COHEAO
2015 Mid-Year Conference

Washington Update
Harrison M. Wadsworth
July 27, 2015

COHEAO Priorities

- Preserve and improve Perkins in the Higher Education Act Reauthorization
- Restoration of funds for Perkins Loan cancellations
- Work on improvements to Telephone Consumer Protection Act (TCPA) regulations and enforcement
- Work with CFPB on campus-related issues and collections topics
- Respond to ED and CFPB calls for comments
- Assist with Perkins recall issues **IF** they arise

Higher Education Act Reauthorization

- Congressional Theme, Chairmen Alexander and Kline – "Simplification"
  - One grant, one loan (or three loans in Alexander bill)
  - Repayment options narrowed to two or three
  - FAFSA drastically shortened
- Sen. Alexander: De-emphasizing Loan Simplification
  - Focused on FAFSA, Reducing Regs., Accreditation
- Senate Democrats: backing Perkins reauthorization
- COHEAO Proposes One Campus-Based Program (Campus Flex)

Growing Perkins Support by Higher Ed Community

- NASFAA proposes Perkins Reauthorization
- Student Aid Alliance Twitter Campaign
- Big Ten Financial Aid Letter
- U of Calif. Wearing our "Save Perkins" Buttons
- SUNY Student Assembly Resolution
- Pennsylvania FAA's Hill Visits
- Jesuit Universities Raising Issue

House Resolution 294

Bi-Partisan Statement in Strong Support of Perkins:

"Resolved, That the House of Representatives strongly supports the continuation of the Perkins Loan Program in order to provide educational opportunities to future generations of students who need low-cost financing to make their dreams of higher education possible."

36 Cosponsors of H. Res. 294 (7-17-15)

- Rep Barletta, Lou [PA-11]
- Rep Brown, Corrine [FL-5]
- Rep Bustos, Cheri [IL-17]
- Rep Carson, Andre [IN-7]
- Rep Clark, Katherine M. [MA-5]
- Rep Clarke, Yvette D. [NY-9]
- Rep Costello, Ryan A. [PA-6]
- Rep Davis, Rodney [IL-13]
- Rep DeFazio, Peter A. [OR-4]
- Rep Engel, Eliot L. [NY-16]
- Rep Honda, Michael M. [CA-17]
- Rep Kaptur, Marcy [OH-9]
- Rep Katko, John [NY-24]
- Rep LaMalfa, Doug [CA-1]
- Rep Levin, Sander M. [MI-9]
- Rep Lowenthal, Alan S. [CA-47]
- Rep Matsui, Doris O. [CA-6]
- Rep McGovern, James P. [MA-2]
- Rep Moore, Gwen [WI-4]
- Rep Noem, Kristi L. [SD]
- Rep Norton, Eleanor Holmes [DC]
- Rep Peters, Scott H. [CA-52]
- Rep Pocan, Mark [WI-2]
- Rep Quigley, Mike [IL-5]
- Rep Rangel, Charles B. [NY-13]
- Rep Roybal-Allard, Lucille [CA-40]
- Rep Sanchez, Linda T. [CA-38]
- Rep Schakowsky, Janice D. [IL-9]
- Rep Sires, Albio [NJ-8]
- Rep Slaughter, Louise [NY-25]
- Rep Stewart, Chris [UT-2]
- Rep Tonko, Paul [NY-20]
- Rep Upton, Fred [MI-6]
- Rep Vargas, Juan [CA-51]
- Rep Zinke, Ryan K. [MT]
- Rep. Reed, Tom [NY-23]

Rep. Louise Slaughter [NY] Dear Colleague Letter

72 House Members (and counting) are collectively writing Chairman Kline and Ranking Member Scott:

"We strongly encourage the Committee to reauthorize the longstanding Federal Perkins Loan Program, which is a great benefit to students, higher education, and our country as a whole."

Information Is Power!

Perkins After Oct. 1, 2015

- If no extension or reauthorization:
  - Disbursements: AY15-16: second disbursements OK if first made by 10/1/15
  - Restrictions on continuing students
- Like NASFAA, COHEAO offered to work with ED on the process of winding down the program if necessary
- **We don't plan on it coming to that!**

Here's the Situation

- HEA: Perkins Federal recall commences October 1, 2015, unless Congress acts before then
- Congress: plans to extend all HEA programs, including Perkins, in September, 2015
- BUT: Congressional Budget Office says Perkins extension will costs millions
- BUT: Some 18 extensions 2004-2008 resulted in NO cost scored by CBO
- What Gives?

Which Way Will They Go?

HEA Related Bills
Sen. Alexander's FAST Act, S. 108

Financial Aid Simplification and Transparency Act: Sponsored by Lamar Alexander (R-TN) and Michael Bennett (D-CO) and 4 others

- Reduces FAFSA to two questions
- Three loan types: undergrad, graduate, undergrad parents
- No SEOG or Perkins Loans
- Instead of Grad PLUS
  - Limits of $30,000 in annual Graduate Loans
  - Aggregate Limit - $150K not counting Undergrad Loans
- Eliminates in-school interest subsidies for Stafford
  - Idea broadly popular
- Undergrad limits to $8,000/year; $37,500 total

HEA Related Bills
Sen. King & Burr: The Repay Act, S. 85

The Repay Act: Sponsored by Sen. King, Sen. Rubio and 10 others including Alexander and Burr

- Lamar & Richard, Not Hamilton and Aaron

- Simplifies repayment plans to IBR and a standard 10-year plan
  - Repayment simplification also broadly popular
- Forgiveness at 25 years for up to $57,500, current maximum cap for undergraduate borrowers.
- IBR available for all, no tax on forgiven part
- 15% of income over 150% of poverty level
- Make IBR easier

➡ ED already acted on its own – "REPAYE"

Additional Student Loan Bills

- Bank on Students Emergency Loan Refinancing Act, S. 793– Sen. Warren (D-Mass.), Rep. Courtney (D-Conn.)
  - Allows for refinancing of federal, private loans at 2013-14 federal interest rates
- SL Borrower Bill of Rights Act S.840 – Sen. Durbin (D-Ill.) – Private Loan Oriented
  - Sets new loan disclosure requirements, sets order of payments, more info and benefits for service members and vets, school certification

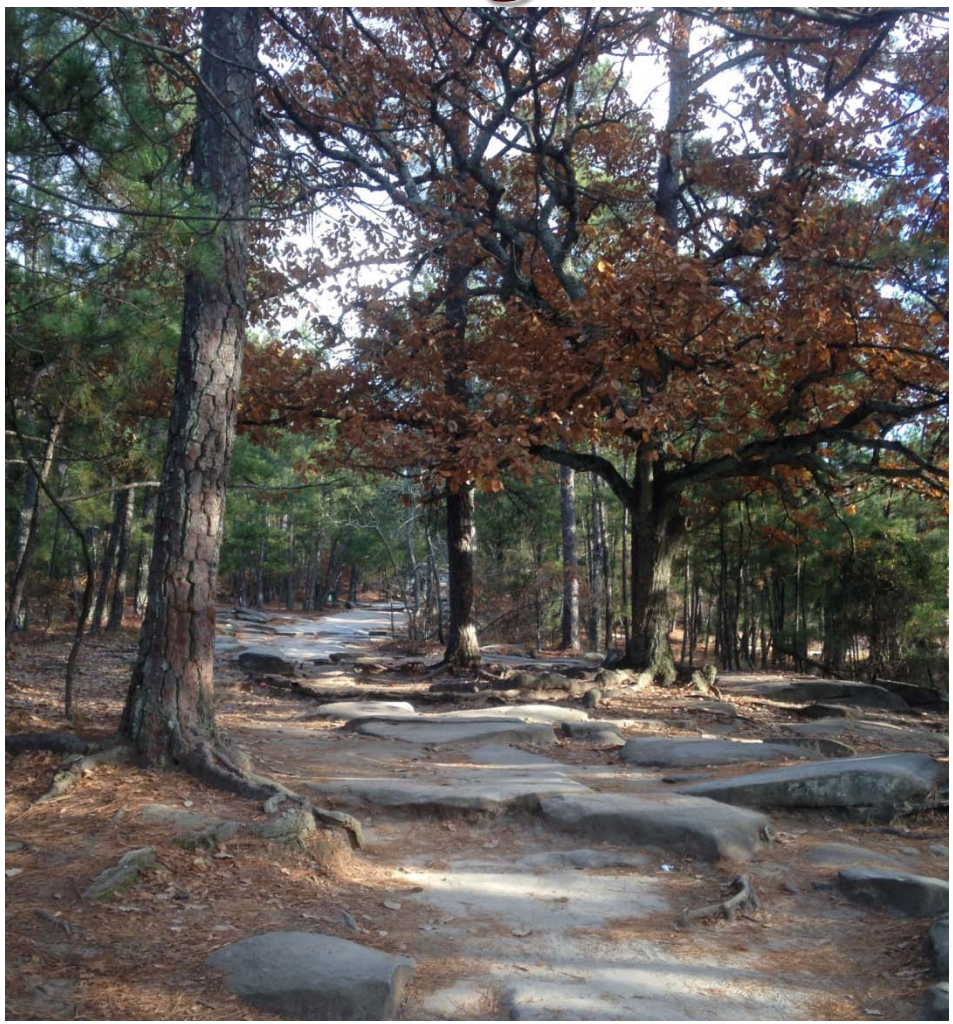
Other Proposals On the Table

- Protect Student Borrowers Act S. 1102 Sen. Jack Reed (D-RI), H.R. 2364, Rep. John Carney (D-DE)
  - Requires default risk sharing by schools with CDR above 15%
- SL Borrower Bill of Rights, HR. 1352, Rep. Wilson (D-FL)
  - Federal loan oriented
  - Bankruptcy discharge without undue hardship
  - 6-year statute of limitations on collection lawsuits (Direct, FFELP and Perkins loans)
  - No AWG, seized tax refund, loss of license
  - Parent PLUS IBR, no tax on forgiven debt

House Views

- As of now, Chairman John Kline (R-MN) of House Education and Workforce also says he wants simplification
  - Subcommittee Chairwoman Foxx open-minded
  - Final decisions not yet made in House
  - Budget scoring is an issue
- New Ed &Workforce top Democrat is Bobby Scott of Virginia

Moving On…



ED Neg Reg 2014: "Program Integrity"

- COHEAO worked with negotiators representing school interests
- NPRM Published May 18, 2015
  - COHEAO joined NACUBO on Comment with NAICU, NASFAA, AACC, ACCT, NACCU
  - Final regs by Nov. 1, 2015, effective July 1, 2016
  - Regulatory over-reach in restricting relationship between schools, financial institutions over Title IV refunds.

CFPB – Always Busy

Consumer Financial Protection Bureau:

- COHEAO is representing schools and vendors on issues related to A/R, disclosures and collections
- Collections biggest complaint category, but down 7%
- Complaint narratives published on web site
- Context lacking. RFI just out on complaint data normalization, deadline Aug. 30.
- Separate portal for complaints on private student loans (institutional included)
- COHEAO commented, critiquing plan to post unverified complaint narratives
- COHEAO commented on RFI on student loan servicing July 13, 2015

Hoping for a Safe Landing…

TCPA – FCC Offers Little Help

- Telephone Consumer Protection Act– should permit ethical use of predictive dialers for calling cell phones for non-marketing purposes
  - Notifications to students on important issues such as to complete class registration, emergencies, etc…
  - Collection of campus debt (A/R and institutional loans)
  - COHEAO commented at least 5 times, attended numerous meetings at FCC seeking relief
  - Answer: No
- Future = More Lawsuits

FCC Order Highlights

- Predictive dialer definition expanded: if it has the capacity, it is one
- Rotary phones excepted (really?)
- Re-assigned numbers: one bad call, that's all
  - But OK to sue the customer who doesn't tell
- President's student loan proposal: Nope
- Consent can be cancelled at any time by any means except semaphore, smoke signals
- Text message = call under TCPA
- Some healthcare or fraud-related calls OK

TCPA/FCC Background

- Political split at FCC is always 3-2 in favor of President's party
  - Deep ideological divisions over TCPA
- Three Democratic Commissioners close to consumer groups
  - Don't want "flood gates" opened to robocalls at all hours
- Two Republicans strongly supported many of the industry petitions for change
  - 1991 law needs updating

Alternate Reality 1: Majority Comments

- "Today we help Americans hang up on nuisance calls…. we give consumers their peace back." – Chairman Wheeler
- "Today's efforts will bring a little more relief from commercial solicitation, a little more quiet in our homes, and a little more peace to the dinner hour." – Commissioner Rosenworcel
- "We will maintain the consumer protections the Act intended."– Commissioner Clyburn

Alternate Reality 2: Dissenters

- "Today's order offers companies fake relief instead of a solution… Equipment that could conceivably function as an autodialer in the future counts as an autodialer today." – Commissioner O'Reilly
- "TCPA has become the poster child for lawsuit abuse, with the number of TCPA cases filed each year skyrocketing from 14 in 2008 to 1,908 in the first nine months of 2014... Rather than focus on the illegal telemarketing calls that consumers really care about, the Order twists the law's words even further to target useful communications between legitimate businesses and their customers."- Commissioner Pai

Next Steps With TCPA

- Lawsuits filed already by ACA International, others, to stop the FCC Order
- More in Higher Ed Community getting involved
- Legislative initiative slowly restarting
  - Difficult path to change the law

The Journey Is Long, But We Will Not Waiver

Perkins Loans: Is There A Future?

- YES! COHEAO has a long-running grassroots campaign to extend Perkins going forward
- Congress seems to be leaning towards figuring out a way to do it
- Department of Ed watching Congress to see what happens
  - ED: will consider Perkins to be part of a blanket HEA extension

Sunrise or Sunset?

Questions…

Contact Information

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