The Torch

May 22, 2015

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

COHEAO

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  The Consumer Financial Protection Bureau (CFPB) used a public hearing in Milwaukee last Thursday to announce a new request for information (RFI) on student loan servicing.
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  The Department of Education made public its draft regulations on debit cards and other financial products offered on campuses last Friday.
- **Department of Education Switches to FSA ID System**
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- **CFPB to Host Free Webinar for Financial Educators on May 28**
  The CFPB announced that it will be hosting a free webinar on financial well-being on Thursday, May 28 from 2-3 p.m. ET.
- **The Department of Education Announces Applications for First in the World Program**
  The Department of Education has announced that it is now accepting applications for the First in the World Program.
- **ED Asks for Gainful Employment Data for Pilot Earnings Survey**
  The Department of Education published an announcement in last Wednesday's *Federal Register* that it will begin to distribute a survey to gather information on recent graduates' earnings data to use as part of its gainful employment regulations that are scheduled to take effect July 1.
- **New IFAP Updates on Gainful Employment, Notification of Campus Based Funding, FSA/ID Replacement and More**
  Recent additions to the Information for Financial Aid Professionals (IFAP) website have been made that may be of interest to COHEAO members.

Industry

- **NASFAA Summarizes Terms of Current and Proposed Income-Driven Repayment Plans**
  The National Association of School Financial Aid Administrators (NASFAA) has provided a chart summarizing the terms and provisions of the proposed new income driven repayment plan, REPAYE.
- **NACUBO Supports Blackboard Petition to FCC and COHEAO Comments on TCPA**
  The National Association of College and University Business Officers (NACUBO) submitted comments to the Federal Trade Commission (FCC) in support of a petition from Blackboard, Inc., asking the agency to reconsider its interpretation of parts of the Telephone Consumer Protection Act (TCPA).
- **Corinthian Students to Receive Official Committee Representation in Bankruptcy Proceedings**
  The Department of Justice's Office of the U.S. Trustee's granted a request for Corinthian students to create a committee to represent their interests during the company's bankruptcy proceedings.
- **TransUnion Study Finds Student Loan Impact May Be Overblown**
  Contrary to popular belief, a new TransUnion study found that student loan obligations have not inhibited younger consumers' ability to access and repay other consumer credit categories such as auto loans and mortgages when compared to their peers without student loans.
- **New Report Shows College Enrollment Falling**
  Spring postsecondary enrollments continue to decline, according to the National Student Clearinghouse Research Center's recently released report, Spring Current Term Enrollment Estimates.
- **New Study Finds Racial and Class Bias Behind Student Borrowing**
  A new report, *The Debt Divide*, published by Demos, finds racial and class bias behind student borrowing.
- **Sallie Mae Survey Finds Students and Parents More Concerned About Paying for College than Succeeding in the Classroom**
  A new survey from Upromise by Sallie Mae found that both high school students and their parents are more concerned about paying for college and budgeting for life after college than they are about actually succeeding in the classroom.

Attachments

- **COHEAO Commercial Members**
- **COHEAO Board of Directors**
- **Memo on Senate Health, Education, Labor and Pensions Committee Hearing on Exploring Institutional Risk-sharing**
- **COHEAO Sparks: Senator Baldwin Highlights Importance of Perkins Loans at HELP Committee Hearing on Institutional Risk-sharing**

COHEAO

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

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

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

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

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

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

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

Change of Date to the 2016 COHEAO Annual Conference

The COHEAO board decided at the April 13 meeting to change the date of the 2016 COHEAO Annual Conference to one week later than originally planned in an effort to accommodate travel schedules. The conference will now be held Sunday, January 31, 2016 through Wednesday, February 3, 2016. As usual, the conference will be at the Ritz-Carlton Pentagon City Hotel in Arlington, Virginia, just across the river from Washington, DC. The hotel will have rooms held for the Saturday night before the conference starts. Rooms are available upon request three days before and after the conference.

Please contact Harrison Wadsworth with any questions: hwadsworth@wpllc.net

COHEAO Institutional Memberships Are Due by July 1

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

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

Activities Continue Supporting Perkins

COHEAO continued to organize calls with key members of Congress and their staffs, moving from state to state. In addition, work continues in Washington on meetings with Congressional offices about the importance of Perkins. Many other organizations have allied with COHEAO on this task, with financial aid groups on both the national and regional levels making Perkins reauthorization a top priority. During the past two weeks, several organizations, including a major teachers union, have asked their Congressional representatives and senators to reauthorize Perkins. Student resolutions in New York and other states are also being sent to Congress.

In addition, a resolution in strong support of Perkins is being prepared by members of the House of Representatives. The resolution is expected to be introduced in early June. COHEAO will ask all its members and all friends of Perkins to call and write their Congressmen asking them to co-sponsor the resolution when it is introduced.

As we have noted before, more and more House and Senate offices are expressing their support for the Perkins program, with public comments at a Senate Health, Education, Labor and Pensions Committee hearing last week from Sen. Tammy Baldwin (D-WI) the latest positive news. Baldwin used almost all of her five minutes allotted for comments and questions at the hearing to a statement supporting Perkins.

COHEAO has developed materials for use in advocating for Perkins continuation. The materials can be found on the COHEAO website: http://www.coheao.com/advocacy/the-future-of-perkins-loans-what-you-can-do-to-help/

Congress

Senator Presses for Perkins Reauthorization At HELP Committee Hearing

Sen. Tammy Baldwin (D-WI) highlighted the Perkins Loan Program and expressed her concern about it expiring in September at a Senate Health, Education, Labor and Pensions (HELP) Committee hearing on Wednesday. Spending almost all of her limited time for comments and questioning of witnesses to focus on Perkins, Baldwin called it a "successful campus-based risk-sharing program" in which colleges pay a one-third match to federal funding, then pay for new loans via repayments from previous borrowers. Baldwin said the program incentivizes low default rates and assists low-income students.

Dr. Douglas Webber, an assistant professor at Temple University and a witness at the hearing, agreed with Baldwin and said the program is a viable model for institutional risk-sharing. In answer to a question from Baldwin, Jennifer Wang, Policy Director at Young Invincibles, said her organization is concerned about Perkins expiring.

Senate HELP Committee Holds Hearing on Exploring Institutional Risk-sharing

On Wednesday, the Senate Health Education Labor and Pensions Committee (HELP) held a hearing, "Reauthorizing the Higher Education Act: Exploring Institutional Risk-sharing." The hearing was a follow-up to the committee's white papers on risk-sharing and skin-in-the-game concepts and proposals.

Chairman Lamar Alexander (R-TN), made clear that the committee is "very seriously considering" incorporating changes within HEA reauthorization that would require institutions to accept some of the risk of student loan borrowing. Alexander, along with several of the panelists and senators, expressed their opinions on the importance of risk-sharing policies being implemented even-handedly across the higher education sector. Alexander said, "It might be appropriate to consider establishing multiple models of risk-sharing, so that institutions with different missions and different student populations have different ways to comply."

Senator Jack Reed (D-RI) testified on the risk-sharing model outlined in his recently introduced *Protect Student Borrowers Act,* which hopes to make colleges more accountable for student indebtedness by requiring some institutions to pay a percentage of defaulted student loans. He said only institutions where 25 percent or more of students receive loans would be included, and risk sharing would kick in when an institution's default rate exceeds 15 percent.

The panelists agreed that the current system in place does not sufficiently hold schools responsible as they bear little risk if students default on their loans. They also agreed that risk-sharing would put pressure on colleges to contain tuition costs and encourage innovation. Several of the witnesses suggested expanding schools' abilities to limit student borrowing.

Sen. Tammy Baldwin (D-WI) highlighted the Perkins Loan Program and expressed her concern about it expiring in September. She called it a "successful campus-based risk-sharing program" in which colleges pay a one-third match to federal funding, then pay for new loans via repayments from previous borrowers. Baldwin said the program incentivizes low default rates and assists low-income students. Douglas Webber, an assistant professor at Temple University and a witness at the hearing, agreed with Baldwin and said the program is a viable model for institutional risk-sharing. Jennifer Wang, Policy Director at Young Invincibles, also shared her organizations' concern about Perkins expiring.

Ranking Member Patty Murray (D-WA) acknowledged that increasing incentives to hold schools accountable could potentially have a negative effect on college access. Several of the witnesses shared her concern and suggested solutions to this possibility. Andrew Kelly, Director of the Center for Higher Education Reform at the American Enterprise Institute, suggested that policy makers create legislation that would give institutions a bonus for every Pell Grant recipient they graduate in order to help balance the risk of enrolling low-income students and ensure continued access.

Conversations with Senate staff at the hearing revealed that the goal remains to try and have a Higher Education Act reauthorization bill ready for markup in the Committee before the July 4 recess. However, floor time for a bill, even if it has broad bi-partisan support, is unlikely before most programs covered by the Act, including Perkins Loans, expire on September 30. That means Congress will have to pass extensions, as expected. It is clear that further action on the legislation will be delayed until the Elementary and Secondary Education Act (ESEA) is settled, since in most individual Senate offices, the same staffer covers education at all levels (Committee staff are more specialized.) It is expected that the ESEA will come up in June or July on the Senate floor.

Notably, the bi-partisan atmosphere on ESEA has now officially moved to higher education, with Chairman Alexander and Ranking Democrat Murray announcing four bi-partisan working groups of committee staff to work on major issues up for consideration in the reauthorization process (see article below).

A full summary of the hearing and COHEAO's Spark on Sen. Baldwin's comments on the Perkins Loan Program are attached to this edition.

Alexander, Murray Announce HEA Reauthorization Working Groups

Senate HELP Committee leaders announced four working groups for committee staff that will dive into major issues facing lawmakers as they begin rewriting the Higher Education Act.

The bipartisan working groups will examine: accountability, accreditation, college affordability and financial aid, and campus sexual assault.

The joint press release from the senators says: "The Higher Education Act we see today—a nearly 1,000 page law with an equal amount of pages devoted to higher education regulations—is simply the piling up of well-intentioned laws and regulations, done without anyone first weeding the garden," said Alexander. "I look forward to working with Senator Murray as we start from scratch in reauthorizing the Higher Education Act to find ways to best serve students and taxpayers by eliminating unnecessary red tape, saving students money, and removing obstacles to innovation in the best system of higher education in the world."

"Access to quality and affordable higher education is important for students, and it is a crucial part of building an economy that works for all families, not just the wealthiest few," said Murray. "The Higher Education Act provides critical protections and support for our nation's students. As we work to reauthorize and improve the law, I am going to be focused on making college more affordable, reducing the crushing burden of student debt, strengthening protections so that all students have a safe learning environment without the threat of sexual assault or violence, and ensuring all students have clear pathways into and through higher education. I look forward to working with Senator Alexander and our colleagues on a bill that helps all students succeed."

For the press release, see: http://www.help.senate.gov/newsroom/press/release/?id=f5270f4e-8873-4e9c-8e78-aba1068d3abe&groups=Ranking

Sanders' Bill Would Make Public Four –Year College Free for All

Senator Bernie Sanders (I-VT), the long-shot presidential candidate, introduced a bill on Tuesday that calls for free tuition for four-year public schools. Under the *College for All Act,* $70 billion a year in assistance – two-thirds from the federal government and one-third from states – would replace what public colleges and universities now charge in tuition and fees. The federal share of the cost would be offset by imposing a tax on Wall Street transactions by investment houses, hedge funds and other speculators. The bill also calls for a reduction in interest rates on federal student loans.

"We once led the world in the percentage of our people with a college degree, now we are in 12th place." Sanders said. "Countries like Germany, Denmark, Sweden and many more are providing free or inexpensive higher education for their young people. They understand how important it is to be investing in their youth. We should be doing the same," he added.

The bill is considered unlikely to pass Congress. However, when combined with rumors that presidential candidate Hillary Clinton may make a similar call as part of an effort to move left of President Obama on certain issues, it is clear that many progressives believe "free college" is a winning message on the

campaign trail. As Libby Nelson of *Vox* wrote: "Student loan interest rates used to be a potent political issue for Democrats. They're discovering that not having to borrow to pay tuition at all is a much more powerful one."

For a press release from Sen. Sanders, see: http://www.sanders.senate.gov/newsroom/press-releases/sanders-make-college-tuition-free

Rep. Mia Love Introduces House Version of The Student Right to Know Before You Go Act

Congresswoman Mia Love (R-UT) introduced *The Student Right to Know Before You Go Act*, a companion bill to the one introduced in the Senate a few weeks ago by Sens. Ron Wyden (D-OR), Warner (D-VA), and Rubio (R-FL).

"Prospective students are making costly and critical decisions about their education with very little or completely inaccurate information," Rep. Mia Love said. "I recently spoke to a Salt Lake City woman whose son is a new college graduate with $80,000 in student loan debt, but no job. The *Student Right to Know Before You Go Act* would give students access to the tools they need to responsibly and confidently plan for their future."

The bill is co-authored by Rep. Duncan Hunter (R-CA) and has bipartisan support from co-sponsors Rep. Paul Ryan (R-WI), Rep. Trey Gowdy (R-SC), Rep. John Carney (D-DE), and Rep. Susan Davis (D-CA).

The bipartisan bill would amend the Higher Education Act to require institutions to make public information including earnings data for graduates, graduation rates for non-traditional students, transfer rates, frequency with which graduates go on to pursue higher levels of education, and debt levels. It would create an easy-to-use online database so students and families can get "a more complete picture of their education" before making a decision about where they should go to college, according to Love's announcement.

For Love's news release, see: http://utahpolicy.com/index.php/features/featured-articles/5739-press-release-rep-mia-love-introduces-first-bill

Peters and Capito Introduce *FAIR Student Credit Act*

Senators Gary Peters (D-MI) and Shelly Moore Capito (R-WV) re-introduced a bill they both sponsored unsuccessfully when they were in the House last Congress. Called the *Federal Adjustment in Reporting (FAIR) Student Credit Act*, the bill would require credit reports of student loan borrowers who rehabilitate their private loans to be cleared of the default notation, in the same manner as is done for rehabilitated Direct Loans or FFELP loans.

In other words, borrowers who make nine payments within 20 days of their due date during a 10 month period would have the default taken off their credit record, although not any notations of late payments. Under current law, federal loans may be rehabilitated one time, and borrowers can have the record of the loan default removed. Applying the same concept to private loans could be complicated by the fact that banks and credit unions have to answer to federal financial regulators tasked first with making sure the financial institutions are operating safely and soundly.

Representatives John Carney (D-DE) and Stephen Fincher (R-TN) introduced a companion bill in the House.

For more information, see: http://www.peters.senate.gov/content/peters-capito-introduce-bipartisan-student-loan-rehabilitation-bill

Murphy, Schatz and Himes Introduce *College Affordability and Innovation Act*

Sens. Chris Murphy (D-CT) and Brian Schatz (D-HI), along with Rep. Jim Himes (D-CT), introduced the *College Affordability and Innovation Act*. The legislation would tie federal funding to a school's ability to meet affordability and student outcomes goals. The bill aims to incentivize schools to create new models of education that reduce the time to degree so that students can graduate faster with less debt.

The bill would create a pilot program to test ideas that may reduce the cost of college. It also calls for evaluations for innovative programs, creates a commission to recommend minimum accountability standards for all institutions that receive Title IV dollars, and "rewards institutions that do best on new accountability measures."

For more information, see: http://www.murphy.senate.gov/newsroom/press-releases/murphy-schatz-himes-announce-college-affordability-and-innovation-act-of-2015

Rep. Rick Larsen (D-WA) Introduces Bereaved Borrowers' Bill of Rights Act of 2015

Representative Rick Larsen (D-WA) introduced the *Bereaved Borrowers' Bill of Rights Act* on Thursday to protect students with private education loans from "auto-defaults" when a loan cosigner, often a parent or grandparent, dies or files for bankruptcy.

Servicers would be banned from reporting defaults by borrowers with accelerated repayment terms to credit reporting companies, which would be stopped from including that information in reports. The bill would also provide for easier access to information about cosigner relief requirements. Larsen first introduced the act in the 113th Congress.

The press release announcing the bill, which contains a link to the legislative text can be found here: http://larsen.house.gov/press-release/larsen-bill-would-protect-grieving-student-borrowers-harmful-%E2%80%9Cauto-defaults%E2%80%9D .

White House & Administration

Federal Direct Student Loan Rates Will Drop for '15-'16 Academic Year

Wednesday's May auction of 10-year Treasury notes will result in a drop in Direct Loan interest rates for loans made from July 1, 2015 until July 1, 2016. The Treasury reported a high yield of 2.237 percent, which when rounded to 2.24 percent will result in a 0.37 percent cut in the interest rate on federal loans originated from July 1, 2015 through June 30, 2016. For the cheapest loans, undergraduate Staffords, the rate would be 4.29 percent. The graduate Stafford rate will be 5.84 percent. PLUS loans, both graduate student and parent, will be 6.84 percent.

CFPB Holds Public Hearing on Student Loans and Announces RFI

The Consumer Financial Protection Bureau (CFPB) used a public hearing in Milwaukee last Thursday to announce a new request for information (RFI) on student loan servicing. Many observers believe the RFI published in the Federal Register makes clear the Bureau's perspective -- it wants to write new rules that will control how federal -- and private -- student loan servicing is carried out in great detail. The agency says it has been alerted to potential billing problems, lost records, delays in resolving errors and poor customer service from student loan servicers. The CFPB is asking the public to share their experiences with student loan servicers. The issues that the Bureau is seeking information on include: industry practices that create repayment challenges, hurdles for distressed borrowers, and the economic incentives that may affect the quality of service. The purpose of the RFI it to determine if the student loan servicing industry is conducting business in a manner that makes repayment more complicated and costly for consumers. The deadline for submitting comments is July 13, 2015.

The CFPB also announced that it is re-launching an enhanced version of its Repay Student Debt online tool to help borrowers figure out their options for affordable repayment. In addition, a fact sheet was released on borrower experiences with student debt stress. The fact sheet provides a snapshot of student loan servicing numbers and gives the total volume of outstanding student loan debt at more than $1.2 trillion and total volume of student loan debt in default at $110 billion.

At the Milwaukee hearing, the Under Secretary of Education, Ted Mitchell, kicked off the event listing some of the Department's current initiatives regarding borrower relief, improved servicing, expanded income-based repayment, improved on-line tools, an integrated complaint system, and easier re-certification of participation in income-based repayment plans**.**

CFPB Director Richard Cordray opened by highlighting the agency's partnership with the Department of Education. He said that he was concerned that poor servicing was contributing to the student loan default problem, and that the RFI was intended to help fix this. His remarks seemed to indicate that he believed the lack of federal standards in the student loan servicing context may be contributing to the situation**.** He also commented on the lack of transparency in the student loan market as being problematic, hinting that increased disclosure might be in the future. Although his opening statement included what have become CFPB boilerplate comments on problems caused by private student loans, the actual hearing was almost exclusively about federal loans. In particular, it focused on problems caused by servicers who were under contract to handle federally owned student loans. Regardless, private loan servicing will clearly be part of the RFI process.

NASFAA President Justin Draeger had an interesting proposal – to duplicate the FFELP industry's Common Manual for Direct Loans. NCHER representative Tim Fitzgibbons used his two minutes for opening remarks to call for modernization of the Telephone Consumer Protection Act of 1991 in order to improve communication between servicers and borrowers.

The President/CEO of Great Lakes Higher Education Corporation, Dick George, said that the focus should not be on borrowers with large student loan balances, but on those with lower balances as these students tend to drop out more frequently and default on their loans. He suggested mandatory credit-bearing financial literacy courses and also limiting the duration of forbearance.

Chuck Knepfle, director of financial aid at Clemson University and chair of the National Direct Student Loan Coalition, said that borrowers do not know whether they have federal or private loans, and it is unnecessary for borrowers to know their federal servicer since they owe the Department of Education.

He then turned his attention to ED's negotiated rulemaking to create a new repayment plan called REPAYE, and stated there are too many repayment options. He also suggested that exit counseling should be the responsibility of loan servicers rather than schools.

A number of members of the public came to the hearing, for the most part to report on problems they have had making student loan payments. Several mentioned their distress at finding that their loan balances are growing despite the fact that they are making payments – a function of borrower benefits such as income-based repayment and forbearances.

- For a recording of the hearing, see: http://www.consumerfinance.gov/blog/
- For the full RFI, see: http://files.consumerfinance.gov/f/201505_cfpb-rfi-student-loan-servicing.pdf
- For the Thunderclap page, see: https://www.thunderclap.it/projects/26522-studentdebtstress .

ED Publishes Notice of Proposed Rulemaking on Financial Products Offered on College Campuses

The Department of Education made public its draft regulations on debit cards and other financial products offered on campuses last Friday. The Notice of Proposed Rulemaking (NPRM) was formally published in the *Federal Register* on Monday, marking the start of a 45-day public comment period. The Department has been writing the rules since negotiated rulemaking on the regulations failed to produce a consensus in April 2014.

The draft regulation defines two types of arrangements between colleges and financial institutions, and it defines how the arrangements work, including requiring access to no-fee ATMs for withdrawal of funds that could include Title IV aid.

According to the NPRM, the regulations will "require institutions that have T1 or T2 arrangements to establish a student choice process that: prohibits an institution from requiring students or parents to open an account into which their credit balances must be deposited; requires an institution to provide a list of account options that a student may choose from to receive credit balance funds, where each option is presented in a neutral manner and the student's preexisting bank account is listed as the first, most prominent, and default option; and ensures electronic payments made to a student's preexisting account are as timely as, and no more onerous, as payments deposited to an account made available pursuant to a T1 or T2 arrangement."

The regulations have changed relatively little from what was proposed by ED at the end of the negotiated rulemaking in April 2014. Financial institutions will have to offer fee-free debit cards and checking accounts to students who are receiving federal student aid. In addition, colleges will have to make public, such as via posting on their websites, any contracts with financial institutions.

The regulations also include new restrictions on how financial accounts are marketed to students as well as disclosure requirements. The banking industry has argued that ED is overstepping their powers in going after campus financial products, and a bipartisan group of lawmakers on the Hill share the industry's concern. Financial firms have protested the CFPB's efforts to get them to publicly disclose the arrangements they have with colleges to market products, but the new draft rules require this to be done.

- The draft regulation can be found here: https://s3.amazonaws.com/public-inspection.federalregister.gov/2015-11917.pdf
- For coverage from *Inside Higher Ed*, see: https://www.insidehighered.com/news/2015/05/15/obama-administration-propose-new-rules-campus-financial-products

Department of Education Switches to FSA ID System

Last week, the Federal Student Aid (FSA) ID replaced the FSA PIN to improve security and customer experience for the student and borrower-based websites including FAFSA on the Web, NSLDS Student Access, StudentLoans.gov, StudentAid.gov, and the TEACH Grant website. The FSA ID will be comprised of a username and password. Users will be directed to a link to register for their new FSA ID.

For more information, see: http://www.ed.gov/blog/2015/05/goodbye-federal-student-aid-pin-hello-fsa-id/

Obama Administration Delays In-State Tuition for Veterans

The Obama administration has delayed a new federal requirement that public colleges and universities receiving GI Bill funding provide recent veterans with in-state tuition, regardless of their residency. Last Friday, Secretary of Veterans Affairs Bob McDonald said he was pushing back the deadline for public institutions to comply with the requirement to January 1, 2016. The in-state provision is part of the *Veterans Access, Choice and Accountability Act* that passed Congress last August and was scheduled to take effect on July 1, 2015.

The law states that public institutions that want to continue receiving veterans' benefits must charge in-state tuition to any veteran who has come off active duty within the past three years, regardless of the veteran's legal residency. The benefit applies to veteran's spouses and dependents as well.

As of now, only 21 states fully comply with the new requirement and some of the most populous states, including those with the largest veteran populations, are still not in compliance.

For more information see, https://www.insidehighered.com/news/2015/05/19/va-delays-requirement-student-veterans-receive-state-tuition

CFPB to Host Free Webinar for Financial Educators on May 28

The CFPB announced that it will be hosting a free webinar on financial well-being on Thursday, May 28 from 2-3 p.m. ET. The webinar will feature "an overview of CFPB's research on financial well-being and its implications for financial education practice."

Reserve a spot by emailing CFPB_FixEx@cfpb.gov by May 26.

For more information, see: http://www.consumerfinance.gov/adult-financial-education?utm_source=newsletter&utm_medium=email&utm_term=050122015_f1&utm_campaign=fined_FinEx

The Department of Education Announces Applications for First in the World Program

The Department of Education has announced that it is now accepting applications for the First in the World Program. Colleges can apply for $60 million in grants through ED's second First in the World innovation competition, $16 million has been set aside for minority-serving institutions. The grants are meant to fund the development and testing of innovative approaches and strategies to improve postsecondary education attainment. The Department has published final priorities, requirements, selection criterion, and definitions along with information regarding applications for development and validation grants in last Monday's *Federal Register*. Applications are due on June 30, 2015. Grants will be awarded by September 30 at the latest.

- For more information on final priorities, requirements, selection criterion, and definitions see: http://www.gpo.gov/fdsys/pkg/FR-2015-05-11/html/2015-11333.htm
- For more information on development grants, see: http://www.gpo.gov/fdsys/pkg/FR-2015-05-11/html/2015-11336.htm
- For more information on validation grants, see: http://www.gpo.gov/fdsys/pkg/FR-2015-05-11/html/2015-11337.htm

ED Asks for Gainful Employment Data for Pilot Earnings Survey

The Department of Education published an announcement in last Wednesday's *Federal Register* that it will begin to distribute a survey to gather information on recent graduates' earnings data to use as part of its gainful employment regulations that are scheduled to take effect July 1.

According to the notice, the survey will collect median earnings to be compared to "median earnings for graduates from comparable programs based on a match to the Social Security Administration as pa2rt of the 2012 gainful employment informational rates."

The gainful employment regulations require that graduates spend no more than 8 percent of their annual income or 20 percent of their discretionary income on repaying student loan debt. The Department is expected to publish the draft standards for survey administration in the future.

For the notice, see: https://s3.amazonaws.com/public-inspection.federalregister.gov/2015-11665.pdf

New IFAP Updates on Gainful Employment, Notification of Campus Based Funding, FSA/ID Replacement and More

Recent additions to the Information for Financial Aid Professionals (IFAP) website have been made that may be of interest to COHEAO members.

FSA IFAP Announcements:

- Gainful Employment Electronic Announcement #53 - What is a Gainful Employment (GE) Program?
- Federal Student Aid Posts Updated Reports to FSA Data Center
- Notification of Campus-Based Funding for the 2015-2016 Award Year
- Notice of Proposed Rulemaking on Cash Management, Clock-to-Credit-Hour Conversion, and Repeat Coursework
- Interest Rates for Direct Loans First Disbursed between July 1, 2015 and June 30, 2016
- Volume 3 - Calculating Awards & Packaging [2015-2016 Federal Student Aid Handbook]

- School Partners Survey Information - Web Survey to Begin May 14, 2015
- 2015-2016 ISIR Analysis Tool Web Application Now Available
- FSA ID/PIN Replacement - Successfully Implemented on May 10, 2015

Industry

NASFAA Summarizes Terms of Current and Proposed Income-Driven Repayment Plans

The National Association of School Financial Aid Administrators (NASFAA) has provided a chart summarizing the terms and provisions of the proposed new income driven repayment plan, REPAYE. The chart offers a comparison of current and proposed plans.

The proposed regulations to create the new REPAYE plan were developed as negotiators reached consensus at negotiated rulemaking earlier this year. A Notice of Proposed Rulemaking is expected in July, and will then be open to public comment.

To view the chart, see: http://www.nasfaa.org/uploadedFiles/Private/Main/orig/2013/negreg/idr-plansummary.pdf

NACUBO Supports Blackboard Petition to FCC and COHEAO Comments on TCPA

The National Association of College and University Business Officers (NACUBO) submitted comments to the Federal Trade Commission (FCC) in support of a petition from Blackboard, Inc., asking the agency to reconsider its interpretation of parts of the *Telephone Consumer Protection Act* (TCPA). In its comments, NACUBO acknowledged COHEAO's comments submitted to the FCC in support of the petition a few weeks prior. The following is an excerpt from the organization's comments:

> *Of course, NACUBO encourages its members to obtain express consent from students for the use of automated dialers and mass texting devices during enrollment. However, because of the increasing litigious environment that is developing around violations of the Telephone Consumer Protection Act (TCPA), colleges and universities may still find themselves subject to penalties and lawsuits even after they have properly obtained prior express consent from students and other members of the community.*
>
> *Because of this, NACUBO agrees with comments submitted from the Coalition of Higher Education Assistance Organizations, Twitter Inc., District of Columbia Public Schools, Los Angeles Unified School District, Fairfax County Public Schools, and Metropolitan Nashville Public Schools. Colleges and universities should not be liable for unknowingly contacting a new owner of a telephone number when the institution has express consent to contact the original owner of said telephone number. It is impossible for colleges and universities to know when a telephone number has changed hands; the only way that an institution would likely discover that a number had been "recycled" would be when the caller reached an individual in error.*

For the full comments, see:
http://www.nacubo.org/Documents/Initiatives/NACUBO_comments_to_FCC_on_TCPA_CG_Docket_02_278_5.7.15.pdf

Corinthian Students to Receive Official Committee Representation in Bankruptcy Proceedings

The Department of Justice's Office of the U.S. Trustee's granted a request for Corinthian students to create a committee to represent their interests during the company's bankruptcy proceedings. The formation of a committee is seen as a major victory for the student activists. The committee will be composed of a number of students determined by the U.S. Trustee's Office. Scott Gautier, the lawyer who requested the committee, says that it could provide a forum for negotiation with the Department of Education and will provide representation for students as Corinthian's assets are divided.

The Wall Street Journal reports, "Corinthian has few remaining assets, but payments the company made before the bankruptcy filing could be clawed back. Money recovered through this process might be used to set up career placement centers for students, rather than providing small cash distributions to each student, Mr. Gautier suggested."

The lawyer added that a judicial finding on Corinthian's conduct is critical to the students' case for loan forgiveness. Students are prevented by the bankruptcy filing from suing Corinthian outside of bankruptcy now, so that finding could come from the bankruptcy court. While the Department of Education and the Securities Exchange Commission (SEC) are already investigating the for-profit college, Senate Democrats are now urging the Department of Justice to investigate too.

For more information, see: http://www.wsj.com/articles/corinthian-students-to-receive-official-committee-representation-1431547084

TransUnion Study Finds Student Loan Impact May Be Overblown

Contrary to popular belief, a new TransUnion study found that student loan obligations have not inhibited younger consumers' ability to access and repay other consumer credit categories such as auto loans and mortgages when compared to their peers without student loans.

In fact, consumers ages 18-29 with a student loan in repayment generally are able to gain access to new loans and perform as well or better on those new loans as similarly aged consumers without student loans. Furthermore, the study found that in only three to six years, student-loan consumers in their 20s have been observed to pass similarly aged consumers without a student loan in overall loan participation rates on mortgages, auto loans and credit cards.

"Going to school impacts young consumers' access to credit; while in school, students may be less likely to have a job and generate the income necessary for loan approval. However, most catch up once they leave school-and their ability to catch up has not changed over the past decade," said Steve Chaouki, executive vice president and the head of TransUnion's financial services business unit. "Our study demonstrates that consumers in their 20s with student loans in repayment-that is, once they finish school-are in fact able to access credit at levels similar to or better than their peers who do not have student loans."

The study found that in the years after they begin repaying student loans, those consumers have similar new mortgage activity to, and higher new auto and credit card open rates than, their peers without student debt. In general, consumers ages 18-29 have less credit products such as mortgages, credit card and auto loans. The percentage of consumers ages 18-29 with credit products such as mortgages, credit card and auto loans dropped significantly between 2005 and 2012. However, this drop impacted both

consumers with student loans and those without similarly; the presence of a student loan in repayment did not appear to disproportionately impact consumers with student loans. TransUnion says that factors such as rising unemployment rates for younger consumers and stricter lending standards are likely far larger contributors to decreased consumer credit originations and participation by all consumers in this age group.

For the report, see: http://transunioninsights.com/studentloans/

New Report Shows College Enrollment Falling

Spring postsecondary enrollments continue to decline, according to the National Student Clearinghouse Research Center's recently released report, *Spring Current Term Enrollment Estimates*. College enrollments in spring 2015 totaled just under 18.6 million, down 1.9 percent compared to spring 2014. As in each of the last three years, the bulk of this spring's decline is among students over the age of 24, whose numbers fell by 264,000 (-3.6 percent).

The report also found that most of this spring's decline in enrollment took place at two-year public institutions (-3.9 percent) and four-year for-profit institutions (-4.9 percent) compared to last spring. From fall 2014 to spring 2015, four-year for-profit enrollment declined 7.4 percent. Students over the age of 24 represent 38 percent of the total spring 2015 enrollments, but account for 74 percent of the decline in total enrollments over the past year. Two-year public institutions lost nearly a quarter of a million enrollments this year, and are down 415,000 from spring 2013. Students over the age of 24 account for three-quarters of this decline. Enrollments at four-year public higher education institutions were essentially unchanged at 7.5 million.

Enrollments held relatively steady compared to last spring at private nonprofit institutions (-0.2 percent), but there was a sharper decline for the term compared to fall 2014 (-3.6 percent, the largest fall-to spring decline in several years for this sector). There was also a divergence by institution size. Smaller institutions (under 3,000 students) saw enrollments decline by 2.4 percent compared to last spring, while the largest institutions (10,000 or more students) saw enrollments increase by 2.1 percent. Enrollment declined in 40 states and increased in 10 states.

"Despite recent reports about students' concerns over rising costs and whether college is still worth it, these figures suggest, to the contrary, that the improving national employment picture remains the dominant influence on enrollments," stated Doug Shapiro, Executive Research Director of the National Student Clearinghouse Research Center. "Our enrollment data continue to show that adults over age 24 are leaving college and returning to the workforce, in line with the steady declines in the unemployment rate. Traditional-age students, by contrast, are staying enrolled, even at the more expensive four-year institutions."

For the full report, see: http://nscresearchcenter.org/currenttermenrollmentestimate-spring2015/

New Study Finds Racial and Class Bias Behind Student Borrowing

A new report, *The Debt Divide*, published by Demos, finds racial and class bias behind student borrowing. The report found students of color and low-income students have to take out larger loans than white students and are much more likely to drop out without receiving a degree.

"While college is commonly regarded as a key tool to move up the economic ladder, we have created a system based almost entirely on acquiring debt to get ahead, with no regard to how it would impact different communities," said Mark Huelsman, a senior policy analyst at Demos. "This system is essentially pushing students of color and low-income students even farther down the ladder, adding an additional level of risk that previous generations did not take on when paying for college, and saddling them with additional disadvantages as they enter the workforce."

The report includes several policy solutions to reverse these trends, including increasing state investment in higher education, simplifying the FAFSA, reinvesting in federal financial aid to increase the purchasing power of Pell grants, and further spending on programs that reduce the need to take on debt.

For more information, see: http://www.demos.org/press-release/new-demos-report-shows-higher-education%E2%80%99s-debt-financed-system-biased-along-class-and-

Sallie Mae Survey Finds Students and Parents More Concerned About Paying for College than Succeeding in the Classroom

A new survey from Upromise by Sallie Mae found that both high school students and their parents are more concerned about paying for college and budgeting for life after college than they are about actually succeeding in the classroom. The online survey of more than 500 students and 500 parents found that nearly half of parents and students expressed concerns about college costs, while fewer than one in four said academic performance was their top concern.

Fifty-two percent of parents and 48 percent of students say they wished they had started saving for college sooner. Nearly three quarters of both students and parents agree that the student will need to help pay for college by holding down a part-time job while in school.

The survey also found that the expectation of financial support from parents does not end after a student graduates from college. Approximately 65 percent of parents expect to support their children for up to five years after college graduation. The proportion of parents who think they will need to help out for more than two years jumped to 36 percent, double what a similar Upromise survey in 2014 reported. Sixty-eight percent of students expect financial support from their parents post-graduation. Nearly half of students, however, would be willing to pay rent to live back at home.

However, both parents and students are still optimistic about post-college employment opportunities and two-thirds of parents and students think the student will obtain a job in his or her chosen field within six months of earning a degree.

For more information, see: http://news.salliemae.com/press-release/featured/teenagers-and-parents-agreement-when-it-comes-preparing-college-answer-resoun

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HEARING BRIEF

Senate Health, Education, Labor and Pensions Committee Hearing- Reauthorizing the Higher Education Act: Exploring Institutional Risk-sharing

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

May 20, 2015

On May 20, the Senate Health, Education, Labor and Pensions Committee held a hearing, "Reauthorizing the Higher Education Act: Exploring Institutional Risk-sharing."

MEMBERS PRESENT

Chairman Lamar Alexander (R-TN); Ranking Member Patty Murray (D-WA); Sens. Bill Cassidy (R-LA); Al Franken (D-MN); Elizabeth Warren (D-MA); Chris Murphy (D-CT); Sheldon Whitehouse (D-RI); Robert Casey, Jr. (D-PA); Michael Bennet (D-CO); Tammy Baldwin (D-WI).

WITNESSES

Panel I

- **Senator Jack Reed (D-RI)**

Panel II

- **Andrew P. Kelly**, Director, Center for Higher Education Reform, American Enterprise Institute
- **Robert S. Silberman**, Executive Chairman, Strayer Education, Inc.
- **Jennifer Wang**, Policy Director, Young Invincibles
- **Dr. Douglas A. Webber**, Assistant Professor, Temple University

OPENING STATEMENTS

Chairman Alexander began by discussing the fact that the public often hears stories of students with debt over $100,000, but that in reality only four percent of student borrowers owe this amount. He said that the average student borrower graduates with $27,000 in debt and pointed out that this amount is equal to the average auto loan. He mentioned that information on loan performance is not easily found, as Sen. Warren pointed out in the last HEA hearing. He added that while the federal government does collect most of these debts, some students simply borrow too much. He spoke about his FAST Act and how the legislation would make sure that part-time students are not permitted to borrow as much money as full-time students. He said that the bill would also allow for institutions to limit borrowing. Alexander said that the subject of this

hearing, risk-sharing, is a third option to help fix federal student aid. He stated that if colleges have an incentive, they would be more willing to reduce their cost. The chairman said that some regulations in place that attempt to hold institutions accountable, such as the gainful employment rule, have proven to be a failure as they only target a particular sector of higher education. He said that all institutions should be held accountable to the same degree, but that it might be appropriate to establish multiple models of accountability.

Ranking Member Murray noted the importance of holding schools accountable for the investments these institutions received from students and taxpayers. She said that currently, the government has a lopsided accountability system as schools receive the upfront benefit of money provided by federal student loans but students and taxpayers bear the risk and the consequences of default. For this reason, she said, "I am open to hearing more about options like risk-sharing to ensure colleges and universities have a stake in their students' success, debt levels, financial literacy, and ability to repay." She warned, however, that any risk sharing proposal should not be a way to roll back any other accountability provisions that Congress has passed.

WITNESS STATEMENTS

Sen. Jack Reed began his testimony by stating that student debt is a growing drag on the U.S. economy. He said that students "have literally mortgaged their economic future." Reed said that states and institutions must take responsibility for college costs and student borrowing. Only 37 percent of federal loan borrowers are current and actively paying down their debt, he said. The Senator stated that current laws provide little incentives for colleges to take responsibility for student loan defaults, and compared the current Corinthian situation to the 2008 financial crisis. He said, "The financial system showed us what happens when certain players in the system can reap the rewards of easy credit without having to bear any of the consequences of making reckless risky decisions." He then focused on his recently introduced legislation, *The Protect Student Borrowers Act of 2015*, which seeks to make colleges more accountable to student indebtedness by requiring institutions to pay a percentage of defaulted student loans. He said that only institutions that have 25 percent or more of their students receiving loans would be included and that risk sharing would kick in when an institution's default rate exceeds 15 percent.

Andrew Kelly said that the mechanisms to hold institutions accountable have fallen short of expectations and cited the college cohort default measure as an example. He said the intent of risk-sharing should be for all colleges and that institutions may respond to risk-sharing in different ways. Kelly said risk-sharing would incentivize schools to contain costs as higher tuition levels will make it more difficult for students to repay loans. He listed a number of design principles Congress should consider. First, he said leaders should move away from default rates as they are imperfect measures of loan performance. He said a measure of repayment progress would provide a more comprehensive picture of loan performance. Second, Kelly suggested charging schools a flat percentage of nonperforming loans. Third, he said that risk-sharing payments do not have to be particularly large to get the attention of schools. Finally, he said that an ideal risk-sharing system would hold all schools accountable. He did however note that implementing a risk-sharing system raises legitimate questions about access for low-income students. He said that to help balance the risk of enrolling low-income students and

ensure continued access, policy makers could create legislation that would give institutions a bonus for every Pell Grant recipient they graduate. He also said that a risk-sharing system should recognize that many factors are outside of an institution's control. For example, colleges can't limit over-borrowing.

Robert Silberman said regulations should apply even handedly to all schools that participate in Title IV student loan program. He said the cohort default rate is a "blunt instrument that eliminates access to title IV funds." Silberman suggested a few steps for Congress to take to fix what he calls, "this misalignment of incentives." He said schools should have the flexibility to delay Title IV funds until later in academic terms, so that they can ensure a student is succeeding academically. Second, he suggested the federal government limit Title IV funds to universities whose cohort default rates are worse than similar institutions, and ensure that these schools do not receive more money than they did the previous year. Next, he said to implement a method in which education institutions share in the financial risk of defaults on student loans. He shared his support of Sen. Reed's proposed accountability bill. Finally, he said the current system "permits and encourages over-borrowing" and that allowing institutions to limit borrowing would be "an excellent mechanism to try to reduce overall student debt."

Jennifer Wang said institutions must take responsibility for student success and recommended that Congress adopt specific goals to protect students and taxpayers. First, she said Congress should require that schools be responsible for student success. Second, she suggested crafting policy that encourages institutions to lower the cost of attendance. Third, she suggested that in the worst instances, institutions should be required to provide borrower relief. She added that risk-sharing should not be a substitute for existing protections like the 90/10 rule or gainful employment. She suggested Title IV funds should be revoked from schools whose graduates are not having more success than they would with a high school diploma.

Douglas Webber said he was in favor of risk-sharing requirements and advocated for a similar proposal put forth by Sen. Reed, but stressed that risk-sharing requirements be applied to all institutions and all of their offered programs. He mentioned that one possible concern of a risk-sharing system is that it could put upward pressure on raising tuition rates. He said he examined this concern in a recent research paper, and found that a typical institution would only implement a modest tuition increase of around one percent under a hypothetical risk-sharing program that imposes a 20 percent penalty. He suggested coupling risk-sharing policy with reforms mentioned in previous HEA hearings, such as easing accreditation requirements, and providing detailed consumer information at the institutional and program level.

MEMBER QUESTIONS

Chairman Alexander asked Silberman if part-time students should be entitled to the same amount of loans as full-time students. Silberman said there ought to be a difference in the amount of aid part-time students are eligible to receive and that universities should be given the opportunity to limit the amount of debt that students take on. Kelly agreed that schools should be allowed to limit borrowing and cited a current experimental pilot program that the Department of Education currently has under way to see if limiting borrowing is indeed effective. He said the pilot program is taking place at a few community colleges and some for-profit schools.

Ranking Member Murray acknowledged that increasing incentives to hold schools accountable could potentially have a negative effect on college access. She asked Wang to elaborate on how expanding current accountability measures could make higher education more affordable. Wang replied that her organization believes the committee could debate returning to an 85/15 rule to ensure further accountability, particularly at career technical education programs. Murray then asked Webber how risk-sharing proposals have the potential to lower debt. Webber said schools need to be incentivized to reduce their students' debt. He said that implementing many of the consumer information initiatives discussed in the last HEA hearing would lead to better informed borrowers and result in lower debt.

Senator Whitehouse asked the witnesses what their "idea of student success looks like." The panelists agreed that a baseline definition was the ability of a student to pay back their debt. Kelly said that consumers will always have different measures of success but that regardless, the federal government's interest as a lender is whether students can repay their loans.

Senator Warren said that easy access to federal student money gives colleges less incentive to contain costs and improve educational quality and pointed to recent reports of some for-profit colleges abusing the system. She said that although some Education Department standards have failed to lower default rates, it was important to not roll back on the ones that are currently working.

Senator Franken focused his attention on Silberman and the for-profit university that he is the chairman of, Strayer University. He mentioned a 2009 HELP committee report which found that Strayer spent $2,448 per student on marketing and only $1,329 on instruction. Silberman disagreed with the findings and said that 55% of the school's expenses are on instruction. The senator expressed his concern about for-profit schools' marketing tactics.

Senator Casey asked how the federal government can encourage schools to create innovative programs like Temple University's Fly in Four program that provides grants to students who meet regular progress and commit to not working more than 10 hours per week. The panelists all agreed that risk-sharing would encourage schools to innovate. Wang added that institutions should create innovative programs to incentivize not just enrolling more nontraditional students but also helping them to succeed while in school. She suggested rewarding pre-existing programs that accomplish this in order to encourage other schools to implement similar ideas.

Senator Baldwin highlighted the Perkins Loan Program that is set to expire in September and called it a "successful campus-based risk-sharing program" in which colleges pay a one-third match to federal funding, then fund new loans via repayments from previous borrowers. She said the program incentivizes low default rates and assists low-income students. Webber agreed and said the program is a viable model for institutional risk-sharing. Wang also shared her organizations' concern about the Perkins program expiring.

Senator Murphy mirrored Sen. Franken's concern about how for-profit institutions spend their money, particularly in terms of the proportion that is spent on advertising. He then asked Kelly if a unitary student record that included student outcomes after graduation would help students

make more informed borrowing decisions. Kelly said informed consumers are critical to a functioning market and that a student data record system would provide necessary consumer information.

Senator Bennet asked about the rising costs of tuition and how federal aid can incentivize schools to decrease tuition. Kelly once again reiterated that risk-sharing would put pressure on colleges to think about how to contain costs and develop innovations. He then spoke about supply side constraints and said that the current regulatory framework that regulates access to this market is biased in favor of the bundled expensive college model and judges providers on the basis of how much they look like a college. He suggested lowering those supply side barriers and allowing for more competition.

CONCLUSION

Chairman Alexander thanked the panelists and noted the bipartisan interest in risk-sharing and said it was likely to be considered for incorporation in the Higher Education Act as reauthorization continues. He announced that the next hearing on HEA reauthorization, which will focus on accreditation, would take place on Wednesday, June 3 at 10 a.m.

For more information about the hearing, including written testimony and an archived webcast, go to: **http://www.help.senate.gov/hearings/hearing/?id=3a9c3d19-5056-a032-52f6-2f8bc1af1ba4**

COHEAO Sparks

Updates on relevant events, hearings, and policy developments from the Coalition of Higher Education Assistance Organizations

May 20, 2015

Senator Baldwin Highlights Importance of Perkins Loans at HELP Committee Hearing on Institutional Risk-sharing

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

Today, Sen. Tammy Baldwin (D-WI) highlighted the Perkins Loan Program at a Senate HELP Committee hearing on institutional risk sharing in the federal student loan programs. Baldwin noticed the phrase "skin in the game" had been mentioned several times and noted this concept has been around since 1958 through Perkins Loans. She described Perkins risk sharing elements as follows:

> *"In this campus based loan program, participating schools share the risk by providing a 1/3 match for federal funding, and loans are made using funds repaid from previous borrowers, which encourages institutions to keep their default rates as low as possible."*

The Wisconsin Democrat also highlighted how the campus based nature of Perkins allows institutions to target loan funds to those who need them most. Baldwin then mentioned the importance of the program to her home state, where 15,000 students receive $28 million in Perkins funding, and noted the program is scheduled to expire on September 30, 2014. She asked the witnesses if they shared her concerns on the elimination of the program; and if it could serve as a model for further implementation of risk-sharing concepts.

Jennifer Wang, who serves as policy director for the Young Invincibles advocacy organization, said she very much shared Baldwin's concerns on the elimination of Perkins, particularly since it was such an important tool for college access. Dr. Douglas Webber, a professor at Temple University with an expertise in educational finance, agreed the program was important one for preserving access. He also said he would increase some of the "bite" in terms of default rate penalties associated with the Perkins Loan program, but also concluded his remarks with the following statement: "But is it a viable method for implementing risk-sharing? Yes, I absolutely believe it is."

COHEAO Executive Director Harrison Wadsworth was in attendance at today's hearing and we will send a full summary later this week. However, given this exciting news, we wanted to share it with COHEAO members and Perkins Loan advocates immediately as your hard work is continuing to produce results. Notably, COHEAO held a grassroots call with Sen. Baldwin's office a few weeks prior to the hearing.

To watch Sen. Baldwin's comments live, please use this link and advance the video to the 1:48:25 mark. The video player can be a bit tricky at times, but the file will quickly advance and it is worth the effort to see these comments.

Thank you for your continued efforts to preserve and improve the Perkins Loan Program. Perkins Loan advocates must continue to press forward to ensure this program does not expire, but your efforts are already having a significant impact.