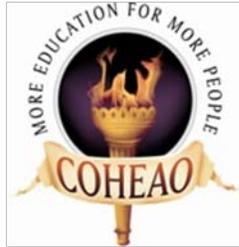


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# *Torch*

**October 24, 2014**

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

## **Top News**

- [A Message from COHEAO's President](#)  
We open today's edition with a special message from COHEAO President Maria Livolsi.

## **COHEAO**

- [Sign Up Today for COHEAO's October 30 Webinar, "Working with the National Student Loan Data System"](#)  
COHEAO is pleased to announce it will be hosting a new webinar, "Working with the National Student Loan Data System (NSLDS)." [Sign up now](#) for this webinar, which is set for October 30 from 2 PM-3:30 PM.
- [COHEAO Perkins Task Force—Call for Members](#)  
The Perkins Task Force is currently looking for members! If you are a COHEAO member and interested in becoming more actively involved in the effort to preserve the Federal Perkins Loan Program, this is your chance.

## **Congress**

- [Student Loans Front and Center in Many Competitive Mid-Term Races](#)  
As Sen. Elizabeth Warren's, "Bank on Students Emergency Student Loan Refinance Act," S.2432, was always considered a "messaging bill" and part of the Democrats "Fair Shot" campaign, it should come as no surprise that student loans are often a hot topic on the campaign trail.

## **White House & Administration**

- [CFPB Releases Annual Report on Private Student Loans](#)  
Last week, the Consumer Financial Protection Bureau released its annual report on private student loan complaints.
- [ED Issues Final Regulations on PLUS Loans](#)  
The Department of Education published final regulations this week defining "adverse credit" in the PLUS Loan Program.

- [Federal Reserve Examines Connection between Student Debt & Homeownership](#)  
The Federal Reserve Board of Governors issued a new report on the impact of student debt on homeownership this week.
- [Transition to Navient for Fed Loan Servicing Completed](#)  
The Department of Education recently announced the servicing transition to Navient, the spinoff company from Sallie Mae, was completed.

## **Industry**

- [Survey Suggests Improving Job Prospects for Recent Graduates](#)  
A new survey from the Collegiate Employment Research Institute (CERI) suggests the available jobs for new graduates in 2014-2015 is expected to grow by 16 percent.

## **Attachments**

- [COHEAO Commercial Members](#)
- [COHEAO Board of Directors](#)

## Top News

### **A Message from COHEAO's President**

Greetings COHEAO Members,

I hope this message finds you well and hopefully things are starting to quiet down a bit after the busy year-end reporting cycle and then hectic start-up of a new academic year! It's always amazing to me how quickly the time flies by when we are so engrossed in the day-to-day activities that we strive to complete. I looked at my calendar in disbelief this morning realizing that it's only a week away from Halloween, and soon we will be into November! I hope you are able to take some time to enjoy these last few weeks of the beautiful fall season – especially if you live in a climate that will soon see snow!

I just had the opportunity to visit beautiful South Carolina for the first time as the COHEAO Board of Directors met at the beginning of this week for a day and a half of strategic planning in Charleston. Utilizing the results of the recent membership surveys that were conducted concerning COHEAO's effectiveness in the areas of communication, advocacy and training, the board outlined a plan for long-term direction focusing on the issues that are most pressing and, in some areas, pose the greatest risk.

First and foremost, COHEAO will continue to build a strong grassroots advocacy campaign to ensure that the Perkins Program is reauthorized. However, we also realize that there are many issues affecting both our institutional and commercial members that fall outside of the Perkins purview. As COHEAO continues its Perkins advocacy efforts, the organization also plans to increase our communication, training and advocacy efforts in the areas of the CFPB (Consumer Financial Protection Bureau), FCRA (Fair Credit Reporting Act) and TCPA (Telephone Consumer Protection Act); increase communication and training in the area of student tuition and accounts receivable through our STAR task force; improve our outreach to all school members to expand the associate membership, allowing us to reach a broader spectrum of professionals on campuses; and work closely with our industry partners in response to discussions about prohibiting private collection agencies from collecting federal student loans.

As we move forward with these and other priorities, your participation and feedback is instrumental. We will continue to assess our performance, determine needs for advocacy and training and set future direction. I encourage you to get involved in any way you can and continue to share your thoughts and ideas, respond to survey requests, and complete evaluations when participating in webinars and conferences. We respect and value your feedback.

In closing, I encourage each of you to start planning now to attend the COHEAO Annual Conference, which will be held at the Marriott Ritz Carlton in Pentagon City, January 25-28, 2015. The conference agenda is truly amazing with a robust variety of sessions on current legislative issues as well as the hottest topics in campus financial services today. I hope to see you there!

*Maria Livolsi*

COHEAO President

Director, State University of New York

## COHEAO

### **Sign Up Today for COHEAO's October 30 Webinar, "Working with the National Student Loan Data System"**

COHEAO is pleased to announce it will be hosting a new webinar, "Working with the National Student Loan Data System (NSLDS)." [Sign up now](#) for this webinar, which is set for October 30 from 2 PM-3:30 PM.

The webinar will feature Valerie Sherrer of NSLDS offering an update and guidance on NSLDS, including information on the new reporting requirements. Bob Frick of University Accounting Service will also provide his insights on working with the data system, while Jen Hoepner, Sarah Kerner, and Rachel Benson of Herzing University will provide a campus perspective.

If you work in NSLDS or are affected by it, this is a can't miss webinar. [Register today!](#)

### **COHEAO Perkins Task Force—Call for Members**

The Perkins Task Force is currently looking for members! If you are a COHEAO member and interested in becoming more actively involved in the effort to preserve the Federal Perkins Loan Program, this is your chance. Through monthly conference calls, the Perkins Task Force will provide you with updates on COHEAO's advocacy initiative and give you information and opportunities to get involved with that effort. The Task Force will also serve as a forum to ask questions or discuss areas of concern, offer suggested topics of discussion for the Task Force at upcoming meetings and connect with other Perkins administrators. If you are interested or have any questions, please contact Pam Devitt, COHEAO Task Force Chair ([devitt@uillinois.edu](mailto:devitt@uillinois.edu)).

Don't let a busy schedule keep you from joining the Task Force - there is no minimum requirement for involvement! We encourage you to join our efforts and calls as your schedule permits because your participation is vital as we work to preserve the Perkins Program.

## Congress

### **Student Loans Front and Center in Many Competitive Mid-Term Races**

As Sen. Elizabeth Warren's, "Bank on Students Emergency Student Loan Refinance Act," S.2432, was always considered a "messaging bill" and part of the Democrats "Fair Shot" campaign, it should come as no surprise that student loans are often a hot topic on the campaign trail. An *Inside Higher Ed* story has additional details:

*In a handful of competitive races, Democrats are aiming to tie GOP candidates to student aid cuts in the budget proposed by Representative Paul Ryan, a prominent Republican advocate of reducing federal spending, and also pouncing on calls by some Tea Party-backed candidates to shutter the federal Education Department.*

*The Democratic Congressional Campaign Committee has aired ads in San Diego, Calif. to boost incumbent Democratic Representative Scott Peters. The ads attack Republican challenger Carl DeMaio by seeking to link him to student aid cuts in the Ryan budget.*

The piece includes numerous examples, even adding links for the online ads that many campaigns are running. As student debt continues to be considered a “young voter” issue, many of the ads are produced only for the web. The full story from *Inside Higher Ed*, including multiple examples of these ads, is [available online](#).

## White House & Administration

### **CFPB Releases Annual Report on Private Student Loans**

Last week, the Consumer Financial Protection Bureau released its annual report on private student loan complaints. The report was largely similar to Student Loan Ombudsman Rohit Chopra’s previous efforts in analyzing complaints from student loan borrowers. In particular, Chopra’s frustration at lender reluctance to modify loan agreements in a manner pleasing to distressed borrowers permeates throughout the report.

Below is an excerpt from the Bureau’s description of the report:

*Today’s report analyzes more than 5,300 private student loan complaints between Oct. 1, 2013 and Sept. 30, 2014, an increase of 38 percent over the previous year. It highlights that many consumers expressed a commitment to repaying their loans, if they could qualify for a payment plan that reflected their current financial circumstances. But, instead, many of these borrowers are being driven to default because no viable repayment options are available to them. When a consumer defaults on their private student loan, the whole balance may become due in full, immediately. This usually causes damage to a consumer’s credit profile. It can also negatively affect a consumer’s ability to pass a background check for a job, obtain housing, and impede access to other forms of credit.*

*Today’s report outlines a number of ways that private student loan borrowers describe being driven to default. Analysis of the complaints revealed:*

- **Little information on ways to avoid default:** CFPB heard from many borrowers struggling to repay their private student loans that they are unaware of what loan modifications are available and what the criteria for qualifying are. The information was not readily available on these lenders’ or servicers’ websites. Many struggling borrowers also reported receiving conflicting or inaccurate information as they were bounced between multiple customer service representatives.
- **No affordable loan modifications available:** Federal student loan borrowers are entitled, by law, to a range of affordable loan modification options, including income-based repayment, extended loan terms, and plans that start with a small payment and increase over time. These same options are not available for private student loan borrowers. Instead, consumers complained that private student lenders and servicers tell them that they are not eligible for any affordable repayment plan that would allow them to avoid default.
- **Temporary fixes that only delay default:** Borrowers report that while many private student lenders and servicers do not offer affordable repayment plans, some may offer temporary forbearance. This short-term fix may delay default by giving borrowers a brief period where no payment is due, often just a few months. Even for these temporary forbearance options, though, borrowers complain of burdensome enrollment fees and processing delays, sometimes leading to surprise defaults.

Below is an excerpt of a statement from Steve Zeisel, General Counsel to the Consumer Bankers Association:

*“Along with an ultra-low default rate, less than 0.1% of private student loans had a complaint submitted to the CFPB, none of which are verified by the regulator. One complaint is too many, but these numbers clearly demonstrate the success and good business practices by CBA’s members, who are working to benefit students and their families.*”

*“While the vast majority of private loans demonstrate ongoing successful repayment, CBA’s members remain committed to providing robust options to the very small subset of private loan customers experiencing sustained financial distress. We are working with the prudential regulators to develop short and long term loan modification programs to provide borrowers with more flexibility, particularly in the early stages of their career. Some of CBA’s members already have launched loan modification programs, while others are piloting programs in advance of a broader roll-out. These programs are designed to address the unique nature of student loan borrowers within the confines of safety and soundness principles.”*

There was one new aspect of the report—the publishing of complaint data relating to the collection of federal student loans. The document offers very little commentary on these figures, as the Dodd-Frank legislation calls for it to specifically address private student loan issues, but their inclusion is yet another sign of the Bureau’s desire to become more active on issues affecting federal student loans.

In addition to the report, the CFPB released tools for borrowers—A sample letter borrowers can simply cut and paste to request payment modifications and “a sample financial worksheet to assist borrowers to determine maximum funds available to pay their student loans.”

The report acknowledges the complaints are not fully verified. It also included narrative examples from borrowers. A read of the narratives suggests some borrowers would like to be able to define a “reasonable” monthly payment on their own terms.

If the CFPB proceeds as planned, these narratives will appear more often. In its publicly available complaint database, the Bureau is seeking to include a narrative from those making complaints. Affected industries have objected vociferously to this proposal, arguing the publishing of unverified complaints will do more harm than good for transparency in consumer finance.

Additional information from the CFPB is available online:

<http://www.consumerfinance.gov/newsroom/cfpb-report-finds-distressed-private-student-loan-borrowers-driven-into-default/>

The full statement from CBA’s Steve Zeisel is available online:

<http://www.consumerfinance.gov/newsroom/cfpb-report-finds-distressed-private-student-loan-borrowers-driven-into-default/>

## **ED Issues Final Regulations on PLUS Loans**

The Department of Education published final regulations this week defining “adverse credit” in the PLUS Loan Program. The regulations are nearly identical to the NPRM published following the negotiations, and the provisions were largely agreed to by negotiators.

[The announcement](#) also states ED will provide additional data, including cohort default rates at the institutional level. The details of what exact data the Department will be providing and when remain unclear.

HBCUs, the institutions most affected by the 2011 changes in PLUS loan availability and the most vocal on the issue, are encouraging expedited implementation to bring stability to their revenues. The Thurgood Marshall College Fund [compared the need](#) to expedite the less restrictive credit requirements to the Ebola crisis. Responding to these concerns, though perhaps not the hyperbole, the Department has indicated it hopes to have the regulations to allow PLUS loans to flow more freely before July 1

That same series of negotiations addressed cash management issues, including the disbursement of Title IV funds. The negotiating committee was unable to reach consensus on these topics and the final regulations, whatever they may be, will not become effective until July 1, 2016, at least according to the Department of Education's Master Calendar for the implementation of regulations. These regulations will be published sometime next year—they have to be published by November 1, 2015—and there will be plenty of time to review and respond before they would be scheduled for implementation on July 1, 2016.

## **Federal Reserve Examines Connection between Student Debt & Homeownership**

The Federal Reserve Board of Governors issued a new report on the impact of student debt on homeownership this week.

In a [“FEDS Notes” brief](#), Federal Reserve economists reviewed some of the best available data on student debt and homeownership, though that isn't necessarily saying much. The report points to the decreased levels of homeownership among student debt holders in the when compared with those without such debts. However, it also notes much of this data is unable to differentiate between those with and without college degrees—not to mention those who were able to finance their education without student loans.

“Upon further review,” the Fed indicates student loan borrowers ultimately surpass their non-degreed counterparts in homeownership rates and eventually largely catch up with those who did not have to borrow for their degrees. Relying on the data and analysis of the *Liberty Street Economics* blog, the Fed concludes student loan debt may delay home ownership, but by the time graduates reach their late twenties and early thirties the differences in home ownership among college grads are negligible, irrespective of whether they were holding student loan debt.

In short, students are investing, whether through student loans or simply their time and career choices, in higher education and seeking returns before they make the major decision of purchasing a home. Though student loan debt may be slightly delaying homeownership for the certain borrowers, the ROI on a degree far outweighs not borrowing at all. Additional factors are also at play, including the evolving residential preferences of recent graduates whether or not, and how much, they borrowed to finance their educations.

## **Transition to Navient for Federal Loan Servicing Completed**

The Department of Education recently announced the servicing transition to Navient, the spinoff company from Sallie Mae, was completed. The announcement notes that Navient is now servicing the following loans:

- William D. Ford Federal Direct Loan (Direct Loan) Program loans
- Federal Family Education Loan (FFEL) Program loans owned by the Department of Education (the Department)
- FFEL Program loans not owned by the Department
- A majority of Sallie Mae private loans that existed prior to the change

The [full announcement](#) is worth the read. It emphasizes a “minimal impact” for borrowers and aid administrators but provides additional details on the following topics:

- Federal Student Loan Servicing Under Navient – Necessary Actions for Navient Customers
- Federal Student Loan Servicing Under Navient – Updates to Other Systems
- Federal Student Loan Servicing Under Navient – Additional Information

## **Industry**

### **Survey Suggests Improving Job Prospects for Recent Graduates**

A new survey from the Collegiate Employment Research Institute (CERI) suggests the available jobs for new graduates in 2014-2015 is expected to grow by 16 percent. The institute, housed at Michigan State University, has projected small gains each year for the past several years.

"This demand has been pent up for over a decade now," said Philip D. Gardner, the Director of CERI.

In reporting on the new survey, the higher education trade media also indicated that career services offices are expecting a much better year for graduates as well. Though these offices are admittedly relying on “anec-data,” career services officials at the University of Kansas and University of Connecticut indicate that employers appear to be actively recruiting undergraduates again.

CERI released the survey findings in advance of the full report, which will be available in November.

The full survey is available online: [http://msutoday.msu.edu/\\_pdf/assets/2014/recruiting-trends-2014-15.pdf](http://msutoday.msu.edu/_pdf/assets/2014/recruiting-trends-2014-15.pdf)

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