie Mae	9.00	18.00%	558,000
Combined Totals	**50**	**100.00%**	**3,100,000**

Additional information is available online:
http://www.ifap.ed.gov/fregisters/FR082913AnnualnoticeofinterestratesonDirectLoansmadepriortoJuly12013.html

Federal Register Notice Provides Stafford and PLUS Rate Table

Today, with a notice in the *Federal Register*, the Department of Education formally published interest rates for Stafford and PLUS loans for July 1, 2013-June 30, 2014. The notice includes a helpful table with interest rates on these loans as well as loans previously originated. It is available online:
http://www.ifap.ed.gov/fregisters/attachments/FR082913AnnualnoticeofinterestratesonDirectLoansmadepriortoJuly12013.pdf

Department Releases Aid Estimates for 2011-2012

The National Center for Education Statistics (NCES) released 2011-2012 estimates on student aid via the National Postsecondary Student Aid Study (NPSAS) last week. The massive data offering, combined with NCES online tools, allows researchers and the public alike to perform regressions and otherwise deeply analyze the data.

Prior to the President's speeches, many higher education reporters, think tanks, and others were sorting through this data, looking for trends, new angles, and other means of in-depth analysis. Below are several of the selected findings from NCES:

Types of financial aid received by undergraduates in 2011–12 (tables 1 and 2):

- *Seventy-one percent of all undergraduates received some type of financial aid. Fifty-nine percent received grants, 42 percent took out student loans, 6 percent received aid through work-study jobs, 4 percent received veterans' benefits, and 5 percent had parents who took out federal Direct PLUS Loans.*
- *Among undergraduates who received any aid, the average total amount was $10,800. The average total grant amount for grant recipients was $6,200, and borrowers took out an average of $7,100 in student loans. Work-study participants received an average of $2,300 in wages. Recipients of veterans' benefits received an average of $7,500 in benefits. Among undergraduates whose parents took out federal Direct PLUS Loans, the average amount borrowed was $12,100.*

Sources of aid received by undergraduates in 2011–12 (tables 3 and 4):

- *Fifty-seven percent of all undergraduates received federal student aid. Forty-two percent received federal grants, 15 percent received state-funded grants, and 20 percent received grants funded by the postsecondary institution they attended.*
- *The average amount of total federal student aid for undergraduates who received such aid was $8,200. The average grant award per recipient was $3,500 for federal grants, $2,600 for state grants, and $6,400 for institutional grants.*

Federal Title IV program aid for undergraduates in 2011–12 (tables 5 and 6):

- *Forty-one percent of all undergraduates received federal Pell Grants, and 40 percent took out federal Direct Loans. Thirty-six percent of undergraduates took out Direct Subsidized Loans, while 34 percent took out Direct Unsubsidized Loans.*
- *The average value of a federal Pell Grant was $3,400. Borrowers took out an average of $6,400 in federal Direct Loans overall, $3,500 in Direct Subsidized Loans, and $3,900 in Direct Unsubsidized Loans.*

Income distribution of undergraduates (tables 7 and 8):

- *Among all dependent undergraduates, 16 percent came from families with incomes under $20,000, and another 18 percent came from families earning $20,000–$39,999. Twenty-eight percent of dependent undergraduates had family incomes of $100,000 or more.*
- *Among all independent undergraduates, 30 percent had incomes under $10,000, and another 20 percent had incomes between $10,000 and $19,999.*

Aid received by graduate students in 2011–12 (tables 9 and 10):

- *Seventy percent of graduate students received some type of financial aid. Twelve percent received assistantships, and 45 percent took out student loans, including 43 percent who took out federal Direct Loans and 10 percent who took out federal Direct PLUS Loans for graduate students.*
- *The average total aid received by graduate students was $22,000. Graduate students with assistantships received an average of $14,600. Borrowers took out an average of $21,400 in student loans. The average amount borrowed from federal Direct Loans was $17,000, and the average amount borrowed from federal Direct PLUS Loans for graduate students was $18,600.*

The report (and data for your own analysis) is available online:
http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2013165

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

Secretary
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

Past President
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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

Commercial Committee Chair
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

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
Jan Hnilica
Financial Services Manager
Wheaton College
501 College Ave.
Wheaton, IL 60187
Phone: 630-752-5180
Fax: 630-752-5555
Jan.Hnilica@wheaton.edu

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

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
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

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, Support
Diana Day
Manager, Marketing & Business Development
Premiere Credit of North America, LLC
2002 Wellesley Blvd.
Indianapolis, IN 46219
(317) 322-3619
Fax: (317) 972-6595
dday@premierecredit.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