The Torch

May 8, 2015

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

COHEAO

- **Sign Up Today for COHEAO's May 12 Webinar, "One Stop Shop"**
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  On May 5, institutional membership dues invoices were sent out to the primary account holders for each institutional membership.
- **Join Us for the 2015 COHEAO Mid-Year Conference in Chicago**
  Registration is now available for the **2015 COHEAO Mid-Year Conference**, taking place in Chicago July 26-28. Sign up today!
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  On Tuesday, Sens. Ron Wyden (D-OR), Marco Rubio (R-FL), and Mark Warner (D-VA), introduced legislation that would provide college-bound students new tools for comparing colleges and universities on measures such as total cost, likelihood of graduating, and potential earnings.

White House & Administration

- **Negotiated Rulemaking Panel Ends with Agreement on PAYE, SCRA**
  The Department of Education and a group of non-federal negotiators finished their final three-day round of negotiated rulemaking last Thursday, April 30, on modification of "Pay As You Earn" (a revised version of the current income based repayment option for student loans) and codification of sub-regulatory guidance on how to administer the Servicemembers Civil Relief Act benefits to active-duty members of the military.
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  The latest public hearing scheduled by the CFPB has been announced -- May 14th in Milwaukee with Director Richard Cordray in attendance.
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  Progressives have been pressuring Hillary Clinton to add a "debt-free" college plan to her campaign platform.
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  This afternoon, President Obama will be giving the commencement address at Lake Area Technical College in South Dakota.
- **TIGTA Says IRS Might Have Mistakenly Given Billions in Education Credits**
  The Treasury's Inspector General for Tax Administration (TIGTA) said that the IRS might have wasted more than $5.6 billion in wrongly handed education tax breaks in 2012 to more than 3.6 million taxpayers.
- **IFAP Announcements: Perkins Loan Service Cancellation Reimbursement and More**
  Recent additions to the Information for Financial Aid Professionals (IFAP) website have been made including an announcement published on May 5 with information on federal Perkins Loan service cancellation reimbursements.

Industry

- **Bridgewater State University Demanding Repayment for Perkins Loans from Decades Ago**
  Bridgewater State University says that it has billed 1,900 former students $1.9 million after they conducted an internal review and found that students "not properly separated" from the school were never billed for the money they borrowed through the Perkins Loan program.
- **Corinthian Colleges Files Bankruptcy, Remaining Campuses Shut Their Doors for Good**

On April 26, Corinthian Colleges announced that it would be shutting its 28 remaining campuses the following day.

- **New Sallie Mae Report Finds Less than Half of Parents Saving For College**
  Nine in 10 American parents believe a college education is an important investment in their child's future, yet fewer than half (48 percent) are saving for college, and those who do have a college fund are saving less than they did in past years, according to *How America Saves for College 2015*, the annual, national study released Wednesday by Sallie Mae.
- **New TG Report Says Federal Loan Entrance Counseling Does Little to Help Student Borrowers Understand Debt Management**
  A new report by TG says that the Department of Education's online loan entrance counseling module fails to properly prepare student borrowers for managing debt.

Attachments

- **COHEAO Commercial Members**
- **COHEAO Board of Directors**
- **COHEAO's Comments on Sen. Alexander's White Paper on Institutional Risk Sharing**
- **Memo on House Education and the Workforce Committee Hearing on Higher Education Regulations**
- **Memo on Senate House, Education, Labor & Pensions Committee Holds Hearing on Role of Consumer Information in College Choice**

COHEAO

Sign Up Today for COHEAO's May 12 Webinar, "One Stop Shop"

COHEAO is pleased to announce its next webinar, "One Stop Shop," on Tuesday, May 12, from 2:00-3:30 P.M. Eastern Time. The webinar will feature a presentation from Dan Odykirk, Manager of Central Michigan University's Student Service Court, a one stop shop for students and employees of the university. Sign Up Today!

Customer service is an important part in the retention of students on college campuses. This webinar will explore the origins and concepts of Central Michigan University's Student Service Court, the one stop shop that brings together the services of the Registrar's Office, Student Account Services and University Billing and the Office of Scholarships and Financial Aid. Advisors have a thorough background in each of these areas to provide students with answers and services regarding student accounts, enrollment, and financial aid. The webinar will look at the strategy, implementation, and obstacles of enacting this type of campus service.

Dan Odykirk is a graduate of Central Michigan University, where he played football and received his Bachelor of Science Degree in Business Administration. He is the proud father of a Central Michigan Alum, and has two kids currently attending the university. After working in the business sector for many years, Dan returned to his alma mater in January of 2012 to manage the Student Service Court. Dan is anticipating receiving his Masters of Science in Administration degree this May.

Register today for a webinar you will not want to miss!

COHEAO Institutional Membership is Due by July 1

On May 5, institutional membership dues invoices were sent out to the primary account holders for each institutional membership. Dues may be paid by logging into your COHEAO account: navigate to "Manage Profile," select "Invoices" under Invoicing, Payments & History. On this page, be sure to select the dues tab and your open invoice should appear with an option to submit payment.

If you are the primary point of contact for your college or university's COHEAO membership and you did not receive a notice of an open dues invoice please contact Hannah Allen at hallen@wpllc.net. Feel free to reach out to Hannah if you have any other questions pertaining to membership dues, how to submit payment or view open invoices. Institutional membership dues are due by **July 1.**

Join Us for the 2015 COHEAO Mid-Year Conference in Chicago

Registration is now available for the **2015 COHEAO Mid-Year Conference**, taking place in Chicago July 26-28. Sign up today!

Join us for informative sessions on regulatory and legislative matters, compliance, and operations in campus-based loans and student financial services. Set to take place at the beautiful **Fairmont Chicago Millennium Park** in downtown Chicago, the 2015 COHEAO Mid-Year features engaging and informative conference programming at affordable prices – which are the same as last year. Sessions planned include: COHEAO's legislative update and perspective, a Department of Education update on the budget and potential HEA reauthorization, Perkins Loan Program expert panel, a discussion on financial responsibility agreements, guidance on developing an institutional loan program, and much more.

Don't wait to sign up - early bird pricing for all members is $460, and the institutional non-member fee is $560 until June 12. The institutional non-member fee is $560 until June 12, and the commercial non-member rate is $1,610. Fees increase by $50 to the standard rate after June 12.

COHEAO has also secured a good rate for a single or double room in central Chicago at **$189 per night** at the Fairmont for all conference delegates that book their rooms by July 2. Rooms are available in limited amounts three days before or after the dates of the conference, and the COHEAO rate includes free internet access in guest rooms and free access to the fitness center. Follow the link here to book your room. You may also call the hotel to make reservations - be sure to mention you are attending COHEAO's Mid-Year Conference - at 1 (800) 441-1414.

Click here for more details on a program that is sure to be informative and engaging. We hope to see you in the Windy City this July for another fantastic COHEAO Mid Year Conference! Register today!

Please contact Hannah Allen with any questions: hallen@wpllc.net

COHEAO Hosts Webinar on Indiana University's Approach to Improving Financial Literacy

Last week, COHEAO hosted a webinar, "Improving Student Financial Literacy: A Closer Look at the Indiana University Approach," in honor of Financial Literacy Month. Financial literacy has become an increasingly important part of our organization and it will be a key topic at COHEAO's Mid-Year conference.

The success of Indiana University's program has been a result of changes to University Financial Aid "business practices" (e.g., implementation of the "debt letter") and the creation of the IU MoneySmarts program, which provides financial education to students through multiple channels designed to make the subject more approachable. The program is also receiving national attention--it has been highlighted by Sens. Joe Donnelly (D-IN) and Tim Scott (R-SC) as a potential model to be implemented nationwide with the *Empowering Student Borrowers Act*.

Katie Campbell, legislative assistant for Senator Donnelly, started off the webinar explaining the *Empowering Student Borrowers Act*, and her office's interest in identifying best practices in federal student loan counseling. She said the legislation asks the Department of Education to maintain a list of best practices but does not issue any new mandates.

Phil Schuman, IU's Director of Financial Literacy, then gave an informative presentation that drew on his experience managing and implementing a wide range of financial education programs across IU's seven campuses. Schuman explained some of MoneySmarts programming such as their website, "How Not to Move Back in With Your Parents" podcast, a "required" online financial module for first-year students, for-credit courses, and their peer education initiative. He said that throughout their experience, IU has learned that simplicity sells and that subliminal financial education is a great method to enhance knowledge. He explained that continual interaction with materials throughout students' college careers and short financial lessons have proven to be powerful tools.

One of IU's most successful business practices is their student debt letter that is e-mailed to students every year and helps make borrowing more transparent. The goal of the letter is not to scare students away from borrowing, but rather to encourage them to borrow efficiently. Between fall 2012-2013, IU has seen a borrowing reduction of 12.4 percent.

If you are interested in viewing an archived version of the presentation, please contact Hannah Allen (hallen@wpllc.net)

COHEAO's Grassroots Efforts Continue, Showing Signs of Promise

COHEAO's grassroots efforts continued over the past two weeks, with multiple positive developments relating to the preservation of the Perkins Loan Program.

During the House recess, Rep. Paul Tonko (D-NY) held a two-hour meeting (yes, two hours!) on the preservation of the Perkins Loan Program. Tonko is very supportive of the program, particularly after from aid administrators and students on the importance of maintaining Perkins Loans.

Here in Washington, the COHEAO offices have learned from multiple offices they are hearing from numerous groups on the importance of maintaining Perkins. The latest is the National Education Association (NEA), which is the largest teachers union in the country.

Additionally, the Pennsylvania Association of Financial Aid Administrators (PASFAA) and the Southern Association of Financial Aid Administrators (SASFAA) are both coming to town this month with plans to discuss preserving Perkins with their respective delegations. Between COHEAO's efforts, the work of administrators, and engaging students, the movement to save Perkins Loans is gaining momentum.

If you would like to be a part of COHEAO's advocacy efforts, please contact Hannah Allen of the COHEAO staff (hallen@wpllc.net).

Top News

Special Attachment: COHEAO Comments on Sen. Alexander's White Paper on Institutional Risk Sharing

COHEAO recently submitted a comment to the Senate Health, Education, Labor and Pensions (HELP) Committee in response to Chairman Lamar Alexander's (R-TN) white paper on institutional risk sharing on federal student loans. The paper was submitted by Maria who had significant help in the drafting from Wes and Pam.

We have learned that NASFAA submitted a response also suggesting that Perkins is a model for risk sharing and a community letter, organized by the American Council on Education, took a similar approach. The ACE letter is also included as a special attachment with today's edition.

In our response, COHEAO asserts that the simplest way to expand institutional risk-sharing is to expand the Federal Perkins Loan Program. We explain that the program was designed for institutions to play a central role, bearing significant risk by matching Federal Capital Contributions and maintaining a hands-on relationship with student borrowers throughout origination and repayment of the loans. Participating schools are invested not only because of the institutional match (direct financial skin-in-the-game), but also because of the program's revolving fund—if the fund isn't replenished, schools have fewer dollars to lend (risk-sharing). The paper states expanding Perkins could both increase risk-sharing between institutions and the federal government as well as provide a mechanism to offset the potential increased debt load for certain borrowers, which may result from the possible elimination of subsidized Stafford Loans as proposed in the Financial Aid Simplification and Transparency (FAST) Act.

In addition, COHEAO attached our Campus Flex Proposal to our response as an alternative to the FAST Act's "One Grant/One Loan/One Work Study" model as a foundation from which to build a model that more significantly incorporates risk-sharing concepts into federal student loans.

Lastly, the COHEAO response notes the unique nature of Perkins Loans and the relative size of the program allow for pilot programs in financial education to be implemented rather easily. The letter states that the program provides an opportunity to develop a strong baseline of research on the impact of financial education initiatives on student loan repayment, and urge Congress to explore an incentive mechanism for colleges and universities to take a more active role in helping students manage student debt using the Perkins Loan Program.

The full response is attached to this week's edition of The Torch.

Congress

Congress Passes Budget Resolution

Last Thursday April 30, the House passed the conference report on a budget for FY2016 in a partisan vote of 226-197. All Democrats present voted no, along with 14 fiscal hawk Republicans. On Tuesday, the Senate voted to approve the budget plan, making it the first joint congressional budget plan to pass in the past six years. The plan would cut spending by $5.3 trillion.

The resolution passed despite the defections over increased defense spending. Demands for defense spending by some Republicans in the House and Senate were met by using a special off-budget fund created for war expenses. That tactic drew fire from fiscal hawks who called it a gimmick, including Sen. Bob Corker (R-TN), who held up the conference report for a few days in the Senate in protest.

The deal does not require a presidential signature and is not a law, but simply a congressional plan. However, it does have reconciliation instructions telling the committees with jurisdiction over the Affordable Care Act (Obamacare) to pass measures saving money by repealing the law. A Supreme Court decision will affect this, but any such bill will almost certainly be vetoed by President Obama.

The measure includes the requirement that student loan legislation be scored using fair value accounting in addition to Federal Credit Reform Act accounting, leaving it to the Budget Committee chairmen to determine which methodology is used in consideration of legislation affecting federal credit programs. Many members of the higher education community oppose fair value accounting because of concerns it will lead to interest rate increases or other changes to the federal student loan programs. Though it is difficult to oppose an accurate assessment of risk in calculating the costs of federal credit programs, fair value accounting does make it less likely that a cut in federal loan interest rates can pass.

The higher education community is also concerned about the resolution because it contemplates elimination of automatic (mandatory) Pell Grant funding, shifting the program back to being all subject to annual appropriations (discretionary), as it was until 2007. Some advocates worry that this shift back would make Pell Grants vulnerable to budget cuts.

The Committee for Education Funding sent a letter to Congress on Thursday, predicting the change would lead to cutting the maximum Pell award to $4,860- a reduction of $915 or 15.8 percent, from the $5,775 maximum in place for the upcoming academic year. That represents that share of the grants that is automatically funded. The resolution actually calls for a $5,775 maximum grant using discretionary appropriations only, a level that will be difficult to achieve.

The Chronicle of Higher Education reports, "The plan also assumes that appropriators will abolish the in-school interest subsidy on Stafford student loans, reverse a recent expansion of income-based repayment, and end public-sector loan forgiveness. For undergraduate students who borrow the maximum $23,000, that would raise their total debt by $4,900 over 10 years, a 16-percent increase, according to the Committee for Education Funding."

From S. Con. Res 11:

> ***SEC. 3105. FAIR-VALUE CREDIT ESTIMATES***.
>
> > *(a) FAIR-VALUE ESTIMATES .—Upon the request of the Chairman of the Committee on the Budget of the Senate or the Chairman of the Committee on the Budget of the House of Representatives, any estimate prepared by the Congressional Budget Office under title V of the Congressional Budget Act of 1974 (2 U.S.C. 661 et seq.) of the cost of a measure shall include, when practicable, an additional estimate of the cost, measured on a fair-value basis—*
> >
> > > *(1) in the Senate, for any bill, joint resolution, amendment, amendment between the Houses, conference report, or motion; and*
> > > *(2) in the House of Representatives, for any bill or joint resolution, or amendment thereto or conference report thereon.*
> >
> > *(b) ESTIMATES FOR HOUSING AND STUDENT LOAN PROGRAMS.— Any estimate prepared by the Congressional Budget Office under title V of the Congressional Budget Act of 1974 (2 U.S.C. 661 etseq.) of the cost of a provision in a measure relating to a housing, residential mortgage, or student loan program shall include an additional estimate of the cost, measured on a fair-value basis—*
> >
> > > *(1) in the Senate, for any bill, joint resolution, amendment, amendment between the Houses, conference report, or motion; and*
> > > *(2) in the House of Representatives, for any bill or joint resolution, or amendment thereto or conference report thereon.*
> >
> > *(c) ENFORCEMENT IN THE HOUSE OF REPRESENTATIVES.—If the Director of the Congressional Budget Office provides an estimate pursuant to subsection (a) or (b), the Chairman of the Committee on the Budget of the House of Representatives may use such estimate to determine compliance with the Congressional Budget Act of 1974 (2 U.S.C. 621 et seq.) and other budgetary enforcement controls.*

Special Attachment: House Education and the Workforce Committee Hearing on Higher Education Regulations

On Thursday April 30, the House Education and the Workforce Subcommittee on Higher Education and Workforce Training held a hearing on "Improving College Access and Completion for Low-Income and First-Generation Students." Witnesses were Laura Perna, Executive Director of the Alliance for Higher Education and Democracy at the University of Pennsylvania, Charles Alexander, Associate Vice Provost for Student Diversity at UCLA, Michelle Cooper, President of the Institute for Higher Education Policy, and Joe May, Dallas County Community College District Chancellor.

Chairwoman Virginia Foxx (R-NC) opened the hearing by stating "higher costs, a confusing financial aid system and insufficient academic preparation disproportionately deter low-income and first-generation students from accessing and completing a higher education." She spoke about her concerns that efforts to increase access for low-income and first-generation students are not reaching their goals and her frustration on the lack of progress over the past few decades.

All of the witnesses and several committee members spoke of the need for increased Pell Grant funding and flexibility. Much attention was given to the early college high school programs as a potential solution to increasing access to lower-income and first-generation students. Panelists also focused on the importance of maintaining and increasing funding for programs such as TRIO and GEAR UP and highlighted the success of counseling and mentoring initiatives.

A full report is attached to the Torch.

Rep. Waters and Sen. Durbin Introduce "CLASS Act"

Last Thursday April 30, Rep. Maxine Waters (D-CA) and Sen. Dick Durbin (D-IL) introduced legislation designed to strengthen students' legal rights and protection. The bill, entitled the *Court Legal Access & Student Support (CLASS) Act*, prohibits any school receiving student aid funding from the Department of Education from including any restrictions on students' ability to pursue legal claims, individually or with others, against higher education institutions in court.

Rep. Waters' press release notes, "The CLASS Act is an attempt to end the growing, strategic use of mandatory arbitration and class action waiver clauses in enrollment agreements by Corinthian Colleges and other institutions. If this bill had been law in the last several years, students defrauded by the now-failed Corinthian Colleges would have been able to seek redress from the courts and relief directly from the school."

The legislation is supported by a number of consumer and student advocates including the Center for Responsible Lending, National Association of Consumer Advocates, The Institute for College Access and Success, Consumers Union, and more.

For more information, see: http://waters.house.gov/news/documentsingle.aspx?DocumentID=397882

Sens. Portman and Warner Introduce "Go to High School, Go to College Act"

Last Tuesday April 28, Senators Rob Portman (R-OH) and Mark Warner (D-VA) introduced bipartisan legislation, the *Go To High School, Go To College Act*, which will increase college access for low-income students by incentivizing them to earn college credits in high school through the Pell Grant program.

The act would allow Pell grant funding for eligible students to be used for transferable college credits, including core general education requirements, that students complete in an early college program.

The act would provide students the opportunity to simultaneously pursue a high school diploma while earning college credits tuition-free up to an associate's degree. Representatives Marcia Fudge (D-OH) and Chris Gibson (R-NY) introduced an identical version of this legislation in the House.

For more information, see: http://www.portman.senate.gov/public/index.cfm/press-releases?ID=38bf9865-992e-4f8d-98ca-5872cfe31116

Special Attachment: Senate House, Education, Labor & Pensions Committee Holds Hearing on Role of Consumer Information in College Choice

On Wednesday, the Senate Health, Education, Labor, and Pensions Committee held a hearing, "Reauthorizing the Higher Education Act: The Role of Consumer Information in College Choice." The hearing was a follow-up to the Committee's white paper on consumer and federal disclosures.

Chairman Lamar Alexander (R-TN) opened the hearing explaining that the day's purpose was to provide insight into what information prospective students want and need to know in order to make their college choice and to examine whether that matches with all the information that federal law requires colleges and universities to collect. Alexander said that the government does a better job collecting information from schools then it has done in sharing that information with students. He suggested that the federal government enable others to take this information and make it useful, rather than trying to do it themselves.

Ranking Member Patty Murray (D-WA) said that a lack of clear consumer data makes it difficult for students to navigate college options and that Congress must work to improve the current system to collect this data. She said, "Students need to easily see accurate information on: how much they will pay and borrow, the amount they'll earn if they complete their degree, and their chances of succeeding."

Witness Dr. Mark Schneider, Vice President and Institute Fellow, American Institutes for Research, and President, College Measures, said that Americans must break their "bachelor's addiction" and explained that subbaccalaureate degrees can lead to earnings that will place students in the middle class and sometimes lead to jobs with salaries higher than those of students with a bachelor's degree.

Schneider was one of the speakers at COHEAO's Annual Conference this year. He suggested merging Federal Student Aid (FSA) data with IRS income data to provide relevant and useful information on post-degree outcomes. Schneider also stressed the importance of collecting and presenting data on a program level rather than just an institutional level.

All of the panelists agreed that using data that focused on long-term student outcomes would be critical in helping students find their best fit college program. Panelists also agreed on the need for simplifying the FAFSA and requiring schools to post net price calculators on their websites. Alexander indicated plans for the Committee to take up an HEA reauthorization bill this fall. The Chairman also announced the next hearing on reauthorizing the Higher Education Act would take place on Wednesday, May 20.

A full report is attached to The Torch.

Reed, Durbin, Warren, Murphy Introduce "Protect Student Borrowers Act of 2015"

Last week, Sens. Jack Reed (D-RI), Richard Durbin (D-IL), Elizabeth Warren (D-MA), and Chris Murphy (D-CT) introduced the *Protect Student Borrowers Act of 2015* (S.1102). The bill would require institutions to assume some of the financial risk of student loan default based on the percentage of their graduates and former students who default on their loans.

This legislation will also provide incentives and support for institutions to assist their students to effectively manage their debt and reduce defaults. Reed has introduced similar legislation several times previously, but it has never passed.

Reed also led the charge this week in calling on the Obama Administration to institute a one-stop student loan complaint system at the Consumer Financial Protection Bureau (CFPB). In a letter authored by Reed, Warren, Durbin, and Sen. Sherrod Brown (D-OH), the Senators urged Shaun Donovan, the Director of the White House Office of Management and Budget (OMB) to consider using an existing system at the CFPB to help students and borrowers resolve problems with their federal and private student loans, as well as issues with institutions of higher education.

For more information, see: http://www.reed.senate.gov/news/releases/reed-leading-effort-to-protect-student-borrowers

Wyden, Rubio, Warner Introduce "The Student Right to Know Before You Go Act"

On Tuesday, Sens. Ron Wyden (D-OR), Marco Rubio (R-FL), and Mark Warner (D-VA), introduced legislation that would provide college-bound students new tools for comparing colleges and universities on measures such as total cost, likelihood of graduating, and potential earnings. *The Student Right to Know Before You Go Act* would, for the first time, make publicly available key facts for each college and university, including earnings data for graduates, graduation rates for non-traditional students, transfer rates, frequency with which graduates go on to pursue higher levels of education, and debt levels.

Under the bill, this information would be made available online in an easily accessible format. Individual privacy would be strictly maintained with safeguards to ensure that no personally identifiable information could ever be disclosed. The system would also be subject to audits to ensure data quality, validity and reliability.

"There's no question that a college degree is worth it, but students and their families today are forced to make their higher education decisions with unacceptably little information," Wyden said. "College is one of the most important and expensive investments people make in their lifetime. It's only fair and reasonable that students can compare schools and programs of study based on outcomes and cost. This bill is a big step forward in providing that critical information so students can make the best and most clear-eyed decision possible."

The Know Before You Go Act is sometimes referred to as "Wyden-Rubio," as it has been introduced multiple times across multiple Congresses. The legislation often faces opposition from institutions of higher education, particularly private colleges, over privacy concerns.

For more information, see: http://www.wyden.senate.gov/news/press-releases/wyden-rubio-warner-introduce-the-student-right-to-know-before-you-go-act

White House & Administration

Negotiated Rulemaking Panel Ends with Agreement on PAYE, SCRA

The Department of Education and a group of non-federal negotiators finished their final three-day round of negotiated rulemaking last Thursday, April 30, on modification of "Pay As You Earn" (a revised version of the current income based repayment option for student loans) and codification of sub-regulatory guidance on how to administer the Servicemembers Civil Relief Act benefits to active-duty members of the military.

Negotiators reached consensus with the Department on a set of draft regulations expanding Pay As You Earn (PAYE) – the most generous income based repayment system -- to all undergraduate borrowers.

The revised program, now dubbed REPAYE (Revised PAYE), allows for all borrowers of undergraduate loans, not just those who borrowed in a certain timeframe, to qualify for loan forgiveness after 20 years of payments in PAYE. A borrower whose debt includes any graduate or professional school loans must make payments for 25 years before qualifying for forgiveness. Required monthly payments are limited to 10 percent of income for all participating in the program.

Married borrowers would no longer be able to lower their payments by excluding their spouse's income, although separated borrowers and victims of domestic violence would still be able to pay based on their income alone.

Many of those in income-based repayment are dropped from it, returning to the fixed-payment, standard 10-year plan, because they fail to send the government information on their annual income each year. Many borrowers apparently don't open mail from their student loan servicers, thinking it's routine when in fact it's a notice about submitting their information. Reminders are now going to be sent directly from the Department in the hope that a communication from the government will have more impact than one from a student loan servicing company.

Draft rules are supposed to be published in July and the ED's final package by November 1.

CFPB Schedules Public Hearing May 14

The latest public hearing scheduled by the CFPB has been announced -- May 14th in Milwaukee with Director Richard Cordray in attendance. No witnesses or other information was released, but the hearing likely will be focused on student loan issues. Among the issues that the CFPB has been concerned with are complaints of all types issued via its complaint portal, with a special focus on for-profit schools. It is also concerned with ensuring consistent and accurate reporting of student loan information to credit bureaus. A live video of the event will be streamed on the agency's blog.

For more information, see: http://www.consumerfinance.gov/blog/

ACLU and NCLC File Public Records Request with ED on Debt Collection

The American Civil Liberties Union (ACLU) and National Consumer Law Center (NCLC) filed a public records request with the Education Department on Thursday to examine whether its debt collection practices disproportionately harm minority students and violate those borrowers' constitutional rights.

Politico reports, "The filing contains 20 separate requests, touching on borrower delinquency and default rates, garnishment and offset proceedings, correspondence with collection agencies, and a damning Office of Inspector General report on the handling of borrower complaints against those agencies."

For the full request, see:
https://www.aclu.org/sites/default/files/field_document/2015.05.07_aclu_nclc_foia_to_dept_ed.pdf

Clinton Aide Floats Debt-Free College

Progressives have been pressuring Hillary Clinton to add a "debt-free" college plan to her campaign platform. Though the presumed Democratic frontrunner has yet to public endorse such a plan, Robby Mook, Hillary Clinton's campaign manager, hinted at it in a recent interview with *CNBC*. Mook said in the interview, "What voters are looking for in this election is someone who's going to be a champion for everyday people, for young people that's debt-free college, that's finding that job after you graduate."

The campaign has refused to elaborate on what that means specifically for now. It remains unclear Clinton will give a full endorsement to debt-free college, but it could be an issue where she stakes out ground to the left of President Obama.

For the Robby Mook's interview, see: http://video.cnbc.com/gallery/?video=3000377155

President to Give Commencement Address at Lake Area Technical College

This afternoon, President Obama will be giving the commencement address at Lake Area Technical College in South Dakota. The President will speak on the importance of making community college available to all responsible students as part of his America's College Promise Campaign.

In a news release published yesterday, the White House highlights some of the President's efforts in expanding higher education opportunity. The news release criticizes the Republicans budget plan, claiming that it will rescind many of the President's gains in college affordability among other investments that benefit students and their families.

The news release reads:

The budget blueprint agreed to by House and Senate Republicans last week would eliminate $90 billion in dedicated Pell Grant funding and let the American Opportunity Tax Credit expire after 2017 – resulting in a tax increase on millions of students and families.

And the Republican budget does nothing to end the harmful effects of sequestration, capping discretionary funding for education and other key areas we need to strengthen the economy and expand opportunity.

The president is scheduled to give his remarks today at 5:30 p.m. EST.

TIGTA Says IRS Might Have Mistakenly Given Billions in Education Credits

The Treasury's Inspector General for Tax Administration (TIGTA) said that the IRS might have wasted more than $5.6 billion in wrongly handed education tax breaks in 2012 to more than 3.6 million taxpayers. The inspector general said the IRS had been previously warned that billions of dollars on education credits were being mishandled but that nothing was done to fix the system.

"The IRS still does not have effective processes to identify erroneous claims for education credits," Russell George, Inspector General for Tax Administration, said in a statement.

The IRS responded to the IG's claims asserting the report was overstating the amount of money that was wrongly given out for education credits, and that it had "taken a number of steps" to protect the incentives. However, the IRS did note that it still had room for improvement in distributing education credits.

The Hill reports, "In its statement, the agency asked Congress to both streamline the preferences for education, and to give it more tools to check student eligibility for the incentives. 'IRS efforts in this area are hampered by the complexity of laws affecting education credits,' the agency said, before noting that its budget had been cut by more than $1 billion in recent years. 'We simply do not have enough resources to audit every questionable credit,' the IRS said. The inspector general said that the IRS wrongly awarded education incentives in a variety of ways."

The federal watchdog claims that more than two million taxpayers received education credits without the required tax form and that approximately 1.6 million received tax breaks for students attending ineligible institutions of higher education. He also said that hundreds of thousands received education credits for more than four years or while attending schools less than half time, both requirements of the American Opportunity Tax Credit.

For more information, see: http://thehill.com/policy/finance/241071-watchdog-irs-wrongly-gives-billions-in-education-credits

IFAP Announcements: Perkins Loan Service Cancellation Reimbursement and More

Recent additions to the Information for Financial Aid Professionals (IFAP) website have been made including an announcement published on May 5 with information on federal Perkins Loan service cancellation reimbursements. The announcement reads:

Subpart D of the Federal Perkins Loan (Perkins Loan) Program regulations sets forth the conditions for service-based cancellation of borrowers' Federal Perkins Loans. A Perkins Loan borrower may have all or part of his or her loan cancelled for certain employment in teaching, military service, law enforcement or corrections officer service, service as a nurse or medical technician, Head Start service, service to certain types of high-risk children, volunteer service, and additional service fields. Under the regulations at 34 CFR 674.63, the Secretary reimburses an institution for all or part of the principal and interest cancelled during an award year under these provisions.

The Consolidated and Further Continuing Appropriations Act, 2015 (Pub. L. 113-235) enacted on December 16, 2014 appropriated funds for Fiscal Year 2015 for the Campus-Based programs. Pub. L. 113-235 did not allocate funds for 2013-2014 Federal Perkins Loan service cancellation reimbursements. As a result, there will be no reimbursement payments issued this year. However, we will calculate the 2013-2014 reimbursement payment for which an institution would have been eligible to receive (using the process explained below) and maintain a record of that amount.

***Reminder:** Although Federal Perkins Loan service cancellations are not funded, institutions must still offer and apply applicable cancellations to borrowers.*

<u>Calculation of a Perkins Loan Program Service Cancellation Reimbursement</u>

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

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

***Reminder:** Both reimbursement calculations are based on 2013-2014 information reported on the 2015-2016 Fiscal Operations Report (FISAP) (Part III, Section A, field 35 for the Defense Loan Program and fields 36 through 48 for the NDSL and Perkins Loan programs). If an institution has questions about the reported amounts, the institution should review its 2013-2014 data reported on its 2015-2016 FISAP on the Self-Service page of the eCampus-Based (eCB) Web site.*

As part of the calculation process, we are reviewing validation errors for the cancellation categories in the 2013-2014 data on the 2015-2016 FISAP, Part III, Section A. If an institution's 2013-2014 data on the 2015-2016 FISAP has validation errors in this area, it may be contacted by the Campus-Based Call Center for resolution.

The full announcement can be found here:
http://ifap.ed.gov/eannouncements/050515FedPerkinsLoan1314SeviceCancelReimb.html

Other new FSA IFAP announcements include:

- Record Submission Due Date for 2013-2014 Direct Loan Program Year Closeout Link
- Federal School Code List of Participating Schools Link
- Overview of May 2015 Enhancements to the FAFSA on the Web Site Link

Industry

Bridgewater State University Demanding Repayment for Perkins Loans from Decades Ago

Bridgewater State University says that it has billed 1,900 former students $1.9 million after they conducted an internal review and found that students "not properly separated" from the school were never billed for the money they borrowed through the Perkins Loan program. The school's attempt to collect money taken out decades prior has angered many of its former students. These students are arguing that they had repaid these debts years prior.

"I believe I paid this bill but, of course, have no records dating back 26 and 23 years ago. I can't even remember what bank I was doing business with at that time," said Luigina Coco, who received bills for loans from 1989 and 1993.

The collection letters informed the former students that if they failed to pay the amount they owed, their credit would be damaged. Many are attempting to convince Bridgewater State to back down rather than pay old debts they believe they do not owe.

The majority of the loans are in the $500 to $600 range. The old loans date back to 1979, but sixty percent of the loans being collected were granted in a 10-year period between 1984-1994. Because this is a federal student loan, there is no statute of limitations and *The Boston Globe* points out, "the law that applies to Perkins Loans puts considerable pressure on educational institutions to go after unpaid loans."

Some of the former students have reached out to Senator Elizabeth Warren's office for help. Warren's staff said they are aware of the situation and are looking further in to it.

According to *Enterprise News*, "Some affected former students have questioned the timing of the 'glitch' they said occurred close to the time when former BSU president Gerard Indelicato resigned after pleading guilty to embezzling federal funds from an adult education program he ran."

However, Gaffney said the old loans date back prior to former president Indelicato and that many loans originated after he resigned.

COHEAO will continue to monitor this situation and provide you with any updates we receive. Bridgewater State stopped participating in the Perkins Loan program last year

For coverage from *Enterprise News*, see:
http://www.enterprisenews.com/article/20150428/NEWS/150426458/1997/NEWS

Corinthian Colleges Files Bankruptcy, Remaining Campuses Shut Their Doors for Good

On April 26, Corinthian Colleges announced that it would be shutting its 28 remaining campuses the following day. The letter from the for-profit chain explained that it would be closing because it had failed to find a buyer and had been ordered by federal and state regulators to stop enrolling students at some locations. Additionally, the Department of Education had fined the company $30 million this month. The company had continued to operate its Heald Colleges in California and a few other states after selling most of its campuses to ECMC, the non-profit guaranty agency, in 2014.

Corinthian's decision to shut its doors may also come with a hefty cost to taxpayers, as the U.S. Department of Education discharges federal student loans of students attending a school that closes while they are enrolled. The approximately 16,000 current Corinthian students may be eligible for this type of discharge unless they choose to transfer their credits to another institution. It remains unclear how much Corinthian's recent closure will cost taxpayers in loan discharges. Some estimates put the figure as high as $200 million. The company and federal officials said they are both working with other colleges to help the Corinthian students find other educational opportunities near their locations.

Several questions remain as the company continues to face legal and regulatory challenges. The Department is also trying to figure out how to deal with debt relief for former Corinthian students. Officials have yet to announce how they will respond to claims of debt relief, although last week, Education Secretary Arne Duncan said that loan forgiveness for those students is still a possibility.

On Monday, Corinthian Colleges Inc. filed for bankruptcy with $143 million in debts and $19.2 million in assets. Five years ago, the institution had a total of nearly $1.4 billion in assets. A group of Corinthian College students were planning to file legal action this week against the school but their plan was put on hold due to the bankruptcy announcement. There is also an existing lawsuit against the company filed by California Attorney General Kamala Harris in 2013.

The collapse and now bankruptcy of Corinthian Colleges has further ignited a political battle over student debt relief. The Department of Education must decide how to structure a debt relief process, which will likely have long-term effects on student loan borrowers regardless of whether they attended Corinthian's schools. At a press conference on Monday, Senator Dick Durbin of Illinois advocated for the Department of Education to relieve Corinthian students in his state from their federal student loans.

The National Consumer Law Center (NCLC) also continues to pressure ED to forgive Corinthian students of their federal loans. The organization wrote a letter to Secretary Arne Duncan on Tuesday, urging the Secretary to cancel the loans without requiring those students to individually prove Corinthian state law violations.

Deb Collective, the organization that is behind the Corinthian student loan strike, canceled a meeting with the Secretary of Education and the Department on Monday, believing it would be used as a "publicity stunt" to announce new rules. Organizers received words from sources that the Department planned to announce at the meeting an individualized defense-to-repayment process. Under such a proposal, students would be required to prove their case individually in order to qualify for having their loan discharged.

The collapse of Corinthian Colleges is not the only failure in for-profit higher education recently. On Wednesday, two of the largest for-profit chains announced they would be making substantial cuts and closing down campuses. Education Management Corporation (EDMC) said it would gradually phase out 15 of 52 campus locations of the Art Institutes. Furthermore, Career Education Corp. announced a broad restructuring, stating that it would close or sell all but its Colorado Technical University and American InterContinental University holdings. The news on Wednesday is the latest of several closures and selloffs of for-profit institutions.

- For coverage from *Inside Higher Ed*, see: https://www.insidehighered.com/news/2015/04/27/corinthian-ends-operations-remaining-campuses-affecting-16000-students
- For coverage from *Bloomberg*, see: http://www.bloomberg.com/news/articles/2015-04-28/corinthian-s-collapse-may-cost-taxpayers-200-million-in-loans
- For coverage about Corinthian filing for bankruptcy, see: http://www.ischoolguide.com/articles/11576/20150507/corinthian-colleges-files-bankruptcy-143-million-debt.htm
- For coverage about Debt Strikers canceling meeting, see: http://www.newrepublic.com/article/121706/corinthian-100-student-debt-strikers-blast-education-department
- For answers to questions regarding debt relief, see: https://www.insidehighered.com/news/2015/05/06/us-charts-new-debt-relief-process-implications-beyond-corinthian

- For coverage on other for-profit school closings, see: https://www.insidehighered.com/news/2015/05/07/profit-chains-announce-new-wave-closures-and-sell-offs

New Sallie Mae Report Finds Less than Half of Parents Saving For College

Nine in 10 American parents believe a college education is an important investment in their child's future, yet fewer than half (48 percent) are saving for college, and those who do have a college fund are saving less than they did in past years, according to *How America Saves for College 2015*, the annual, national study released Wednesday by Sallie Mae.

Researchers surveyed 1,988 parents and found 48 percent of parents with children under the age of 18 are saving for college, down from 51 percent last year and 62 percent in 2009. The report found that parents earmark roughly 10 percent of their total savings for college. The average amount put aside for college, however, fell to $10,040 in 2015, the lowest amount reported since Sallie Mae and Ipsos began reporting on trends in college savings. In 2014, the average amount saved was $13,408, a 25 percent drop. Of those parents saving, 62 percent say they are saving the same amount as they had last year, and another 27 percent say they are saving more. Only four in 10 parents said they were confident that they would be able to meet the future costs of college.

Nearly half of college saving families, however, continues to rely on general savings accounts while only 27 percent utilize tax advantaged accounts like 529 college savings plans.
For the press release and full report, see: http://news.salliemae.com/press-release/featured/value-college-strong-ever-yet-fewer-half-families-are-saving-college-accordin

New TG Report Says Federal Loan Entrance Counseling Does Little to Help Student Borrowers Understand Debt Management

A new report by TG says that the Department of Education's online loan entrance counseling module fails to properly prepare student borrowers for managing debt. Researchers state that the module suffers from issues of timing and content, and comes during a time of massive distraction-right at the beginning of the transition to college.

"The entrance counseling module is too ambitious. The module tries to give borrowers all the information they'll ever need, but that means including a lot of information that isn't relevant to students at the time," explained Jeff Webster, TG's assistant vice president of research. "We observed student borrowers shift from being eager to learn about paying for college to simply rushing through the counseling in order to do things they perceived to be more important."

In the study, student borrowers often said they were too busy or distracted with other campus activities to spend much time dedicated to entrance counseling. Instead, researchers point to some things that students can do to maximize the experience, such as blocking enough time to do the online counseling, writing down questions and asking the financial aid office to help understand certain terminology, and using the navigational tools to learn more about budgeting and borrowing.

Researchers also provided several recommendations to help colleges improve their students' understanding of federal loans, and for policymakers to consider as they turn to reauthorization of the Higher Education Act. Some of those recommendations include:

- Delivering supplemental counseling, ideally in a face-to-face setting, in order to help answer questions
- Providing sample budget sheets using local cost-of-living expenses
- Incentivizing responsible borrowing and financial healthy behavior
- Giving colleges and universities greater discretion to require supplemental counseling
- Providing the Department of Education more flexibility to design a better informed experience

TG's research team will publish two more reports related to student loan counseling, focusing on promising practices and programs with loan counseling this year.

For the full report, see: http://www.tgslc.org/pdf/Time-to-Every-Purpose.pdf

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April 24, 2015

Senator Lamar Alexander
Chairman
Committee on Health, Education, Labor and Pensions
United States Senate
428 Senate Dirksen Office Building
Washington, DC 20510

Dear Chairman Alexander:

The Coalition of Higher Education Assistance Organizations (COHEAO) appreciates the opportunity to offer its comments on the Committee's (3/23/2015) white paper on institutional risk-sharing, or "skin-in-the-game," in the federal student loan programs. As an organization dedicated to improving and further developing the Perkins Loan Program, COHEAO members have unique insights on managing a federal loan program where risks are shared among institutions and the federal government.

The Perkins Loan Program Today—A Federal Student Loan Where Schools Have "Skin-in-the-Game"
The simplest way to expand institutional risk-sharing is to expand the Perkins Loan Program. The Federal Perkins Loan Program is the nation's first student loan program. The program was designed at its inception 57 years ago for institutions to play a central role, bearing significant risk by matching Federal Capital Contributions and maintaining a hands-on relationship with student borrowers throughout origination and repayment of the loans. Participating schools are invested not only because of the institutional match (direct financial skin-in-the-game), but also because of the program's revolving fund—if the fund isn't replenished, schools have fewer dollars to lend (risk-sharing). Expanding Perkins could both increase risk-sharing between institutions and the federal government as well as provide a mechanism to offset the potential increased debt load for certain borrowers, which may result from the possible elimination of subsidized Stafford Loans as proposed in the Financial Aid Simplification and Transparency (FAST) Act.

The expansion of Perkins Loans, and therefore risk-sharing concepts within the federal loan programs, can easily occur under the current construct of the FAST Act, and it can be largely accomplished without intrusive mandates on institutions of higher education. The attached COHEAO Campus Flex Proposal offers an alternative to the FAST Act's "One Grant/One Loan/One Work Study" model, giving schools more flexibility with a "One Grant/One Loan/One Campus-Based" system that simplifies the distribution of Title IV campus-based funds. The COHEAO Campus Flex Proposal offers a foundation from which to build a model that more significantly incorporates risk-sharing concepts into federal student loans, and COHEAO welcomes the opportunity to work with the HELP Committee to achieve this goal.

Improving Institutional Incentives—Perkins Loans and the Potential for Pilot Programs
The unique nature of Perkins Loans and the relative size of the program allow for pilot programs to be implemented rather easily. One area in need of additional research involving pilot programs is financial education.

The need for more financial education among college students is readily apparent, but the field is lacking in empirical research and analysis on what actually works. The Perkins Loan Program provides an opportunity to develop a strong baseline of research on the impact of financial education initiatives on student loan repayment. In turn, student borrowers would greatly benefit from financial education, and this would help the Department of Education as well as colleges and universities in forming best practices.

Research suggests the current entrance and exit counseling regime is largely ineffective. Student borrowers are much more likely to fully understand their repayment obligations if they review them on a regular (at minimum, annual) basis. Research also shows that consumers respond much better to financial education materials when they are tied directly to their personal situation, so including individual loan balances from NSLDS in the annual financial counseling may also be very effective. Additional financial literacy concepts should be added to student loan counseling sessions since obtaining a student loan is often the first experience for many students in personal finance.

However, the implementation of these types of best practices on college campuses is the exception, not the rule. Faced with resource limitations, colleges and universities can only do so much in terms of financial education. Some have argued that improving loan counseling within the federal student loan programs should simply be the "cost of doing business" for institutions of higher education. Unfortunately, such a mandate may only serve to further drive up tuition costs.

Therefore, Congress should explore an incentive mechanism for colleges and universities to take a more active role in helping students manage student debt using the Perkins Loan Program. The mix of the Federal Capital Contribution (FCC) and a matching Institutional Capital Contribution (ICC) make the Perkins Loan Program ripe for shifting the incentives for colleges and universities to better assist their students in managing their finances. Because schools have a direct, active role in the servicing and collection of Perkins loans, the program offers numerous opportunities to experiment with best practices in financial education, including what leads to successful loan repayment.

If Congress were to expand the program via FCC, an individual school's corresponding ICC could be tied to the performance of their Perkins portfolio. Voluntary pilot programs in the Perkins Loan Program on financial education as well as due diligence and default mitigation may assist Congress, the Department of Education, and the higher education community in identifying solutions to reduce delinquency and default.

An additional pilot program might compare the work of institutions with the Direct Loan program. In such a program, participating institutions could compare the performance of their Perkins loan borrowers with that of their Direct Loan borrowers. Institutions could be required to ensure their comparison includes three test populations: Perkins and Direct Loan recipients, Perkins Loan only recipients and Direct Loan only recipients. Ensuring that the pilot tests the same population of borrowers is critical as well as ensuring that no new mandates are imposed that would significantly increase the administrative cost and burden on participating institutions. The Institute for Education Sciences would be able to test the impact of campus-based servicing, interest deferment for borrowers, and a variety of other factors on overall loan performance.

We thank you for your consideration of these comments and commend the Committee for exploring these important topics and seeking input from stakeholders. We look forward to continuing to work with you and your staff on these important issues.

Sincerely,

Maria Livolsi
President

Make Your Voice Matter.

HEARING BRIEF

HOUSE SUBCOMMITTEE ON HIGHER EDUCATION AND WORKFORCE TRAINING: IMPROVING COLLEGE ACCESS AND COMPLETION FOR LOW-INCOME AND FIRST-GENERATION STUDENTS

Prepared by:
Michelle Cravez (mcravez@wpllc.net)

April 30, 2015

On Thursday, April 30, the House Subcommittee on Higher Education and Workforce held a hearing, "Improving College Access and Completion for Low-Income and First-Generation Students."

MEMBERS PRESENT

Chairwoman Virginia Foxx (R-NC); Ranking Member Rubén Hinojosa (D-TX); Carlos Curbelo (R-FL); Rick Allen (R-GA); Bobby Scott (D-VA); Alma Adams (R-NC); Hakeem Jeffries (D-NY); Jared Polis (D-CO).

WITNESSES

- **Laura Perna**, Executive Director, Alliance for Higher Education and Democracy
- **Charles J. Alexander**, Associate Vice Provost for Student Diversity, Director, Academic Advancement Program, University of California, Los Angeles
- **Michelle Asha Cooper**, President, Institute for Higher Education Policy
- **Joe D. May**, Chancellor, Dallas County Community College District

OPENING STATEMENTS

Chairwoman Virginia Foxx opened the hearing thanking the witnesses for joining the subcommittee to discuss strategies for improving postsecondary access and completion for low-income and first-generation students. She emphasized the importance of learning from the witnesses as Congress works to reauthorize the *Higher Education Act.* The chairwoman stated that "higher costs, a confusing financial aid system and insufficient academic preparation disproportionately deter low-income and first-generation students from accessing and completing a higher education." She explained that the federal government invests in numerous programs to assist these students but there is growing concern that such initiatives are not reaching their goals. She pointed to the research of Laura Perna, one of the witnesses, which found a 3 percent increase in the percentage of low-income students who have obtained a bachelor's degree since 1970, in comparison to a 40 percent increase in the percentage of the wealthiest students. Foxx concluded that this research proves that despite the federal government's increased investment over the last 50 years in access and completion programs, "Graduation rates for the most disadvantaged students have barely budged." She stated the government has the responsibility to ensure that all investments in higher education deliver the intended results.

Ranking Member Reubén Hinojosa (D-TX) began by explaining that a highly skilled workforce is key to improving our economy and reducing income inequality. He referred to Georgetown University's Center of Education and Workforce research that found that 63 percent of all jobs will require workers with at least some form of postsecondary education by 2018. Rep. Hinojosa said that low-income and first generation students face substantial hurdles in applying to college and receiving financial aid, and that far too often they struggle to complete and graduate.

He said that first generation students like himself are more likely to be financially independent, are generally older, often enrolled part-time, and withdraw and re-enroll several times over the course of their education. He emphasized the need to streamline the institutional transfer process in order to help students save money and time as many first-generation and low-income students are enrolled in associate degree programs and transfer between community colleges and four-year institutions. He also stated that schools need to do a better job of preparing kids for college as many students need to take remedial courses to improve basic skills.

Hinojosa said that 40 percent of Pell Grant recipients need to take remedial courses to improve basic skills and that according to Complete College America, 70 percent of students enrolled in remedial math never move on to enroll in the next college course. He asserted a need to bolster the K-12 system to ensure kids are arriving to college prepared, but that at the same time Congress must encourage innovative practices to increase success rates. Rep. Hinojosa promoted the package of legislation (H.R. 1958, H.R. 1957, H.R. 1956, H.R. 1959) he introduced last week with Sen. Mazie Hirono (D-HI) which would protect and expand the Pell Grant program and again make it year-round. Finally, he stated that federal investments in the GEAR UP, High School Equivalency Program (HEP) Camp, and TRIO programs are transforming the lives of students and preparing them for success in the future.

WITNESS STATEMENTS

Laura Perna began her testimony by emphasizing the important role the federal government plays in reducing the financial barriers to college attendance through financial aid programs authorized under Title IV of the *Higher Education Act*. She noted in particular the Pell Grant program and stressed the need to improve the program, but also maintain its purchasing power. She stated that the federal government's investment in need-based programs was insufficient and offered five recommendations to guide the committee's consideration of college access and success programs.

First, she recommended that programs target students with the most financial need. Her second recommendation was that programs assist students with navigating pathways into and through college, with particular attention to financial aid processes. She said that simply making information available via the internet was not enough, but rather students and their families need to be able to determine which information is most useful and relevant given their financial resources, academic preparation, goals, and interests.

Perna proposed that the federal government adapt programs to recognize state, regional, and local context and characteristics of students served. Her fourth recommendation was to leverage federal spending to serve greater numbers of students. She stated that the government should consider ways to leverage its investment to encourage greater support for college and success programming from other entities, as well as partnerships among the many existing programs that are sponsored the federal government and other entities. Finally, she recommended that the subcommittee encourage research and evaluation to improve understanding of what works and maximize the return on investment in college access and success programs.

Charles Alexander focused his testimony on a program that he oversees at UCLA called the Academic Advancement Program (AAP). He said that AAP is an academic community whose mission is to ensure the success and graduation of its students, prepare them for graduate and professional school and help them develop key skills necessary to become successful leaders in society. Nearly 97 percent of AAP students are first generation students, and 73 percent are eligible for Pell Grants. Alexander said AAP is supported mainly by state funding but receives some federal and foundational funding. He noted that every summer, AAP runs a six-week program that provides peer-facilitated learning communities, academic and personal and peer counseling, research opportunities, tutoring, and more. He praised the program for its success in responding to the growing number of transfer students and making sure they successfully adapt to life at UCLA. Alexander stated that part of AAP's philosophy that has resulted in such high graduation rates is the belief that when students work in the program to promote the success of other students, they gain self-confidence and self-respect that leads them to graduate.

Michelle Asha Cooper began her testimony by explaining the important role of minority-serving institutions (MSIs) in educating first-generation students. She said that MSIs include Historically Black Colleges and Universities (HBCUs), Hispanic Serving Institutions (HSIs), Tribal Colleges and Universities (TCUs), Asian American and Native American Pacific Islander-Serving Institutions (AANAPISIs), and Predominately Black Institutions (PBIs) and that a majority are public institutions and often serve students from low-income families. Cooper stressed the significant role of federal policy in supporting first-generation and low-income students and the institutions serving them. She offered four recommendations to the committee. Her first recommendation was to collect and provide better information to students, policymakers, and institutions to inform better decision-making. Secondly, she recommended increasing investment Pell Grants and simplifying the financial aid process. Next, she recommended increasing federal support for TRIO and GEAR UP programs. And finally, she suggested setting high expectations for MSIs and increasing federal support for those that serve students well. She then provided examples of MSIs that have already taken steps to ensure student success.

Joe May began by emphasizing that changing demographics among students have prompted changes in how to help them succeed and enter the workforce. May highlighted some of the successes of the Dallas County Community College District (DCCCD) including six early college high schools, dual credit and programs, engagement with Texas Completes, and the use of case management by student support services to keep students engaged in school. He also gave the committee four recommendations to affect positive change. First, he suggested a thorough analysis to ensure that TRIO funds are available to institutions that are early in the transition of serving minority and low-income students. Next, he recommended integrating TRIO programs within institutions to ensure that more students can be served. Third, he recommended a continued emphasis on improving completion rates at community colleges. He said that most HSIs are community colleges, and since the largest-growing population in the U.S. is Latino, it is imperative to ensure the support of these institutions. Last, he recommended that partnerships be broadened to encourage the implementation of early college high schools.

QUESTIONS AND ANSWERS

Rep. Carlos Curbelo (R-FL) questioned Alexander about how to incentivize more partnerships between K-12 and higher institutions to ease the transition for students and improve access for first-generation and minority students. Alexander responded by providing an example of a program conducted at UCLA called the Vice Provost Initiative for Pre College scholars. He explained it was a cohort program that works with eight high schools to recruit students after 9th grade to attend summer programs. He said the idea is to provide college readiness and workshops in collaboration with parents so that parents are partners in their child's pathway to enter university. Rep. Curbelo then asked an open question to the panel on what they recommend to relieve the regulatory burden on universities so that more resources can be dedicated to low-income and first-generation students. Cooper answered that the federal government must reassess what they require from universities and make sure that everything is current and necessary. She mentioned the work of the Regulatory Task Force and praised their recommendations on the matter.

Ranking Member Reubén Hinojosa (D-TX) asked May how the federal government can expand the early college high school model throughout the nation. May responded that better information must first be collected to provide parents with information that can help them make better decisions for their child's future. Hinojosa then asked how Title V HSI funds improve DCCCD's ability to provide for students. May answered that the Title V funds were critical to his schools and that the funds have been used to engage students and increase enrollment in STEM majors.

Rep. Rick Allen (R-GA) began by saying it's important to allow high school graduates the opportunity to explore various paths before committing to a four-year undergraduate degree. He said that a traditional four-year public institution is not the only path towards a stable job. He then asked the panel how high school programs inform students of technical jobs and how to promote vocational learning. None of the witnesses directly answered his question, but May emphasized the importance of higher education engagement in high school as early as possible. Allen than asked how to improve graduation rates of low-income students. Perna replied that there is no one answer, but that the focus should be on academic readiness, ability to pay, knowledge and information about higher education options, and provide support to students throughout their schooling.

Rep. Bobby Scott (D-VA) began by mentioning the timeliness of the hearing in regards to the announcement of the closure of the for-profit college chain, Corinthian Colleges. He touched upon the decreasing value of Pell Grants which cover less than a third of the cost of attending a four-year public institution. Scott then asked Perma if she believed people were avoiding filling out the FAFSA due to its complexity. She answered that there is some evidence that suggests that low-income students who are eligible to receive Pell Grants attend college without applying for Financial Aid. She said many hypothesize that this is the case because the form is so complicated and discourages students from applying in the first place. Scott followed up by inquiring about the findings on financial strain as a factor in completing college. Perna responded that financial strain plays out in several different respects as there are many mechanisms that students have to pay for college. She said many students are afraid to take out loans and thus avoid attending school in the first place, or are forced to drop out due to financial struggles. Rep. Scott continued by asking May to expand on some of the finding and ideas that Texas Completes had come up with and how faculty had applied those within his own institutions. May explained that significant data had been shared about developmental education and that as a result, DCCCD schools had reduced enrollment in their remedial classes by 46 percent and instead increased support for students through tutoring

Chairwoman Virginia Foxx (R-NC) asked Pena if she saw specific gaps in available research regarding the success of college access programs and what the repercussions of these programs could be. Pena replied that research indicates that college access programs are indeed successful, but less is known about what aspects of these programs lead to their success. Rep. Foxx then asked May to expand on the Texas Completes initiative and if DCCCD works with other community colleges to implement findings on best practices. May responded that the initiative has allowed schools to share data that generally would not have been shared otherwise and that it has provided members with the opportunity to benchmark themselves amongst fellow institutions. He said that from shared information, a number of implementations had been made throughout DCCCD schools. He stated that the information helped impact how the schools advise students, informed faculty on what kids are looking for in a clear pathway towards a degree, and helped increase enrollment in STEM programs

Rep. Hakeem Jeffries (D-NY) used his time to ask a few questions on how to better prepare college students to fit the needs of the 21st century workforce. He said that America has transitioned from a manufacturing economy to a tech-centered economy and that we must prepare our students to contribute to such. He asked Perna whether she agreed that the federal government must invest in preparing a wider number of Americans to successfully complete higher education in order to succeed in today’s economy. Perna stated that data suggests that we cannot achieve the levels of workforce readiness that are required for today’s economy without closing the gaps that exist in educational opportunity. She noted that differences in opportunity for high levels of education are structured into the system early. She said the federal government must work with other entities to ensure the K-12 system is preparing students for college, break down financial barriers, tackle the rising cost of tuition and help students navigate college and career pathways. She stressed the federal government cannot solve this issue alone, and that different entities must work together.

Rep. Alma Adams (D-NC) focused most of her questions on HBCUs. She first asked Cooper whether she believes the recent changes to Parent PLUS Loans are enough to fix the problem that was created by the 2011 Parent PLUS Loan changes, which disproportionately affected students at HBCUs. Cooper agreed that changes in 2011 to the Parent PLUS loan program caused many students to lose funding that they needed to attend college and forced many to drop out. However, she stated that the Parent PLUS loan component is only a fraction of the major underlying problem- the high cost of tuition. Adams then asked Cooper on her thoughts on restoring Pell Grants back to a year-round program. Cooper immediately embraced the notion.

Rep. Jared Polis (D-CO) first asked   Cooper to talk about how programs like competency-based education, online education and innovations in that area can provide students with the flexibility to complete their degree and reduce some of the cost barriers. Cooper stated that programs like competency-based education have some promise but that research must continue on their post-college outcomes. She explained that current research has found the best approach to higher education for low-income and minority students is a hybrid method combining both online and physical classes. May added that he has seen great value in competency based-education, especially for people who bring with them previous education, like those who were already in the workforce or served in the military. He said that their previous experience could count towards their degree, saving them time and money.

CONCLUSION

Ranking Member Hinojosa and **Chairwoman Foxx** provided some closing remarks that reinforced many of the broader themes from the members of their respective parties throughout the proceedings. Hinojosa stressed the timeliness of the hearing and expressed his concerns over the cuts to education funding and Pell Grants introduced in the recent Congressional budget. Chairwoman Foxx stated that although she agrees on the importance of data and research on these issues, she feels that enough information is already known in order to make necessary changes to the system. She said Congress has been discussing these issues for nearly five decades, and somehow not much has changed. She said that colleges need to take some responsibility in the area of ensuring access to low-income and first-generation students, but at the same time, so too must state governments. She suggested shifting money to college success and access programs.

For more information about the hearing, including written testimony and an archived webcast, go to: **http://edworkforce.house.gov/calendar/eventsingle.aspx?EventID=398748**

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HEARING BRIEF

Senate Health, Education, Labor and Pensions Committee Hearing- Reauthorizing the Higher Education Act: The Role of Consumer Information in College Choice

Prepared by:
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May 6, 2015

On May 6, the Senate Health, Education, Labor and Pensions Committee held a hearing, "Reauthorizing the Higher Education Act: The Role of Consumer Information in College Choice."

MEMBERS PRESENT

Chairman Lamar Alexander (R-TN); Ranking Member Patty Murray (D-WA); Sens. Bill Cassidy (R-LA); Al Franken (D-MN); Elizabeth Warren (D-MA); Chris Murphy (D-CT); Sheldon Whitehouse (D-RI); and Tim Scott (R-SC).

WITNESSES

- **Mark Schneider**, **Ph.D**. , Vice President and Institute Fellow, American Institutes for Research, and President, College Measures
- **Deborah Santiago,** Chief Operating Officer and Vice President for Policy, Excelencia in Education,
- **Stacy Lightfoot,** Vice President of College & Career Success Initiatives, Public Education Foundation, Public Education Foundation
- **Taleah Mitchell,** graduate, Seattle Central College

OPENING STATEMENTS

Chairman Alexander opened the hearing saying the committee is off to a good start on Higher Education Act (HEA) reauthorization. He highlighted some of the current bipartisan bills already introduced on key issues in HEA such as, the FAST Act and the REPAYE Act. He announced that he along with Sens. Mikulski, Burr, and Bennett are planning to introduce legislation incorporating many of the recommendations from the report completed by the task force commissioned to examine the current state of federal rules and regulations on colleges and universities. He said that he is hoping to produce a bill reauthorizing the Higher Education Act by this fall. Alexander, then moved on to the topic of the hearing, and said that the federal government does a better job of collecting information from colleges and universities than it has done in sharing that information with students. He suggested that the federal government enable others to take this information and make it useful, rather than trying to do it themselves. He held up a 900-page binder lent to him by the National Association of Student Financial Aid

Administrators to show what one university with two campuses is required to disclose. He said that sometimes too much consumer information can be confusing and that students can't make good use of it. He pointed to the most well known federal consumer tool, the College Navigator, a website mandated in the last HEA reauthorization. He said the College Navigator printout runs 14 pages long and is better suited for researchers than for students looking to make a decision on where to attend college. Alexander said students are not using federal websites for college, pointing to a College Board study that found only 12 percent of high school graduates use government tools to learn about college. The chairman said we need to know how consumer information might become useful for perspective students and families, what better information may be needed, and what requirements can be eliminated.

Ranking Member Murray began by discussing her principles for reauthorizing HEA, including making college more affordable, strengthening protections so students have access to a safe learning environment, ensuring all students have clear pathways into and through higher education, and reducing student debt. She discussed how a lack of clear and consistent consumer data make it difficult for students to navigate college options, and she said HEA reauthorization must improve the current system to collect this data. She said, "Students need to easily see accurate information on: how much they will pay and borrow, the amount they'll earn if they complete their degree, and their chances of succeeding." She mentioned a letter she received from several organizations including the U.S. Chamber of Commerce, Young Invincibles, and New America Foundation urging Congress to get rid of the current restrictions on student data.

WITNESS STATEMENTS

Mark Schneider explained how his current and previous work has led him to believe that consumer information can be organized into five different questions that students and families need to ask to inform their decisions. These questions include: Will I get in (selectivity), will I get out (graduation rates), how long will it take (time to complete), how much will I pay (net price), and how much will I make (post completion earnings). He then listed four issues that cut across all of the five categories/questions he mentioned. First, he said that any effort to develop information about postsecondary education most include information about subbaccalaureate credentials. Second, he said the U.S. must break our "bachelors addiction." He explained that subbaccalaureate degrees can lead to earnings that will place students in the middle class and sometimes lead to jobs with salaries higher than those of students with a bachelor's degree. Third, he said we need to battle our fixation on institutional level measurement because student outcomes can vary more by program of study than by institution. Lastly, he said that getting information into the hands of consumers in a format that is useful, usable and actually used is difficult. Schneider argued that Congress needs to find a way to allow student data to be matched with federal tax data collected by the IRS. He said that he understands that this is fraught with privacy concerns, but he believes there are strong methods to protect this data and make the process secure. He stated a reasonable place to start would be to merge the federal income tax data with the Federal Student Aid Center's (FSA) data. He said that of equal importance is for the federal government to make a policy that allows state governments to match their much more complete student data with federal tax data. Schneider stressed the necessity of the federal government creating high quality data but suggested that dissemination of this data be left to others. He said that private companies, non-profits, and state governments can do a better job at disseminating this data to consumers.

Deborah Santiago began her testimony by explaining why the term "nontraditional" to describe students is no longer a proper fit, and that the term "post-traditional" better describes the growing majority of students today. She said that the traditional student profile currently drives information and current discussions on college, but that less than 20 percent of students actually fit this "traditional" profile. Post-traditional students include part-time, returning, veteran, commuting, adult, Latino and other traditionally underrepresented students. She said that post-traditional prospective students make pragmatic college choices and that understanding how these students make college choices can better improve the crosswalk between what students want to know and should know to find their "best fit." She said that an abundance of information does not necessarily help these students find their "best fit" school. Santiago said that intermediaries play a critical role in disseminating information to these students who rely on these organizations for information and guide their decisions.

Stacy Lightfoot shared her personal story about the meaningful role of her college counselor who helped steer her towards a school that was the best fit for her needs. She described this advisor as her "translator" and explained that students need these translators to help ask the right questions about college and prepare them for their postsecondary experience. She said there needs to be additional policy under HEA to require colleges to publish accurate data on long term student outcomes including job outcomes, financial aid outcomes, and default loan rates. Lightfoot applauded a simplified version of the FAFSA and voiced her support for the use of prior-prior year data for determining financial aid. She also said that providing clear data on Pell Grant recipient graduation rates would be useful to college counselors to help guide their low-income students to choose their best fit schools.

Taleah Mitchell spoke on behalf of non-traditional students and in support of the college and career pathway model, the heart of the two-year college system. She spoke about Washington State's Basic Education for Adults program called I-BEST (Integrated Basic Education and Skills Training). This program pairs two instructors in the classroom – one to teach professional/technical or academic content and the other to teach basic skills in reading, math, writing or English language. She advocated on behalf of the Workforce Innovation and Opportunity Act, which helps fund programs like I-BEST. Mitchell spoke about the need for a centralized information portal for perspective students and for restoring year round Pell Grants and expanding Pay as You Earn opportunities.

MEMBER QUESTIONS

Chairman Alexander commenced the question and answer session by asking Lightfoot to explain to the committee why providing students with financial aid eligibility in their junior year of high school might make a difference in their college choices, an idea put forth in his FAST Act HEA reauthorization bill. Lightfoot explained that the current system does not inform students about their financial aid eligibility until March-June. She said this does not give them sufficient time to make informed decisions, as many students must decide with their families how they can fill the financial aid gap. Alexander then asked Schneider how much data the federal government should collect and who should be responsible for disseminating this information. Schneider first joked that the statute of limitations for apologizing for IPEDS (Integrated Post Secondary Education Data System) had passed but that over time Congress has continued to mandate new data to be collected that may not necessarily be for consumer information. He said that the federal government can and should do a better job in collecting wage and labor outcome data and that this data must then be distributed to researchers, states, companies, and non-profits to figure out how best to put it in the hands of consumers.

Ranking Member Murray asked Mitchell what factors are most important to her when she decides to continue her education and pursue a bachelor's degree. Mitchell responded that she will be looking into schools' support services, graduation rates, and student success rates. Murray then asked Schneider what information is currently missing that would be of use to consumers. Schneider said information is needed like graduation and economic outcomes on a program level and not just on an institutional level. Murray followed up and asked him how we can collect this data. Schneider responded that federal income tax data could be compared to FSA data and that states could also compare their own data with IRS information. Murray then asked Santiago if she believed there is sufficient information on student outcomes. Santiago said that current data does not account for many non-traditional students such as those who have transferred or are part-time.

Senator Cassidy asked Lightfoot about students' financial literacy and how they are expected to make decisions without truly understanding the value of the debt they are taking on. Lightfoot responded that many young people are financially illiterate and need someone, such as a teacher or advisor, to serve as a translator to explain their financial options. She said that the government should build strong college advisors. Cassidy followed-up by stating that investing in personnel is costly, and asked if she believed an online system that provided this information could help. Lighthouse said that if the variables were right, then she could see such an app or tool being helpful but that advisers are still essential to helping students, particularly those who are low-income and first generation.

Senator Franken spoke about a bill he introduced that would require colleges to post a net price calculator on their websites that was easily accessible to students. He asked if anyone had any ideas on how in the meantime we can ensure that colleges make these net calculators easy to find. Schneider responded that there are currently 200 colleges who refuse to allow their net price calculators be picked up by aggregators. All witnesses agreed that net price calculators are important and should be prominently displayed on schools' websites. Franken then spoke about another bill he is working on that would require schools to use a uniform financial aid award letter and asked Santiago if she believed this would be helpful. Santiago said she agreed with the use of a uniform financial aid letter that clearly distinguishes what students receive as scholarship money and what students receive as loans and must pay back.

Senator Warren mentioned a recent *New York Times* article that claims the Department of Education lacks basic information and is unable to answer questions such as how many borrowers are delinquent on loans, which colleges are doing a good job on graduating students who can pay their debt, or how does delinquency differ by amount of debt, income and education. She asks Schneider if it was his job when he was Commissioner of the National Center for Education Statistics (NCES) to disseminate clear statistics on financial aid. Schneider replied that NCES was not designed to provide this data to the federal government and that the data systems are designed for business operations and not for dissemination to departments and consumers. Warren asked if the Department of Education made this information available to him so that he could answer these types of questions referenced in the *New York Times* article. Schneider said that the Department did not give this data to the NCES and that FSA will not make the data public. Sen. Warren said it's "nuts" that the Department won't "turn loose" this critical data, and expressed her hope that this would be addressed going forward. Chairman Alexander said that he and Sen. Murray will work with her to make sure this topic is looked into.

Senator Murphy pointed out that it is difficult to find out information on students' post graduation income and success and that he assumes this is because of the 2008 law prohibiting the federal government from collecting individual student data. Schneider responded that the ban is a roadblock although FSA does have a significant amount of information collected already but refuses to share this information.

Senator Whitehouse suggested implementing an online dashboard tool, similar to one of the principles that emerged during ESEA reauthorization. The dashboard tool would have a "basic, simple interface" to replace overly complex sites such as College Navigator. He also touched upon for-profit schools and said the predatory nature of some of these schools is concerning. Schneider said that he believes that the kind of measures we are holding for-profit schools accountable for should be applied to all schools.

Senator Scott agreed with Schneider on the nation's current "bachelor's addiction" and asked how to help students make better decisions from a cost perspective and lead them towards technical schools and community colleges. Lightfoot responded that she agreed that for the majority of people, traditional four-year programs first come to mind when they think of college. She said that language and message needs to change so that students can find their place in two-year programs. Scott said the federal government should not be responsible for disseminating that information to consumers.

CONCLUSION

Chairman Alexander thanked the witnesses and invited them to provide additional feedback to the committee as they continue to move ahead in reauthorizing HEA. He announced that the next hearing on HEA reauthorization would take place on Wednesday, May 20.

For more information about the hearing, including written testimony and an archived webcast, go to: **http://www.help.senate.gov/hearings/hearing/?id=37b7caee-5056-a032-527d-75a91c1f0d40**