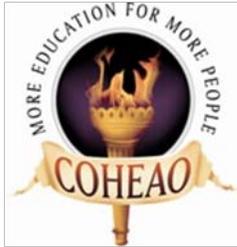


The



Torch

December 6, 2013

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

COHEAO News

- [The Silent Auction for COHEAO Scholarship Fund—A Highlight of the Annual Conference](#)
[Register today](#) for the COHEAO Annual Conference! Set for January 26-29 at the Ritz Carlton Pentagon City. Just across the river from our nation’s capital, the COHEAO Annual Conference is one you won’t want to miss.
- [Register for the December 12 Perkins Cancellation & Cancellation Processing Today](#)
Registration is now available for the latest webinar in our Perkins Loan series, “Perkins Cancellations and Cancellation Processing.” This webinar is set for **Thursday, December 12 at 2:00 PM Eastern**. [Register today](#).

Congress

- [Exchange Between Rep. Bishop and Draeger on “One Grant/One Loan” Highlight Pell Hearing](#)
This week, the House Subcommittee on Higher Education and Workforce Training convened a hearing on potential reforms to the Pell Grant program. A full summary from Washington Partners is attached with today’s edition.
- [Signs of Progress for a Budget Deal](#)
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When the Senate reconvenes next week Sens. Dick Durbin (D-IL), Elizabeth Warren (D-MA) and Barbara Boxer (D-CA) plan to introduce legislation for a student loan borrower “bill of rights.”

White House & Administration

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- [Secretary Duncan Announces Experimental Sites Expansion at FSA Conference](#)
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Industry

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- [470 Organizations Write Congress in Opposition to Cuts to Non-Defense Discretionary Programs](#)
COHEAO joined with 470 organizations in writing Congress to urge a balance approached to spending cuts—one that does not rely on domestic programs for budgetary savings.

Attachments

- [COHEAO Commercial Members](#)
- [Board of Directors](#)
- [Special Attachment: COHEAO Annual Conference Draft Agenda](#)
- [Special Attachment: Summary of This Week’s House Subcommittee Hearing on Pell Grants](#)

The Silent Auction for COHEAO Scholarship Fund—A Highlight of the Annual Conference

[Register today](#) for the COHEAO Annual Conference! Set for January 26-29 at the Ritz Carlton Pentagon City, just across the river from our nation's capital, the COHEAO Annual Conference is one you won't want to miss.

The Silent Auction to benefit the COHEAO Scholarship Fund has long been a highlight of the COHEAO Annual Conference. Set for the evening of Monday, January 27, this event is the lone fundraiser for the COHEAO Scholarship Fund. Thanks to the generosity of attendees, this event has raised more than \$4,000 for the scholarship fund in each of the last two years. That money has funded four \$1,000 scholarships each year to help students at COHEAO members pay for college.

We ask conference attendees to consider participating in this enjoyable fundraiser by donating and purchasing auction items. Many attendees bring items synonymous with their area or university, while others take advantage of the convenience of a top notch mall being connected to our conference hotel, the Ritz Carlton Pentagon City. If you have questions on possible auction items, please feel free to contact Wes Huffman (whuffman@wpllc.net).

In addition to the silent auction as well as professional development and networking opportunities throughout the week, the COHEAO Annual Conference focuses on how Washington impacts those working on student financial services. A full agenda is attached with today's edition.

Multiple sessions will cover regulatory and legislative developments, and the conference provides attendees with the opportunity to visit Capitol Hill and advocate directly on issues affecting their office. New to visiting with your legislators? The COHEAO Annual Conference offers advocacy training and mentors to help guide you around the halls of Congress.

Though legislation and regulation are featured aspects of the conference, they are most definitely not the only focus. In addition to "Washington-based" sessions, the draft program currently includes sessions on financial literacy and cohort default management, credit reporting, backroom outsourcing, the use of student workers, and more. We will be posting the draft conference agenda in the coming days.

COHEAO was able to hold the line on conference prices, maintaining the same registration rates from the 2012 Annual Conference. For COHEAO members (both commercial and institutional), the rates are \$590 prior to January 8. For non-members, the rates are \$690 for schools and \$1,540 for commercial organizations prior to January 8. After January 8, all rates increase by \$50.

The conference will be held at the Ritz-Carlton Pentagon City, a fabulous hotel in Arlington, VA, which is a very short metro or cab ride to Washington, DC. COHEAO has negotiated a special rate of \$224 per conference delegate, which is an outstanding rate in the DC area for any conference hotel. Space is limited, and conference attendees must register by January 8 to receive this rate, so reserve your room today.

To reserve your room at this special price, you may call 703-415-5000 and indicate you will be attending the COHEAO Annual Conference. A website for hotel reservations is also available: [COHEAO Reservations](#). The COHEAO group code is unique: HAOHAOA.

We will be providing further details in the coming weeks, but we urge you to go ahead and [sign up today](#) for the COHEAO Annual Conference. It is an event you will not want to miss.

Register for the December 12 Perkins Cancellation & Cancellation Processing Today

Registration is now available for the latest webinar in our Perkins Loan series, “Perkins Cancellations and Cancellation Processing.” This webinar is set for **Thursday, December 12 at 2:00 PM Eastern**. [Register today](#).

With cancellation benefits available for a variety of professions in numerous forms, this unique, student-friendly aspect of the Perkins Loan Program can be a source of confusion for program administrators. COHEAO would like to thank Mari Krag of North Dakota State University, Christy Egler of Ohio Dominican University, and Karen DeRouen & Joanna Sollinger of the University of Texas for providing an insightful presentation of an important, student-friendly aspect of the Perkins Loan Program.

Join these four experienced Perkins Loan administrators from a variety of campuses for an in-depth review and "tricks of the trade" for cancellations and cancellation processing. [Sign up today](#).

What: COHEAO Webinar, “Perkins Cancellations and Cancellation Processing”

When: December 12, 2:00-3:30 PM ET

Costs: \$49 for COHEAO members/\$99 for non-members

Additional Info: https://coheao.site-ym.com/events/event_list.asp

Congress

Exchange Between Rep. Bishop and Draeger on “One Grant/One Loan” Highlight Pell Hearing

This week, the House Subcommittee on Higher Education and Workforce Training convened a hearing on potential reforms to the Pell Grant program. A full summary from Washington Partners is attached with today’s edition.

During the hearing, Rep. Tim Bishop (D-NY), a longtime supporter of the Campus Based programs, specifically asked NASFAA President Justin Draeger about the organization’s views on proposals to convert all of the Title IV programs into a “One Grant/One Loan” model. The idea of “One Grant/One Loan” has been put forward as part of the Bill and Melinda Gates Foundation’s Reimagining Aid Delivery and Design (RADD) Project and has gained some traction on Capitol Hill. Responding to Bishop, Draeger indicated that aid administrators favor the idea of simplicity, but are also highly concerned with any reforms that would take away their flexibility and ability to assist students in the way they can with the Campus Based programs.

Signs of Progress for a Budget Deal

Though the Senate was out of session this week, Senate Budget Committee Chair Patty Murray (D-WA) returned to Washington to continue negotiations with House Budget Chair Paul Ryan (R-WI) regarding the budget for FY 2014 (and possibly FY 2015) as well as modifications to the sequester. Keeping track of the constant stream of press reports on their progress was like watching a ping pong game—one minute a deal was imminent and the next it had fallen apart. However, Murray’s return to Washington was undoubtedly a sign of progress and the potential for a deal.

Reading between the lines it appears that most aspects of an agreement have been negotiated. The final deal will not address the most problematic spending issues. It does not close tax loopholes, a major concern for Republicans, nor does it reform Medicare, Medicaid or Social Security, a source of consternation among Democrats.

The deal, which is most likely to set spending levels for FY 14 and FY 15, would increase various government-collected fees, sell more broadband spectrum, and possibly increase federal employee pension contributions. It also substitutes a more palatable alternative to the “meat-ax” approach of sequestration. Though both sides seem to be itching for a deal, it is the third pay-for that affects federal employees that could make the entire package vulnerable.

Comments from House leadership and certain other conservative Members convey a willingness among a significant number of Republicans to vote for this compromise. It is House Democrats—in particular Representatives Steny Hoyer (D-MD) and Chris Van Hollen (D-MD) who represent districts with a very high percentage of federal workers—who are objecting, and their support is critical to getting the necessary Democratic votes. The Senate leadership has not reacted at all to the news on the deal, leading to the conclusion that Senator Murray has the support she needs in the Senate.

A budget deal would impact COHEAO’s major appropriations objective—the restoration of cancellation funding for the Perkins Loan Program. Finding the necessary funds to support the program will still be a major challenge, but the certainty provided from a budget agreement at least offers an opportunity for policy changes. As Congress continually funded the entire government through continuing resolutions, which simply keep the operations funded and make no changes to previous-year spending levels, it was nearly impossible to have a serious discussion on changes to funding levels from the previous year, which unfortunately in terms of Perkins Loans, have been zero. If top-line numbers are put in place, Congressional appropriators should be much more willing to at least listen to their constituents on making changes from the previous year.

If an agreement is not announced soon, Speaker John Boehner (R-OH) has said he will introduce a 60-day extension of the continuing resolution that is now governing federal government operation next week, allowing the House to adjourn for the holidays as scheduled on December 13th.

Durbin, Warren, and Boxer Announce Plans for Borrower Bill of Rights Legislation

When the Senate reconvenes next week Sens. Dick Durbin (D-IL), Elizabeth Warren (D-MA) and Barbara Boxer (D-CA) plan to introduce legislation for a student loan borrower “bill of rights.” In announcing the legislation, Durbin highlighted the following rights:

- The right to have options such as alternative payment plans to avoid default.

- The right to be informed about key terms and conditions of the loan and any repayment options to ensure changing plans won't cost more.
- The right to know your loan's servicer and who to reach out to when there is a problem.
- The right to consistency when it comes to how monthly payments are applied. Lenders and servicers should also honor promotions and promises that are advertised or offered.
- The right to fairness, like grace periods when loans are transferred or debt cancellation when the borrower dies or becomes disabled.
- The right to accountability, including timely resolution of errors and certification of private loans.

The bill would also place a special focus on servicemember and veteran borrowers by requiring loan servicers to provide each borrower with a liaison specifically trained in the benefits available to military borrowers.

Action on this legislation is not expected this year. However, Warren may seek to include it as part of HEA reauthorization at the Committee level and Durbin may make a similar push among Leadership.

White House and Administration

CFPB Issues "Larger Participant" Student Loan Servicing Rule

The Consumer Financial Protection Bureau (CFPB) issued a rule defining "larger participants" in the non-bank student loan servicing market. The companies that meet the definition of a larger participant (seven) will be subject to regular CFPB supervision.

Under the final rule, which was proposed in March, the Bureau estimates that it will have authority to supervise the seven largest student loan servicers. Combined, those seven service the loans of more than 49 million borrower accounts.

According to the CFPB, "Through supervision, the CFPB will be better able to evaluate the extent and scope of problems consumers face when dealing with larger nonbank student loan servicers. The student loan market has grown rapidly in the last decade and is now facing the stress of increasing numbers of borrowers who are struggling to stay current on their loans. This rule gives the Bureau visibility into the complete cycle of private student loan debt, from origination through servicing to debt collection and credit reporting.

"The Bureau will ensure that bank and nonbank student loan servicers are playing by the same rules. The Bureau already has supervisory authority over other nonbanks such as mortgage originators and servicers, payday lenders, larger debt collectors, larger consumer reporting agencies, and private student loan originators. Nonbank student loan servicers, regardless of size, continue to be subject to the Bureau's enforcement jurisdiction. Servicers who are not considered "larger participants" may still

be subject to the Bureau’s supervisory authority if the Bureau has reasonable cause to determine the servicer poses risk to consumers.

“Federal student loan programs comprise more than 85 percent of the total volume of outstanding student loans. These loans are serviced by private financial institutions who must comply with Federal consumer financial laws. The CFPB will continue to coordinate closely with the U.S. Department of Education, which now directly originates the vast majority of federal student loans in accordance with the program requirements in the Higher Education Act.”

- A copy of the rule is available here: http://files.consumerfinance.gov/f/201312_cfpb_student-servicing-rule.pdf
- A factsheet on the student loan servicing rule is available here: http://files.consumerfinance.gov/f/201312_cfpb_factsheet_student-servicing-rule.pdf
- To coincide with this new authority, the Bureau has also updated its Supervisory and Examination Manual to provide guidance on how the Bureau will monitor bank and nonbank servicers of private and federal student loans. The updated manual is available online: <http://www.consumerfinance.gov/guidance/supervision/manual/>

Secretary Duncan Announces Experimental Sites Expansion at FSA Conference

Secretary of Education Arne Duncan took the opportunity of speaking to almost 7,000 financial aid administrators at the Federal Student Aid convention in Las Vegas this week to announce the expansion of the experimental sites initiative. The expansion will “grant waivers from specific Title IV, HEA statutory or regulatory requirements to allow a limited number of postsecondary educational institutions to participate in experiments to test alternative methods for administering the Title IV, HEA programs,” according to an ED announcement. The full solicitation of ideas announcement can be found here: <http://www.ifap.ed.gov/dpcletters/GEN1324.html>

Duncan also talked about the expansion in the number of Direct Loan borrowers enrolled in Income-Based Repayment, which is up from 280,000 a year ago to 1.2 million this year. The Department is sending emails to 1.5 million borrowers who the Department thinks might be interested about Income Based Repayment. The email campaign will last through mid-December, Duncan said.

He also turned to the Administration’s recent series of initiatives focused on consumer information. He spent some time making the case again for the initiative, noting that “it won’t be perfect but it will be helpful.” He also asked all schools to voluntarily adopt the Department’s “Shopping Sheet” as the award letter. Unlike comments heard informally from others, Duncan did not hint at a plan to make the Shopping Sheet mandatory, however.

Finally, Duncan announced the release of a one-stop financial aid on-line tool kit for potential students and school counselors. The tool kit announcement can be found here: <http://www.ifap.ed.gov/eannouncements/120413FSALaunchesFinancialAidToolkit.html>

December 13 Set for Final Gainful Negotiations

The Department of Education announced Next Friday, December 13 as the final day of negotiations over regulations to define “gainful employment in a recognized occupation” in the Title IV programs. The session will last one full day at the Office of Postsecondary Education’s offices in downtown Washington, DC.

This is an additional session of negotiations. Though the non-federal negotiators do not seem on the cusp of consensus, the Department of Education was unable to provide data on the impact of their proposals at the November sessions, so negotiators are returning to see if they might be able to reach an agreement.

Additional information on the December 13 meeting is available online:

<http://www.ifap.ed.gov/fregisters/FR120513GainfulEmploymentNegotiatedRulemaking.html>

Industry

TICAS Releases Annual Report on Student Debt

College graduates who borrowed for bachelor's degrees granted in 2012 had an average student loan debt of \$29,400, according to a new report from the Project on Student Debt at The Institute for College Access & Success (TICAS). Many researchers argue the use of mean, or average, student debt level is misleading, stating that median debt levels provide a more accurate picture of the situation. Nevertheless, roughly 7 in 10 college seniors (71%) who graduated last year had student loan debt, according to TICAS.

The report contains several policy recommendations to help ease student debt burdens, including collecting better college-level data on debt at graduation and private student loan borrowing, as well as more comprehensive data on graduation rates.

From 2008 to 2012, average debt (federal and private loans combined) increased an average of six percent each year. The report, *Student Debt and the Class of 2012*, includes lists of high- and low-debt states and colleges around the country and highlights significant differences among colleges and states. For example, new college graduates with loans owed almost twice as much on average in Delaware as in New Mexico, and in five states average debt was more than \$30,000. The odds of having student loans also differed from state to state, with 2012 graduates nearly twice as likely to have debt in South Dakota as in Nevada. At the college level, the share of graduates with loans and their average debt covered an even wider range.

State averages for borrowers' debt at graduation in 2012 ranged from \$18,000 to \$33,650. High-debt states remain concentrated in the Northeast and Midwest, with Delaware the highest. New Hampshire, Pennsylvania, Minnesota, and Rhode Island also had average debt over \$30,000. Low-debt states were mainly in the West and South, with New Mexico the lowest. Other low-debt states include California, Arizona, Nevada, and Wyoming.

Additional information on the report is available online: http://www.ticas.org/pub_view.php?idx=923

470 Organizations Write Congress in Opposition to Cuts to Non-Defense Discretionary Programs

COHEAO joined with 470 organizations in writing Congress to urge a balance approached to spending cuts—one that does not rely on domestic programs for budgetary savings. The groups wrote under the umbrella organization of NDD United, a broad coalition of education, health, and other groups concerned with spending cuts.

The letter, which was sent this week, identifies recent and planned cuts for non-defense discretionary programs (the *NDD* of NDD United). They are as follows:

- Between FY 2010 and 2011, NDD programs were cut by 7 percent on average, with cuts to some programs as deep as 50 percent and many eliminated entirely.
- Under the Budget Control Act's spending caps, these programs have been cut an additional 5 percent between FY 2011 and FY 2014 before sequestration.
- With sequestration and the Budget Control Act spending caps, these programs have been cut an additional 11 percent during the same period.

**COHEAO Would Like to Thank Our Commercial Members for Supporting
More Education for More People**



***We Encourage Those Seeking Services to Give
These Committed Organizations Priority Consideration***

Account Control Technology, Inc.	Higher One
ACSI, Inc.	iGrad
AMO Recoveries, Inc	Immediate Credit Recovery, Inc.
Automated Collection Systems, Inc.	JC Christensen and Associates
Bass & Associates	National Credit Management
Blackboard, Inc.	National Enterprise Systems, Inc.
Campus Partners	National Recoveries
Capital Management Services, LP	NCC Business Services of America
Ceannate, Inc.	NCO Financial Systems, Inc.
Client Services, Inc.	Premiere Credit
Coast Professional	Progressive Financial Services, Inc.
ConServe	Recovery Management Services, Inc.
Credit Adjustments, Inc.	Regional Adjustment Bureau, Inc.
Credit World Services, Inc.	Reliant Capital Solutions, LLC
Delta Management Associates	Security Credit Systems, Inc.
Educational Computer Systems, Inc.	Todd, Bremer & Lawson, Inc.
EOS-CCA	Xerox, Inc.
Education Assistance Services, Inc.	Williams & Fudge, Inc.
Enterprise Recovery Systems, Inc.	Windham Professionals
General Revenue Corporation	

DRAFT Agenda—As of November, 2013. Subject to Updates & Modification



COHEAO Annual Conference Agenda 2014
*All Meetings and Sessions Are Located at the
Ritz Carlton Pentagon City Hotel in Arlington, Virginia*

Sunday, January 26th, 2014

- 8:30am – 3:00pm **Board of Directors Meeting**
- 4:00pm – 5:00pm **Commercial Members Meeting**
- 4:00pm – 7:00pm **Registration**
- 6:00pm – 7:00pm **Welcoming Reception**

Monday, January 27th, 2014

- 7:30am – 8:30am **Breakfast: Financial Literacy Task Force Meeting**

COHEAO's incredibly active Financial Literacy Task Force will meet over breakfast. The breakfast will feature roundtable discussions on a variety of topics related to providing these essential services to students. Regardless of membership with the Financial Literacy Task Force, all conference attendees are encouraged to attend this meeting.

- 8:30am – 8:45am **The President's Welcome**

Speaker: Maria Livolsi, COHEAO President

- 8:45am – 9:45am **Session: Legislative Update and COHEAO's Perspectives**

With a new Congress and, at minimum, new players in the Executive Branch, COHEAO's Executive Director will provide an outlook on what to look for from Washington in terms of higher education, student lending, and student financial services issues.

Speaker: Harrison Wadsworth, COHEAO Executive Director

- 9:45am – 10:00am **Break**

- 10:00am – 11:00am **Session: Consumer Financial Protection Bureau**

An update on activities within the CFPB and how it will impact higher education financing.

DRAFT Agenda—As of November, 2013. Subject to Updates & Modification

- 11:00pm – 12:15am **Session: Department of Education Update: Regulations Old and New**
The Department of Education has been quite busy in the latter part of this year and 2014 will continue at the same frenetic pace. Officials from the Department will provide an update on regulations affecting Perkins Loans and other pertinent issues in the Federal Student Aid programs. This session will feature updates on negotiated rulemaking and the Administration’s efforts on ratings plan to eventually serve as the basis for performance basis funding.
- 12:15pm – 1:45pm **Luncheon Address**
- 1:45am – 2:30pm **Session: Cohort Default & Financial Literacy**
Cohort default rates are a significant metric at both the institutional and programmatic levels. This session will explore how institutions are using financial literacy programs covering much more than student loans to support their students and decrease their CDRs.
- 2:30pm –3:00pm **Dessert Break**
- 3:00pm – 4:00pm **Session: The Cashless Campus**
The concept of the “cashless campus” has been a concept for some time, but improved technologies and connectivity have added new features and improved administration as more and more colleges make use of these platforms for their students, faculty and employees. This session will review the latest trends, hot topics, and best practices for the cashless campus.
- 4:00pm – 5:00pm **Session: Improving Office Efficiency by Providing Students with a Meaningful Employment Experience**
Student employees can be a tremendous asset to your office in many capacities. This session will review the on campus peer mentor programs at Concordia University and Weber State University for students in the campus student loan office.
- Speakers: Claude Payne, Weber State University
 Larry Rock, Concordia University
- 6:00pm – 7:30pm **Silent Auction and Reception to Benefit the COHEAO Scholarship Fund**

DRAFT Agenda—As of November, 2013. Subject to Updates & Modification

Tuesday, January 28th, 2014

- 8:00am– 9:00am **Perkins Task Force Meeting**
COHEAO’s Perkins Task Force will again meet over breakfast. This breakfast meeting will feature discussions on topics ranging from legislative strategies for improving Perkins to the day-to-day operations of the Program.
- 9:15 am – 9:30am **Annual Business Meeting**
- 9:30am – 10:45am **Session: Congressional Staff Panel: What to Expect in the upcoming HEA Reauthorization**
Congressional staffers currently working on the reauthorization of the Higher Education Act will discuss the progress of that legislation as well as other issues in higher education. After a wide ranging discussion of many issues in higher education, including the future of the Perkins Loan program, these Capitol Hill insiders will take your questions.
- 10:45am – 11:00am **Break**
- 11:00am – 11:30am **Session: Grassroots Tips and an Overview of the COHEAO Message**
In this session, a longtime Perkins Loan advocate, will provide you with critical tips for making your visits on Capitol Hill a success. The presentation will also outline COHEAO’s message to legislators on preserving and improving the Perkins Loan Program and other issues affecting campus offices.

Speaker: Carl Perry, Progressive Financial Services, Inc.
- 11:30am – 12:30pm **Networking Lunch**
- 12:30pm Gather with mentors for Congressional office visits and depart for Capitol Hill via Metro
- 1:00pm – 5:30pm **Visits to Congressional Offices**
Location: House and Senate Office Buildings, Washington, DC
*Please visit your legislators’ offices to inform them on issues affecting your campus or organization, such as the importance of the Perkins Loan Program for you and your students. **Don’t forget to make appointments in advance.***

DRAFT Agenda—As of November, 2013. Subject to Updates & Modification

Wednesday, January 29th, 2014

8:00am – 9:00am **Breakfast: S.T.A.R.S. Meeting**

Student Tuition and Accounts Receivable Sources (formerly the Accounts Receivable Task Force) will begin Wednesday with discussions on the latest in tuition account management. This meeting provides an opportunity for you to gather with your colleagues and discuss a multitude of issues, both in terms of policy and best practices. All conference attendees are encouraged to attend this meeting.

9:00am – 10:00am **Session: Backroom Outsourcing - Doing More with Less -**
Enhancing Customer Support through an Outsource Call Center Solution.

10:00am – 10:15am **Break**

10:15am – 11:00am **Session: Credit Bureau Reporting**
The session offers a comprehensive discussion about credit reporting and credit scoring. It will offer valuable insight into how the credit reporting and credit scoring process works, distinguish fact from fiction, and the opportunity to join in a discussion about how you can effectively address your students and customers' questions regarding these often misunderstood financial tools.

11:00am – Noon **Session: Clearinghouse Update**
The National Student Clearinghouse has multiple projects impacting both the business office and financial aid. This session will review the recent activities of the Clearinghouse and its ideas for the future as the transmission of student data, particularly data related to student loans and student aid, is a critical issue at the foundation of the forthcoming HEA reauthorization

Noon **Meeting Adjourns**



EVENT BRIEF

House Subcommittee
Hearing, "Strengthening
Pell Grants for Future
Generations"

DECEMBER 5, 2013

Prepared by: Wes Huffman (whuffman@wpllc.net)

On Tuesday, December 3, the House Subcommittee on Higher Education and Workforce Training convened a hearing on the future of the Pell Grant program. The witnesses at the hearing provided a range of perspectives, with Dr. Jenna Robinson of the John W. Pope Center for Education Policy framing the debate from the right and Michael Dannenberg of the Education Trust framing the debate from the left. Offering on the ground insights and a historical perspective were Justin Draeger of NASFAA and Richard Heath, the financial aid director at Anne Arundel Community College.

In his testimony, Draeger reviewed the history of the program, recent changes and offered details on NASFAA's proposals on the future of Pell. Drawing the most attention was the call for a "Pell Well," which would have the same cumulative aid available for students, but by using a predefined amount and informing students of the available funds often, such a scheme would prevent students from pursuing higher education due to a lack of funds. Members from both sides of the aisle were interested in this model, but also wanted to know if it would increase costs. Draeger responded it should not have a material impact on budgetary numbers in five or ten year window, as the amount of aid available would remain the same. This makes sense from a logical standpoint, but previous examples of CBO's Title IV estimates eschewing standard logic are abound See: Summer Pell, Perkins Loan recall, FFEL v. DL, etc.)

Heath, the aid director at Anne Arundel who is very active with NASFAA and regional associations, offered "on the ground" insights to supplement Draeger's proposals. Members on the Committee were most interested in his ideas on making the Pell Grant more flexible for non-traditional students. According to Heath, providing the same amount of Pell dollars for nine credits and eleven credits makes little sense, particularly for community colleges and others that charge by the credit hour. He also detailed AACC's efforts to combat fraud in the Pell Grant program, indicating many financial aid administrators are taking proactive steps to combat fraud but also warning that identify fraud "is a whole different ballgame" that affects all sorts of organizations.

Though there were still some areas of agreement among the two, Robinson and Dannenberg provided the standard progressive and conservative arguments on Pell Grants and student aid generally. Robinson indicated the program was in serious need of accountability reforms and suggested steps should be taken to prevent academically unprepared students from using Pell. According to Robinson, students in need of extensive remedial coursework should not be eligible for Pell. She also added that there is some research that shows that students from middle income backgrounds, defined as family incomes of \$25,000-\$50,000, respond more favorably to loans than grants.

Though Robinson acknowledged the research was limited, Dannenberg and several Democratic Members of the Committee took umbrage with these statements, noting that students in remedial classes are often at the lowest cost option available via community colleges and questioning whether \$25,000-\$50,000 was truly “middle income.” Dannenberg focused much of remarks on the virtues of the Pell Grant Program and urged Congress to a) find more funding for the program; and b) require more funding/accountability from institutions and states. Dannenberg acknowledged his proposal would cost additional government funding, but also included potential revenue raisers with his testimony. The most notable of these proposals was for the government to seek to consolidate existing FFELP loans through the Direct Loan program. Relying on Federal Credit Reform Accounting, this asset purchase would net budgetary savings for the government.

Though there did be some areas of commonality among the witnesses and Members present at the hearing, Republicans and Democrats issued dueling press releases summarizing the proceedings. Subcommittee Chair Virginia Foxx’s summary included quotes from three of the witnesses—Draeger, Robinson, and Heath. Representative George Miller (D-CA), the full Committee’s Ranking Democrat, also issued a media summary which only quoted Dannenberg, the lone witness excluded by Foxx.

Questions & Answers

The hearing was well attended and, somewhat atypically for a higher education hearing, there more Republicans than Democrats present. Full Committee Chairman John Kline (R-MN) was also in attendance and asked the first question. In his questions, Kline got right to the heart of the matter with Robinson, a Republican witness, asking how a non-traditional student might fare under such a proposal. Robinson responded that her proposal was not intended for the non-traditional student, but under qualified traditional students should not be eligible for Pell funds. Kline also indicated he was very intrigued by NASFAA’s “Pell Well” proposal, but did express reservation over costs.

Representative David Loebsack (D-IA) followed Kline and said he agreed with Dannenberg’s suggestion that the Committee “tread lightly” in reforming Pell. He then asked Dannenberg about the impact of the elimination of Summer Pell, which Dannenberg said was felt the most at community colleges and HBCUs.

Representative Joe Heck (R-NV), who proposed earlier this year to shift any excess savings from the change in Stafford and PLUS Loan interest rates to Pell Grants, asked the panel about the role

student aid plays in tuition inflation. Draeger responded that research has not uncovered a direct connection between student aid and tuition increases, instead placing the blame with state funding. Robinson said Pell Grants did not seem to have a causal relationship, but loans are a different matter. Dannenberg indicated he did not want to downplay the role of state funding, but also suggested colleges were sufficiently accountable in terms of student debt load.

Representative Tim Bishop (D-NY), a former financial aid director and a leading voice among Democrats on student aid issues, reviewed the recent and planned cuts under current law and asked Heath about the impact of the loss of Summer Pell and its impact on students at the community college level. He also asked Draeger about NASFAA's thoughts on a "One Grant/One Loan" model. Draeger responded that, like many in the higher education community, aid administrators are keenly interested in simplifying the process, but they are also fearful of losing the flexibility provided by additional "pots of money," such as the Campus Based programs. Bishop is a longtime supporter of the Campus Based programs and said he also shared these concerns.

Representatives Luke Messer (R-IN) and Glenn "GT" Thompson (R-PA) rounded out the Republican questions and both focused on remediation. Messer succinctly summarized the tension between "access" and "success" in higher education policy and asked about non-traditional students. Thompson, a long time supporter of vocational education and adult learning, was also focused on the non-traditional students. Like many of their Republican colleagues, Thompson and Messer are not comfortable with runaway Pell spending, but they also expressed concerns over eliminating opportunities. Witnesses agreed this was the central issue and a tough one to balance for the Committee. Thompson also asked about financial literacy and wondered how this issue could be better woven within the student aid programs.

Representatives Frederica Wilson (D-FL) and John Tierney (D-MA) had the final questions of the hearing for the Democrats and both were interested in the role of the states in higher education. Both Wilson and Tierney bemoaned dwindling per-student at the state level. Tierney pointed to the Maintenance of Effort provisions in the College Access Challenge Grant (CACG) program and was also highly supportive of Dannenberg's proposal to acquire more of the FFELP portfolio for budgetary savings. In addition to discussing state funding issues, Wilson was one of the few Members at the hearing to express concern with the recent reduction in Pell eligibility from 12 to 18 semesters. When accounting for part-time work and remedial education, it is easy to see how the non-traditional student quickly hits this benchmark without a credential, she said.

Additional Information

The House is scheduled to recess on Friday, December 13, so this is likely the last "Keeping College Within Reach" hearing of 2014. The Committee or Subcommittee has convened 11 such hearings and they are expected to continue into 2014.

Additional information on the hearing, including opening statements, witness testimony, and an archived webcast, is available online:

<http://edworkforce.house.gov/news/documentsingle.aspx?DocumentID=363188>