

The



Torch

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

COHEAO News

- [**Save the Date—Feb. 27, 2014: COHEAO Webinar, “The New Direct Loan Consolidation Process”**](#)
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- [**Save the Date—August 3-5: COHEAO Mid-Year Conference, Denver**](#)
Set for August 3-5 at the Grand Hyatt in downtown Denver, the COHEAO Mid-Year conference is sure to offer an informative and engaging agenda.

Congress

- [**Rob Andrews Resigns, Rep. Bobby Scott Seeking Top E&W Democratic Spot**](#)
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- [**Kline, Foxx Express Concern with President’s “Paper and a Phone” Plans for Higher Ed**](#)
Reps. John Kline (R-MN) and Virginia Foxx (R-NC), the Chairs of the education committee and higher education subcommittee in the House, took umbrage with the President’s plans to “circumvent Congress.”
- [**Rubio Outlines Student Debt & College Affordability Ideas**](#)
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White House & Administration

- [**ED Announces Negotiators, Releases Issue Papers in Advance of Neg Reg**](#)
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- [**GAO Issues a Report and CFPB Posts a Blog on Campus Arrangements with Financial Institutions**](#)
The Government Accountability Office and the Consumer Financial Protection Bureau this week issued reports on the use of campus debit cards and the relationship between campuses and financial institutions.

- [Multiple US Agencies Launch Complaint Site for Military/Veteran Students](#)
The Departments of Defense (DoD), Education (ED), and Veterans Affairs (VA) recently released an online tool for veteran and military students to provide feedback, particularly of the negative variety, on their experiences with institutions of higher education.

Industry

- [Pew Survey Highlights Value of Higher Education](#)
A new survey from the Pew Research Center highlights the wage premium enjoyed by millennial bachelor degree holders.
- [New Paper Examines Characteristics of Student Loan Defaulters](#)
A new paper from the National Bureau of Economic Research (NBER) follows the ten-year default rates for degree earners in 1993.

Attachments

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Save the Date—Feb. 27, 2014: COHEAO Webinar, “The New Direct Loan Consolidation Process”

Recent changes to the Department of Education’s consolidation process have been a hot topic among campus loan administrators and COHEAO is pleased to offer a webinar on this important topic. **Set for February 27 at 2:00 PM**, this COHEAO Webinar will take institutions through the Direct Loan consolidation process. The session will include an overview of the process from the Department of Education as well as a summary of the changes for the campus-based billing servicers and at the institutional level and what they have experienced in the new set up process.

Speakers: **Cynthia Battle, U.S. Department of Education**
 Jeff (JP) Pfund, University of Wisconsin
 Charlene Drummond, Xerox Education Services, Inc.

This webinar is not one you want to miss. A note will be sent to COHEAO members on Tuesday when online registration is available.

Save the Date—August 3-5: COHEAO Mid-Year Conference, Denver

Set for August 3-5 at the Grand Hyatt in downtown Denver, the COHEAO Mid-Year conference is sure to offer an informative and engaging agenda.

The COHEAO Agenda Committee is beginning the process of developing our conference program. A request for proposals for conference sessions was sent to COHEAO members. It is also available online: <http://www.coheao.com/wp-content/uploads/2014/02/Call-for-Presentations-2014-mid-year.pdf>

In the meantime, for COHEAO members looking to get ahead of the game with their hotel reservations, the Hyatt is already taking reservation at COHEAO’s excellent group rate of \$169 per night (information below). For COHEAO members seeking more information on what Denver has to offer, please visit www.denver.org.

To book a room in advance of the COHEAO Mid-Year Conference, please visit https://resweb.passkey.com/Resweb.do?mode=welcome_ei_new&eventID=10806646

If you would like to make your reservations over the phone, you may also call 402.592.6464 and mention you are with COHEAO to receive this special rate.

Congress

Rob Andrews Resigns, Rep. Bobby Scott Seeking Top E&W Democratic Spot

Last week, Representative Rob Andrews (D-NJ) announced plans to resign from Congress. He plans to join a Philadelphia law firm near his home in southern New Jersey, an area he represented since 1990.

Andrews was considered a top contender for the Ranking Democratic Member or Chairman of the House Education and the Workforce Committee in the next Congress (beginning in 2015). His decision to resign is another indication that the Democrats don’t think they will wrest control of the House of Representatives from Republicans in the November elections

Reports of Andrews decision to resign focused on ongoing ethics probes on inappropriate use of campaign funds, but he indicated his move to Dilworth Paxson, the Philadelphia law firm (his

Congressional district includes the New Jersey suburbs of the city), was “an opportunity that requires a decision now.” To date, the House Ethics Committee has not brought any charges on these complaints. With his resignation, the Ethics Committee no longer has any jurisdiction over him.

Andrews’ move caught many by surprise, as he was the next most Senior Democrat on the House Education and the Workforce Committee behind Rep. George Miller (D-CA), the current Ranking Democrat (and former Chairman) on the Committee who is planning to retire at the end of his term. Next in line in terms of seniority is Rep. Bobby Scott (D-VA). In the wake of the news on Andrews, Scott issued a press release declaring his interest in the top Democratic position on the House Education and the Workforce Committee. He is considered likely to get the post.

Kline, Foxx Express Concern with President’s “Paper and a Phone” Plans for Higher Ed

At the recent summit of college presidents and higher education thinkers, the President indicated he could use executive actions and the megaphone of his office to accomplish many things in higher education. It was part of a theme around Congressional inaction in the days surrounding the State of the Union Address.

At the meeting the President said: “I’ve got a pen to take executive actions where Congress won’t, and I’ve got a telephone to rally folks in the country on this mission.”

Reps. John Kline (R-MN) and Virginia Foxx (R-NC), the Chairs of the education committee and higher education subcommittee in the House, took umbrage with the statement. They sent a letter in response, expressing concerns with plans to “circumvent Congress” and noting the House Education and the Workforce Committee’s efforts to understand the issues heading into the reauthorization of the Higher Education Act through the “Keeping College Within Reach” series of at least a dozen hearings. Kline and Foxx also requested a meeting with the Domestic Policy Council by February 25 to learn more about the White House’s plans.

The full letter is available online:

<http://edworkforce.house.gov/news/documentsingle.aspx?DocumentID=369775>

Rubio Outlines Student Debt & College Affordability Ideas

Speaking at Miami-Dade Community College and the American Association of Community College Trustees, Sen. Marco Rubio (R-FL) outlined his plans for education this week. Given Rubio’s status as a national political figure and availability with the media, the moves made major headlines even though he does not currently serve on the Senate HELP Committee.

Rubio, who said he is still repaying law school debt, outlined several ideas on higher education, hitting many of the key topics. Rubio pushed hard for the “Know Before You Go” legislation he has introduced with Sen. Ron Wyden (D-OR), which focuses on improved reporting on higher education data and the presentation of that data to prospective students and families. He also spoke at length on the problems of student debt, arguing Income-Based Repayment (IBR) should be the default repayment option for federal student loans and endorsing, at least in principle, the “Pay It Forward” proposal out of Oregon.

Perhaps it is a sign of the politics of higher education or the efforts of a Senator with the White House on his mind, but Rubio’s collection of ideas would not be easily described as “conservative” or “liberal.”

Similarly, certain elements of his speech are embraced by supporters of traditional higher education, while other remarks throughout the week are undoubtedly a cause for concern.

For instance, Rubio is a strong supporter of income-contingent lending or loan participation agreements, which offer tremendous benefits for institutions of higher education. However, in the same speech, he spoke to concerns with the rising cost of college and the need to provide more flexibility within accreditation for non-traditional providers of higher education. Rubio also spoke about the “unintended consequences” of IBR as well as concerns with all forms of Title IV aid driving up tuition costs.

As with all aspects of student aid and student loan policy, the devil will be in the details of Rubio’s proposal. To date, he has yet to offer this level of detail. Though details are scant and it is unclear when they might be available, it is readily apparent that Rubio will be making a lot of news in higher education if he remains a national figure.

A video and text of Rubio’s remarks at Miami Dade Community College are available online: <http://www.rubio.senate.gov/public/index.cfm/press-releases?ID=a24acd97-025e-4ed7-9672-7a84eb76606b>

Rubio’s newsroom, which includes many of his higher education related media appearances, is available online: <http://www.rubio.senate.gov/public/index.cfm/press-releases?page=1>

White House & Administration

ED Announces Negotiators, Releases Issue Papers in Advance of Neg Reg

The Department of Education has announced the list of negotiators for the latest round of Program Integrity negotiated rulemaking, which will commence on Feb. 19 at the Office of Postsecondary Education in Washington. The negotiations will occur in three, three-day sessions in February, March and April. Final regulations are expected to be published in the fall, taking effect July 1, 2015.

The negotiators included representatives of students, colleges, financial institutions, and consumer interests. Among the negotiators, Gloria Kobus from Youngstown State University and Joan Piscitello of Iowa State University were selected to represent business officers and bursars at postsecondary institutions. Betsy Hicks of MIT and Joe Weglarz of Marist College were selected for private, non-profit institutions and Chuck Knepfle of Clemson and Goodlett McDaniel of George Mason were selected for four-year public institutions. The full list can be found here:

<http://www2.ed.gov/policy/highered/reg/hearulemaking/2012/programintegrity.html>.

The cash management issue will no doubt be one of the most contentious and time-consuming areas, with consumer advocates demanding changes, with the apparent sympathy of the Department. The issue paper issued to negotiators by the Department describes the multi-faceted issue like this: “To address the allowable timeframes, methods, and procedures for institutions to pay students their Title IV student aid credit balances; whether additional consumer/end user safeguards should be built into procedures that utilize debit/prepaid cards or other financial products for such purposes, to ensure safe, convenient and free access to the full credit balance; and if and how regulations should be promulgated that outline required or prohibited marketing behaviors by institutions, their preferred banks, or contractors for bank accounts, cards or other financial products that are offered to students for, or in conjunction with, the delivery of Title IV credit balances.”

Questions to be addressed, according to the Department, include shortening the 14-day time limit for disbursement of federal aid funds to student accounts and considering if schools, debit card providers and other financial product providers be allowed to charge students for handling the distribution of student aid funds. The tone of the series of questions listed by the Department indicates that the federal government is going to consider significantly restricting the ability of campuses to make arrangements with financial institutions that wish to serve their students. The issue papers are going to be posted on the page linked above in the near future.

GAO Issues a Report and CFPB Posts a Blog on Campus Arrangements with Financial Institutions

The Government Accountability Office and the Consumer Financial Protection Bureau this week issued reports on the use of campus debit cards and the relationship between campuses and financial institutions. Clearly, the reports were issued so as to be available to negotiators, the public and the press before the start this week of negotiated rulemaking on these and other issues at the Department of Education.

The GAO report says that 852 schools, or 11 percent of U.S. colleges and universities, had agreements to provide debit or prepaid card services to their students as of July 2013, and most offered students the ability to receive federal student aid and other payments on a card. These schools' enrollments constituted about 40 percent of all postsecondary students. The percentage of students enrolled in schools' college card programs was unknown. In the majority of agreements, the schools also outsourced to their card provider the process for paying financial aid and other funds via college cards and other methods. Some schools also used college cards as student identification. The dominant provider was Higher One, a nonbank financial firm that had a 57 percent market share in 2013, as measured by number of card agreements, according to the GAO.

The GAO summed up: "Benefits of college cards can include convenience for students and cost savings and efficiencies for schools, but concerns exist over fees charged students, availability of ATMs on campus, and whether campuses with agreements are providing neutral information to students on various financial services companies."

The GAO report recommended: "to help ensure a comprehensive understanding of the agreements between colleges and debit and prepaid card providers, Congress should consider requiring that providers file these agreements with the Bureau of Consumer Financial Protection (CFPB) for public review, and provide other relevant information, such as payments between schools and the providers and fees charged to students, and that Education provide reasonably prominent notice of the availability of such information.

It also recommended: "To help ensure that students can make an objective choice about whether to use a college card selected by their schools and have free and convenient access to federal student aid funds, the Secretary of Education should, in consultation with CFPB, develop requirements that schools and college card providers present students with objective and neutral information on their options for receiving federal student aid payments."

CFPB Student Loan Ombudsman Rohit Chopra posted a blog on the same topic. He opened it: "Recently, we alerted financial institutions about the potentially risky practice of not readily disclosing arrangements with colleges and universities to market bank accounts, prepaid cards, debit cards, and

other financial products to students. Director Cordray called on financial institutions to voluntarily make these agreements available on their websites. According to a survey of school officials, 69 percent of debit card agreements are already available to the public, since many contracts with public colleges and universities are subject to state open records laws.”

Chopra drew conclusions about the motivations of financial institutions: “Some financial institutions offer low-cost student financial products as a way of developing long-lasting relationships with students as they start their financial lives. For example, one credit union told us that ‘over 85 percent of student accounts remain open one year following graduation.’ But other financial institutions generate a significant amount of their revenue.”

He asked anyone with information on these agreement or experience with them to email the CFPB.

The GAO report is available online: <http://www.gao.gov/products/GAO-14-91>

A blog post from the CFPB is available online: <http://www.consumerfinance.gov/blog/what-sunshine-for-student-financial-products-can-show-us/>

Multiple US Agencies Launch Complaint Site for Military/Veteran Students

The Departments of Defense (DoD), Education (ED), and Veterans Affairs (VA) recently released an online tool for veteran and military students to provide feedback, particularly of the negative variety, on their experiences with institutions of higher education. In addition to the three coordinating agencies, the US Department of Justice, Consumer Financial Protection Bureau, and the Federal Trade Commission will review complaints posted through the portal.

The announcement states the following: “By reporting schools who are failing to follow the President’s Principles of Excellence, students can help improve the school experience for themselves and other beneficiaries of military and veteran education benefit programs.”

Military and veteran students and their family members can submit feedback at www.benefits.va.gov/gibill/feedback.asp. Tuition Assistance (TA) or Military Spouse Career Advancement Accounts (MyCAA) Scholarship recipients can submit feedback at www.militaryonesource.mil/voluntary-education/complaint. Federal financial aid recipients can send feedback to Compliancecomplaints@ed.gov.

In addition to this new online complaint portal, the White House announced the following resources are now available:

- The [“Factors to Consider When Choosing a School”](#) guide offers future students steps to take when researching, choosing, and attending a school.
- [CareerScope®](#) is a free, new tool that measures a student’s aptitude and interests through a self-administered online test, identifying potential career paths.

Industry

Pew Survey Highlights Value of Higher Education

Questions surrounding the value of a college degree have been receiving considerable attention over the past couple of years, but a new survey from the Pew Research Center highlights the wage premium

enjoyed by millennial bachelor degree holders. A Pew survey of more than 2,000 individuals ages 25-32 found that bachelor's degree holders earn roughly \$17,500 more than high school graduates and \$15,500 more than those with associate degrees.

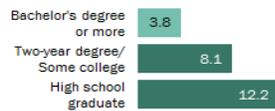
An infographic from Pew is below:

**Disparity among Millennials Ages 25-32
By Education Level in Terms of
Annual Earnings ...**

(median among full-time workers, in 2012 dollars)



Unemployment Rate ...



And Share Living in Poverty ...



Notes: Median annual earnings are based on earnings and work status during the calendar year prior to interview and limited to 25- to 32-year-olds who worked full time during the previous calendar year and reported positive earnings. "Full time" refers to those who usually worked at least 35 hours a week last year. The unemployment rate refers to the share of the labor force (those working or actively seeking work) who are not employed. Poverty is based on the respondent's family income in the calendar year preceding the survey.

Source: Pew Research Center tabulations of the 2013 March Current Population Survey (CPS) Integrated Public Use Micro Sample

PEW RESEARCH CENTER

Additional information on the report is available online:

<http://www.pewsocialtrends.org/2014/02/11/the-rising-cost-of-not-going-to-college/>

New Paper Examines Characteristics of Student Loan Defaulters

A new paper from the National Bureau of Economic Research (NBER) follows the ten-year default rates for degree earners in 1993. The paper confirms a very basic assumption, lower student debt levels and higher earnings do have a strong correlation to payment, but it warns against blanket assumptions.

"Given the importance of post-school earnings for repayment, it is natural to expect that differences in average earnings levels across demographic groups or college majors would translate into corresponding differences in repayment/nonpayment rates, but this is not always the case," states the report, which was written by Lance J. Lochner and Alexander Monge-Naranjo.

The paper, "Default and Repayment Among Baccalaureate Degree Earners", did provide some useful information. However, the paper also highlighted the limitations of available student loan data.

Additional information is available online:

http://www.nber.org/papers/w19882?utm_campaign=ntw&utm_medium=email&utm_source=ntw

**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***

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Automated Collection Systems, Inc.	JC Christensen and Associates
Bass & Associates	National Credit Management
Blackboard, Inc.	National Enterprise Systems, Inc.
Campus Partners	National Recoveries
Capital Management Services, LP	NCC Business Services of America
Ceannate, Inc.	NCO Financial Systems, Inc.
Client Services, Inc.	Premiere Credit
Coast Professional	Progressive Financial Services, Inc.
ConServe	Recovery Management Services, Inc.
Credit Adjustments, Inc.	Regional Adjustment Bureau, Inc.
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Delta Management Associates	Security Credit Systems, Inc.
Educational Computer Systems, Inc.	Todd, Bremer & Lawson, Inc.
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