The Torch

March 15, 2013

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

COHEAO News

- **March 19 COHEAO Webinar, "Understanding Tuition Insurance"**
  COHEAO is will be hosting a webinar, "Understanding Tuition Insurance." This webinar will be held on Tuesday, March 19 at 2:00 PM ET. Click here to register
- **Book Your Hotel Now for the COHEAO Mid-Year Conference**
  COHEAO is pleased to announce that those planning to attend the COHEAO Mid-Year Conference are now able to register with our conference hotel, the **Hotel Monaco in Chicago**.

Congress

- **House Education and the Workforce Committee Examines Direct Loan Interest Rates**
  The House Education and the Workforce Committee convened a hearing on March 14, "Keeping College within Reach: Examining Opportunities to Strengthen Federal Student Loan Programs."
- **Senate Democrats Introduce "Smarter Borrowing Act" on Entrance/Exit Counseling**
  Senate HELP Committee Chairman Tom Harkin (D-IA), along with 10 other Democratic colleagues, introduced the "Smarter Borrowing Act."
- **Harkin Amendment for Increased Labor-HHS-Education Fails, CR Deal (& No Shutdown) Appear Likely**
  All signs point toward a final agreement between the House and Senate should be resolved before the March 27th deadline, avoiding the possibility of a government shutdown, but an amendment for increased education funding in the Senate.
- **Higher Education Receives Mention in Dueling Senate & House Budget Resolutions with Stark Differences**
  Higher education received special mention in both the Senate and House budget resolutions, which illustrated the stark differences between the Republican House and the Democratic Senate.
- **Schumer Announces Plans for "Andrew's Law" for Private Loan Forgiveness in the Case of the Death of a Student**
  During a recent press conference call, Senator Charles Schumer (D-NY) revealed new legislation called 'Andrew's Law', in honor of his constituent Andrew Prior, who was tragically killed by a drunk driver shortly after graduating from college.

White House & Administration

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  On Thursday, the Department of Education hosted a briefing on its higher education consumer tools, including the College Scorecard, the Financial Aid Shopping Sheet, the College Navigator, and the newly updated Studentaid.gov website.

Industry News

- **NCLC Applauds ED Complaint Collection "Improvements," Continues to Seek Elimination of PCAs**
  The National Consumer Law Center issued a report applauding the Department of Education's efforts on collection complaints and continues to seek the elimination of collection agencies from the federal loans programs.
- **HBCUs Exploring Every Option, Including Litigation against ED, on Parent PLUS Loan Eligibility Changes**
  Last fall, the Department of Education tightened eligibility for Parent PLUS loans, changing its interpretation of an "adverse credit history." This change in policy was done quietly and Historically Black Colleges and Universities (HBCUs) were among the most impacted.

Attachments

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

COHEAO News

March 19 COHEAO Webinar, "Understanding Tuition Insurance"

COHEAO is will be hosting a webinar, "Understanding Tuition Insurance." This webinar will be held on Tuesday, March 19 at 2:00 PM ET. Click here to register

Though tuition insurance has been around since the 1930s, with the rising cost of college, families and students are increasing taking a look at every possible way to protect their investment. Concerned students may be forced to withdraw and they will be stuck with a major tuition bill, many students and their families are explore insurance policies for tuition bills. As the market continues to grow, business offices, their vendor partners, and others on campus will want to gain a better understanding of these programs.

In this webinar, top executives from Sallie Mae Insurance Services will explain how tuition insurance programs impact enrollment management practices and institutional budgets. The discussion will cover multiple topics, including how tuition insurance can assist institutions with maintaining enrollment yields without increasing tuition discounts and protecting our revenue stream in the short run and the long term.

EVENT INFO

- **What: COHEAO Webinar, "Understanding Tuition Insurance"**
- **When: Tuesday, March 19, 2:00 PM ET**
- **Costs: $49 for COHEAO members/$99 non-members**
- **Registration/Information: http://www.coheao.com/conference-events/upcoming-events/webinars/**

Book Your Hotel Now for the COHEAO Mid-Year Conference

COHEAO is pleased to announce that those planning to attend the COHEAO Mid-Year Conference are now able to register with our conference hotel, the **Hotel Monaco in Chicago**. The conference is set for **July 28-30, 2013** at the same location as the successful Mid-Year Conference in 2010—right downtown, in the Loop, a short distance from the famed Miracle Mile, the Navy Pier and many other attractions that make Chicago famous.

The hotel has offered a very favorable rate for Chicago of $169 per night to COHEAO Conference delegates, so start planning your trip! The rates are available, subject to room availability, three days before and after the conference. The cut off to make reservations is **July 12, 2013**. Please call **1-800-397-7661** and mention the group name **"COHEAO Mid-Year Conference 2013"** to get their special group rate. You can also make reservations online at: https://gc.synxis.com/rez.aspx?Hotel=26729&Chain=10179&arrive=7/28/2013&depart=7/31/2013&adult=1&child=0&group=12380602698

Most important, however, will be the comprehensive, useful agenda that will offer a tremendous amount of useful information for the attendees. The Agenda will include reports on the latest activities that affect Perkins Loans and other campus-based accounts receivable, with emphasis on financial literacy programs, the Consumer Financial Protection Bureau and many other topics.

Conference registration will be available soon.

Congress

House Education and the Workforce Committee Examines Direct Loan Interest Rates

The House Education and the Workforce Committee convened a hearing on March 14, "Keeping College within Reach: Examining Opportunities to Strengthen Federal Student Loan Programs." During the hearing, members and higher education experts discussed the need for a long-term solution to the problem of Stafford Loan interest rates.

"Last summer, debate about student loans reached a fever pitch thanks to a scheduled increase in subsidized Stafford Loans made to undergraduate students. The president began touring college campuses, calling on Congress to prevent the increase that his own party set in motion back in 2007," Chairman John Kline (R-MN) stated in his opening remarks. "As I said at the time, no one wants to see student loan interest rates increase, particularly as young people continue to struggle with high un- and underemployment. But we need to move away from a system that allows Washington politicians to use student loan interest rates as bargaining chips, creating uncertainty and confusion for borrowers."

In 2012, Congress agreed to temporarily extend a lower interest rate on subsidized Stafford Loans made to undergraduate students. Unless Congress takes additional action, the lower rate will expire on June 30, 2013.

Justin Draeger, president of the National Association of Student Financial Aid Administrators (NASFAA), testified, "This is the second year in a row policymakers have been left scrambling to keep interest rates down for subsidized Stafford Loan borrowers. Last year we kept interest rates from doubling from 3.4 percent to 6.8 percent for these borrowers at a cost of roughly $6 billion. To partially offset that expense, Congress reduced eligibility for subsidized Stafford loans."

"As has become accepted business practice, we made another piecemeal patch that took funding away from some students to provide it to others, except in this instance we provided one benefit and took away another from the same students. In effect, we robbed Peter to pay Peter!" Mr. Draeger said, adding, "NASFAA continues to advocate for a long-term, market-based solution to these problems by returning to a variable interest rate."

Jason Delisle, director of the New America Foundation's Federal Education Budget Project, said, "If there is one thing recent debates about interest rates on federal student loans have demonstrated, it is that Congress needs to develop a rational, long-term plan for setting rates. Currently, the program charges borrowers the same fixed interest rates no matter what happens to other interest rates in the economy. And the rates are arbitrary."

Delisle recommends Congress set a market-based interest rate for new student loans based on the 10-year Treasury note rate, plus 3 percent. The rates would be variable from year-to-year of origination, but would then fix on the weighted average upon graduation or departure from school.

Massachusetts Institute of Technology Professor of Finance Deborah Lucas described the problems with the existing student loan interest rate system, stating, "For students, the current policy creates large swings in the value of government assistance from year to year. Similar students that attend the same school but in different years receive very different amounts of support: subsidies will be small when market interest rates are low and large when rates are high. As well as raising fairness concerns, the volatility makes it more difficult for prospective students to assess the affordability of pursuing a higher education."

As Dr. Lucas also noted, "Market-indexed rates would reduce the volatility of subsidies for borrowers and taxpayers, and also help to stabilize the budgetary costs of the programs."

In the coming weeks, House Education and the Workforce Committee Republicans indicated they plan to explore legislative proposals to better align student loan interest rates with market values.

To read witness testimony, opening statements, or watch an archived webcast of the hearing, visit www.edworkforce.house.gov/hearings. If you would prefer a transcript, please email whuffman@wpllc.net.

Senate Democrats Introduce "Smarter Borrowing Act" on Entrance/Exit Counseling

Senate HELP Committee Chairman Tom Harkin (D-IA), along with 10 other Democratic colleagues, introduced the "Smarter Borrowing Act," S. 546. The bill focuses on entrance and exit counseling in the federal loan programs. The following is a summary provided from Sen. Al Franken's office.

Entrance Loan Counseling will:

- *Be provided in-person or online in an interactive way that checks students' understanding of key information.*
- *Occur before first-time borrowers sign the master promissory note.*
- *Describe the differences between private and federal student loans and how federal student loans generally offer more favorable terms, conditions, repayment and forgiveness options.*
- *Explain that students have the ability to refuse all or borrow less than the maximum student loan amount allowed.*
- *Disclose the institution's student loan Cohort Default Rate (CDR), the percentage of its students who borrow, and how its CDR compares to the national average.*
- *If the institution's CDR is greater than the national average CDR, it must disclose that information and provide the student with loan repayment data.*

Exit Counseling will:

- *Describe the different repayment plans available and provide personalized information with estimates of the borrower's anticipated monthly payments as well as the difference in interest paid and total payments under each plan.*

Colleges and Universities must:

- *Annually notify students of their cumulative debt and their remaining eligibility, if applicable, for subsidized loans and Pell grants. This can be done through pre-existing disclosures to students, such as the financial aid award letter.*
- *If an institution's CDR is higher than the national average (currently 13.4%), the institution will:*
- *Provide additional annual counseling to student borrowers and to parents borrowing more than $10,000.*
- *Target students at risk of incurring burdensome debt for additional loan counseling.*

If an institution's CDR is at or greater than 30% in any fiscal year (excluding schools with low borrowing rates), the institution will:

- *Notify each student that they are attending an at-risk institution.*
- *Include in the default prevention plan additional counseling, including a counseling session either in person or over the telephone to help the student develop a budget.*

Consumer Testing Requirements:

- *The Master Promissory Note that all federal student loan borrowers must sign as well as all entrance, exit and interim loan counseling tools developed by the Department of Education will be consumer-tested by students, families, schools, financial aid officers and consumer groups.*

The full fact sheet from Sen. Franken's office is available online:
http://www.franken.senate.gov/files/documents/130313LoanCounseling.pdf

Harkin Amendment for Increased Labor-HHS-Education Fails, CR Deal (& No Shutdown) Appear Likely

Last week the House passed their FY 2013 continuing resolution (CR), enforcing sequester cuts and adding another cut of .098 percent for good measure. That meant education in FY 2013 would be funded at 6 percent below the FY 2012 level. When Sens. Barbara Mikulski (D-MD) and Richard Shelby (R-AL) took up the Senate version of the CR this week, Sen. Tom Harkin (D-IA) announced that he would offer an amendment that would have added modest funding to the Labor, Health and Human Services and Education (LHHS) bill and made it a separate Title rather than part of the CR.

Rumors swirled the Harkin amendment had strong support, but this ultimately was not the case. Once Senator Shelby stood up and opposed the Harkin amendment, all his colleagues fell in line to vote no. The amendment failed on a party line vote. The debate on the remaining amendments to the CR will continue into next week, but there are many signs pointing toward a final agreement between the House and Senate before the March 27th deadline, avoiding the possibility of a government shutdown.

Higher Education Receives Mention in Dueling Senate & House Budget Resolutions with Stark Differences

President Obama has yet to present a budget to the Congress and is not expected to do so until early April. That has not prevented House and Senate Budget Committees from drafting and debating their own budget outlines. Up first was the House with Chairman Paul Ryan (R-WI) introducing a bill that would eliminate the deficit in 10 years by eliminating tax loop holes and reducing tax rates; converting Medicare to a voucher system; block granting Medicaid; and further cutting domestic spending. He would put the government on a tough spending reduction diet and he has the support of the House GOP for his plan.

The budget resolution debate on the Senate side of the Capitol was strikingly different. Senate Budget Committee Chairwoman Patty Murray (R-WA) introduced a plan that did not attempt to eliminate the deficit within any time frame but instead would increase revenues by $1 trillion by closing tax loop holes and cut spending by an equivalent amount. She, too, got the support of her Democratic colleagues. It is hard to envision common ground between these proposals, so the House and Senate are likely to proceed with developing two very different budgets for FY 2014.

Higher education received special mention in each budget resolution. In addition to calling for the adoption of Fair-Value accounting estimates for federal credit programs (i.e. student loans), the House Budget resolution includes the following the specific statement on higher education.

SEC. 705. POLICY STATEMENT ON HIGHER EDUCATION AF-FORDABILITY.

(a) FINDINGS.—The House finds the following:
(1) A well-educated workforce is critical to economic, job, and wage growth.
(2) More than 21 million students are enrolled in American colleges and universities.
(3) Over the last decade, tuition and fees have been growing at an unsustainable rate. Between the 2001-2002 Academic Year and the 2011-2012 Academic Year:
(A) Published tuition and fees for in-State students at public four-year colleges and univer- sities increased at an average rate of 5.6 percent per year beyond the rate of general inflation.
(B) Published tuition and fees for in-State students at public two-year colleges and universities increased at an average rate of 3.8 per-cent per year beyond the rate of general inflation.
(C) Published tuition and fees for in-State students at private four-year colleges and universities increased at an average rate of 2.6 percent per year beyond the rate of general inflation.
(4) Over that same period, Federal financial aid has increased 140 percent beyond the rate of general inflation.
(5) This spending has failed to make college more affordable.
(6) In his 2012 State of the Union Address, President Obama noted that, ''We can't just keep subsidizing skyrocketing tuition; we'll run out of money.''
(7) American students are chasing ever-increasing tuition with ever-increasing debt. According to the Federal Reserve Bank of New York, student debt nearly tripled between 2004 and 2012, and now stands at nearly $1 trillion. Student debt now has the second largest balance after mortgage debt.
(8) Students are carrying large debt loads and too many fail to complete college or end up defaulting on these loans due to their debt burden and a weak economy and job market.
(9) Based on estimates from the Congressional Budget Office, the Pell Grant Program will face a fiscal shortfall beginning in fiscal year 2015 and continuing in each subsequent year in the current budget window.
(10) Failing to address these problems will jeopardize access and affordability to higher education for America's young people.

(b) POLICY ON HIGHER EDUCATION AFFORDABILITY.—It is the policy of this resolution to address the root drivers of tuition inflation, by—
(1) targeting Federal financial aid to those most in need;
(2) streamlining programs that provide aid to make them more effective;
(3) maintaining the maximum Pell grant award level at $5,645 in each year of the budget window; and removing regulatory barriers in higher education that act to restrict flexibility and innovative teaching, particularly as it relates to non-traditional models such as online coursework and competency- based learning.

The Senate Budget Resolution, which is expected to receive a Floor vote next week, includes the following statement on higher education.

<u>Higher Education</u>
"The Senate Budget assumes Congress will enact proposals to reduce college costs while expanding college access and completion.

> "The Senate Budget eliminates the student loan fee increases from sequestration, keeps student loans affordable by retaining subsidized loans and important repayment programs, and facilitates passage of legislation to ensure student loan interest rates remain affordable given the challenge economic climate."

As the Congress worked on fiscal issues, President Obama continued to make the rounds on Capitol Hill, meeting with Republican and Democratic caucuses in the House and the Senate. While he was praised for his efforts at bipartisanship by some, others considered the gestures too little too late. He pushed Republicans to reconsider their position on revenues and urged Democrats to acknowledge the need for entitlement reform. In other words, it was hard to imagine who walked away from those meetings happy about what they heard.

Schumer Announces Plans for "Andrew's Law" for Private Loan Forgiveness in the Case of the Death of a Student

During a recent press conference call, Senator Charles Schumer (D-NY) revealed new legislation called 'Andrew's Law', in honor of his constituent Andrew Prior, who was tragically killed by a drunk driver shortly after graduating from college.

Andrew Prior was a graduate of Northeastern University in Boston, who majored in American Sign Language and English Interpretation. Andrew is survived by his parents and his two brothers John and Mark.

Andrew Prior had one federal loan and three outstanding private student loans at the time of his death, which were cosigned by Andrew's parents, Mr. and Mrs. Prior. The federal loan and two of the private loans were forgiven shortly after Andrew's passing. However, according to Schumer's office, "It took over two years, and Schumer's aggressive intervention last week, for the loan servicer to forgive the remaining student loan debt."

While federal student loans are required by law to be discharged in the event that the borrower dies, the same requirement does not apply to private student loans. Schumer's legislation would require that private student loans be discharged if the borrower dies, ensuring that parents who had co-signed the loan are no longer held liable for the debt. Currently, all federal student loans are required to be fully discharged if a family member or other representative provides a certified copy of the death certificate to the lender or loan servicer. Schumer's legislation would apply the same treatment for all prospective private student loans.

"*Andrew's Law* will honor Andrew Prior's legacy and ensure that student loan debt is one burden that grieving parents like the Priors don't have to bear," said Senator Schumer. "No parent should ever be put through the ringer by callous servicers and lenders, and there is no question that we need to put this common sense and compassionate policy into law. Sadly, we can't always rely on these private companies to do the right thing for suffering parents; and we need to write the rules – which would require that private student loans are discharged if a borrower dies – in stone."

Schumer indicated many private loan providers, such as Sallie Mae and Wells Fargo, are "upstanding corporate citizens" and have established programs to forgive debt in the event of the student borrower's death, just as federal loans do. In announcing the plans for legislation, Schumer stated that the death of a student borrower is rare when compared to the whole population, and should not impose significant financial risk to lenders.

The tragedy of these situations is quite compelling and the prospective nature of the legislation would seem to allow for easier passage, but there are some complications (particularly when dealing with cosigners.) Schumer held his press call in late February and the legislation has yet to be introduced, leading some to speculate his office is learning the issue is a bit more complicated than it would appear at first blush.

White House and Administration

CFPB Seeking to Supervise Large Student Loan Servicers

The Consumer Financial Protection Bureau (CFPB) proposed a rule to allow it to supervise certain nonbank student loan servicers for the first time. The Bureau would define "larger participants" in the student loan servicing market and states, "The rule would bring new oversight to a rapidly growing market that has seen a rise in borrower delinquency in recent years."

"The student loan market has grown rapidly in the last decade, and servicers are now facing the stress of an increasing number of delinquent borrowers," said CFPB Director Richard Cordray. "Our rule would bring new oversight to the student loan market and help ensure that tens of millions of borrowers are not treated unfairly by their servicers."

Under the rule, any nonbank student loan servicer that handles more than 1 million borrower accounts would be subject to CFPB supervisory authority. With that threshold, relying on data from the Student Loan Servicing Alliance (SLSA), the Bureau estimates that it would have authority to supervise the seven largest student loan servicers. The press release adds, "Combined, those seven service the loans of 49 million borrower accounts, representing most of the activity in the student loan servicing market."

The rule would define certain nonbank student loan servicers as "larger participants" and would allow the Bureau to oversee their activity for compliance with federal consumer financial laws. This would be the third market in which the Bureau has defined larger participants, after consumer reporting and debt collection. The Bureau issued education loan examination procedures, which address both student loan origination and student loan servicing, in December 2012.

Notably, although the proposed rule specifies the supervision authority would apply to both federal and private loans, the accompanying press release states, "The proposed rule would give the Bureau visibility into the complete cycle of private student loan debt, from origination through servicing to debt collection and credit reporting. "

The announcement also notes that "a servicer is often different than the lender itself, and a borrower has no control or choice over which company services a loan," but also acknowledges "many servicers perform their functions well." However, in announcing the proposed rule, the CFPB pointed to a recent report on private student loan complaints, reiterating what is becoming a mantra for the CFPB and its Office of Students—student loan borrowers often face "confusion, dead ends, and runarounds" in their efforts to repay their obligations. The CFPB offered further detail on these issues:

- Confusion: According to some borrowers, they often have a hard time figuring out how much they owe. These borrowers report they do not receive the information they need about their loans and they are often confused by the terms and conditions of their loan. Other borrowers are frustrated by being charged unexpected fees. Some also complain about conflicting instructions from different employees of the same servicer – or worse, when their loan has been sold or their servicer has changed, not even knowing who to pay.
- Dead ends: Some borrowers report dealing with servicing personnel who seemed to be unaware of resources available to borrowers. Some borrowers complain of getting transferred to multiple departments, reaching personnel who are not responsive or empowered to provide clear answers. Borrowers also complain about being unable to reach appropriate service staff to correct a mistake in how a payment was applied to their account.
- Runarounds: Some borrowers report paperwork getting lost and errors not always getting fixed. And, according to some borrowers, payments are not always processed on time. They say some servicers take several days to process payments and borrowers end up paying interest on the outstanding principal during that processing time.

The proposed rule has yet to be officially published. The public will have 60 days to comment on the proposed rule after it is published in the Federal Register.

- A copy of the proposed rule is available online: http://files.consumerfinance.gov/f/201303_cfpb_nprm_larger-participants-student-loan-servicing.pdf
- A factsheet on the student loan servicing proposed rule is available here: http://files.consumerfinance.gov/f/201303_cfpb_fact-sheet_larger-participants-student-loan-servicing.pdf
- The press release from the CFPB is available online:
- http://www.consumerfinance.gov/pressreleases/consumer-financial-protection-bureau-proposes-rule-to-oversee-nonbank-student-loan-servicers/

Department Hosts Briefing on Higher Ed Consumer Tools

On Thursday, the Department of Education hosted a briefing on its higher education consumer tools, including the College Scorecard, the Financial Aid Shopping Sheet, the College Navigator, and the newly updated Studentaid.gov website. The event was moderated by Massie Ritsch of the Office of Communications and Outreach and featured remarks from David Bergeron, Acting Assisting Secretary for Postsecondary Education, National Center for Education Statistics Commissioner Jack Buckley, and Cindy Forbes Cameron of the Office of Federal Student Aid.

Each speaker reviewed initiatives associated with their offices, with Forbes Cameron focusing on the new StudentAid.gov website, Buckley addressing the College Navigator, and Bergeron discussing the Shopping Sheet, Scorecard, and over-arching policy matters. Ritsch noted this was likely to be Bergeron's last briefing at the Department and he was the most vocal of the panelists.

Ritsch opened with some questions before turning it to the audience. His first was one that has been asked by many in the higher education community—Why so many tools? If the goal is simplification, is there a concern for information overload. The panel answered that students and families come across information in so many ways, it was critical to have multiple websites.

Later, when the audience was given the chance to ask questions, many school officials inquired about the lack of consistent and up-to-date information across the tools. The Department officials responded they view these consumer tools as an ongoing project and continue to seek feedback from the community as well as consumers.

The discussion also touched on what one audience member referred to the "holy grail" of higher education consumer information—employment and salary outcomes. Bergeron and others said the Department remains extremely interested in providing this data and his continuing to explore the best means of obtaining it and presenting it to prospective students and their families.

Slide presentations and an archived video are available online:
http://edstream.ed.gov/webcast/Viewer/?peid=e651af3d71984f55b8201d0644bfafc51d

Industry

NCLC Applauds ED Complaint Collection "Improvements," Continues to Seek Elimination of PCAs

Last year, the Deanne Loonin of the National Consumer Law Center published a report suggesting widespread problem with federal student loan collection. In addition to calling for the elimination of the use of private collection agencies (PCAs), the report highlighted the troubles of some borrowers in a $1 trillion market to call for significant reforms.

Subsequent to the report, the Department of Education has created the www.myeddebt.gov website, which NCLC applauds. However, this does not go far enough for this "consumer advocacy" group. In addition to noting the organization continues to oppose the use of collection agencies for federal student loans, the report offers the following recommendations.

- **The Department should publish information about the various stages of the complaint resolution process.** Borrowers should be aware of the different steps the Department takes to enforce their rights. Amid a generally baffling collection system, the process for ensuring accountability should be transparent. Outlining the process will help borrowers track their complaint and escalate their grievance if the established system fails.
- **The Department must track and publish complaint outcomes and average response time.** To truly evaluate the adequacy of the current complaint system, the Department must reveal key metrics, including the response time and eventual outcome of complaints.
- **Private collection agencies should prominently link to the federal default resolution website.** PCAs are required to have their own complaint process, but as a federal contractor, they should also provide borrowers with the information to file a formal grievance with the Department. Requiring the link will help standardize the borrower experience.
- **Aggregated complaint data must be publicly available.** As a steward of taxpayer dollars, the Department should follow the example of the CFPB and report aggregated complaint data by private collection agency and type of grievance. Tracking this data and making complaints publicly available can help borrowers, advocates, and policymakers to assess if taxpayer funds are bankrolling bad behavior.
- **Complaint data should be used to drive enforcement and oversight efforts.** The Department should use borrower feedback to identify systemic problems among its contractors.

The full NCLC report is available online:
http://www.studentloanborrowerassistance.org/uploads/File/borrower-on-hold-2013.pdf

HBCUs Exploring Every Option, Including Litigation against ED, on Parent PLUS Loan Eligibility Changes

Last fall, the Department of Education tightened eligibility for Parent PLUS loans, changing its interpretation of an "adverse credit history." This change in policy was done quietly and Historically Black Colleges and Universities (HBCUs) were among the most impacted.

Stories in regional and local papers have appeared quite often, noting the impact of the change on both students and the bottom line of HBCUs. This week, the prospects of a lawsuit against the Department of Education went national with an article appearing in the *Washington Times,* which was subsequently picked up by the *Huffington Post*. An excerpt from the *Washington Times* article is below:

> *HBCU officials said they were given no advance notice of the changed loan standards, that students with the loans were not grandfathered into the policies, and that their students typically lack long credit histories and accumulated net worth compared with white applicants. They also are not ruling out a court fight to force the Obama administration to reverse the changes.*
>
> *"We're going to continue to pursue the legislative process to find a better solution," said Johnny C. Taylor, president and CEO of the Thurgood Marshall College Fund. "[But] if at some point we determine that there is no agreement, then we may have to consider going to the courts.*
>
> *"We are not itching for a fight, [but] we need to do what is necessary to protect what is the most vulnerable and fragile in our society," he added.*

Later in the article, Mark Kantrowitz of *Finaid.org* suggested the colleges have a quite a strong case:

> *"I think if someone would file suit against this, they would be immediately successful and ultimately successful," Mr. Kantrowitz said. Department of Education officials "did not do things in the process in which they were supposed to be done. … [T]hey have to give the schools enough time so it's not sprung on them, and they failed to comply with the calendar."*

The full *Washington Times* article is available online:
http://www.washingtontimes.com/news/2013/mar/11/black-schools-may-sue-obama-admin-new-loan-rules/#ixzz2NeMTawSU
Additional coverage from the *Huffington Post* is available online:
http://www.huffingtonpost.com/2013/03/13/hbcus-obama-administration-black-colleges-lawsuit_n_2869216.html

COHEAO Would Like to Thank Our Commercial Members for Supporting
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