

*The*



# *Torch*

June 12, 2009

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

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## COHEAO News

### **COHEAO Working With Congress on Perkins Loan Changes**

With the House Education and Labor Committee poised to mark up legislation making major changes to the student loan programs as soon as the week of June 22, COHEAO has been presenting its Perkins Loan proposals to key Members of Congress and has been working with others in the Washington higher education community on a proposal.

The revolving fund system is likely to be removed and replaced by a new system that will include much larger amounts of funding available for Perkins Loans. Left unclear for now is the role that schools will play in administering the “new” Perkins Loan Program. COHEAO has continued to work vigorously to retain a role for schools in administering the program. COHEAO also has called for the continuance of the in-school interest benefit, which President Obama’s proposal would eliminate, charging interest soon after loans are disbursed. We urge all COHEAO members to write their members of Congress immediately in support of continued school involvement in administering the Perkins Loan Program both in the financial aid office and in the billing and collection process. Updated talking points are available at [www.coheao.org](http://www.coheao.org), as are sample letters.

In addition, COHEAO is supporting retention of current levels of lending for institutions that are now participating in the Perkins Program under a new program. COHEAO will keep the membership informed of developments as they take place over the next two weeks.

### **Early Registration Deadline for COHEAO Mid-Year Conference Is Less Than a Month Away, Register Today!**

The early registration discount for hotel and conference fees for the upcoming COHEAO Mid-Year Conference is just around the corner. These discounts expire on June 30, so you will want to be sure to register for the COHEAO Mid-Year Conference this month!

Set for August 1-4, 2009 in Philadelphia, PA, this conference will take place as Congress continues the process of considering major changes to the Perkins Loan Program. We understand that travel and conference budgets have been trimmed at many schools and organizations, but considering the circumstances, you won’t want to miss out on this event, and we have worked to keep it affordable.

Possible changes for Perkins are sure to be a hot topic at this conference. Key Members of Congress serving on the education and appropriations committees have been invited to speak, and officials from the Department of Education have already agreed to offer presentations.

While many sessions will focus on legislative and regulatory developments, the Mid-Year Conference will also address many issues related to COHEAO members’ day-to-

day activities. In addition to a special supplemental workshop at the conclusion of the conference, session topics include negotiated rulemaking, the Federal Reserve's private loan regulations, legal issues (including bankruptcy litigation), cultural changes in accounts receivable management, monthly tuition payment plans, and creative efforts to mitigate the impact of the economic downturn for students.

The afternoon workshop will focus on how business offices in higher education manage their student accounts receivables. The University of Pittsburgh's Denny DeSantis and Temple University's David Glezerman will lead this workshop, and their presentation will address organizational structures and management issues, billing and payment processes, extending credit, managing the environment, handling delinquent accounts, customer service, and improving cash flow for the institution.

The Mid-Year Workshop will take place from noon-5:00 PM on August 4 and costs an additional \$75 for conference attendees, \$125 for non-attendee COHEAO Members and \$150 for non-attendee non-members. The additional costs include lunch at the hotel and workshop fees.

COHEAO is pleased to continue to offer affordable rates for its events. The prices for this year's Mid-Year Conference remain unchanged from last year, \$470 for members and \$570 for non-members school attendees if you register before June 30. Non-member commercial institutions may register for \$1,575 before June 30, and all registrations increase after the June 30 discount deadline.

We were able to negotiate a very affordable rate at a wonderful hotel for this event, the Westin Philadelphia. COHEAO conference attendees registering with the Westin before June 30 are eligible for a rate of \$169 per night, a room rate less than at our previous two Mid-Year Conferences. The hotel's Rittenhouse Square location offers numerous shopping and dining options, as well as museums and historical attractions, including the Liberty Bell, Independence Hall, and the Constitution Center.

Call the hotel at (888) 627-8153 by June 30 and let them know you are attending the Coalition of Higher Education Assistance Organizations meeting to receive this fantastic deal! You may also register online by visiting the hotel's special webpage for this event: <http://www.starwoodmeeting.com/StarGroupsWeb/booking/reservation?id=0904033776&key=B0956>.

For more information on the event, including an agenda and registration, please visit [www.coheao.org](http://www.coheao.org). You may also register by returning the attached registration forms. If you have any questions about this event, please do not hesitate to contact Wes Huffman at [whuffman@wpllc.net](mailto:whuffman@wpllc.net)

### **Distribution Policy for *The Torch***

COHEAO would like to remind all of our members, to please abide by the distribution policy for *The Torch*. Redistribution of this memorandum or its content outside the

immediate organization of the intended recipient without the express prior permission of COHEAO is prohibited.

If you have any questions regarding this policy, please contact Krista Heckler or Harrison Wadsworth.

### **Get Your Summer Fashions at the COHEAO Store**

Summer is here and that means it's time to update your wardrobe with the latest from the COHEAO store, <http://www.westernprinting.net/coheao>, where you will find high-quality clothing and outerwear bearing the distinctive COHEAO flame logo. The net proceeds from the sale of the clothing will go to the COHEAO scholarship fund, which awards \$1,000 scholarships every year to deserving students with financial need who are attending COHEAO member institutions of higher education. Check it out today and help yourself – and a student who can really use the assistance.

## **CONGRESS**

### **Timetable for Student Loan Reconciliation Bills Becoming Clearer: House May Markup within Two Weeks**

Work continued behind the scenes in Congress on student loan legislation with Chairman George Miller (D-CA) convening a meeting of Education and Labor Committee Democrats yesterday to discuss the reconciliation legislation the committee is developing, including the student loan proposals. Miller is now hoping to mark up a bill before the July 4 Congressional recess, although a date has not been formally set.

The markup is highly likely to take place in July if it doesn't occur in late June. The Senate HELP Committee is also hoping to mark up in July, but that is more speculative at this point.

Following the markups in the education authorizing committees, the attention will then turn to the full House and Senate. Even if the committees meet their own timing goals and complete their work by July, the reconciliation legislation is not likely to be considered on the floor until sometime in the fall in order to account for the healthcare debate.

There can be only one final reconciliation bill. Should efforts to produce a bipartisan solution on healthcare reach an impasse, these reforms will be considered with the student loan legislation in the final reconciliation bill.

### **House Determines 302(b) Allocations, LHHS Receives 5% Increase from FY09**

Congress took a major step forward in the year long budget and appropriations process this week by determining the 302(b) allocations for each Subcommittee – at least on one side of the Capitol.

The 302(b) allocations are the numbers that signal to Subcommittee Chairs just how much money they can spend for the federal agencies. For the House Subcommittee on Labor, Health and Human Services and Education (LHHS) the allocation for those agencies for FY 2010 is \$160.65 billion. This is a \$7.5 billion increase over FY 2009, or approximately five percent, and it is very similar to the funding levels put forward by the President in his budget request.

The House Subcommittee on LHHS also announced plans to mark-up their FY 2010 bill on July 8, with the intention of a quick full Committee mark-up and floor action to follow. If all goes as planned by Appropriations Chairman David Obey (D-WI), the House will complete action on all 12 appropriations measures prior to the August recess.

As always, in the Senate, bills are moving at a slower pace, and the Appropriations Committee has yet to announce its 302(b) allocations. However, Senate Majority Leader has said he would like to see his chamber tackle two of the 12 appropriations bills before the July 4 recess.

### **McKeon to be Ranking Member of Armed Services Committee**

Rep. Buck McKeon (R-CA), the House Education and Labor Committee Ranking Republican, has been chosen to replace Rep. John McHugh (R-NY) as the Ranking Member on the House Armed Services Committee, passing over two other seniors Members. Rep. McHugh stepped down recently when he was chosen by President Obama to serve as Secretary of the Army.

The new position opens up McKeon's position as Ranking Member on the Education and Labor Committee, and, typical to these "inside baseball" issues in Washington, the rumors and speculation have already begun in earnest.

Rep. Mike Castle (R-DE) and Tom Petri (R-WI), the most senior Republican on the Committee, have already said they are not seeking the post. It was reportedly offered to Castle to entice him to remain in the House, as opposed to running for the Senate in 2010, which he is currently considering. In discussing his decision, Petri, the long-time Direct Lending advocate, specifically mentioned his interest in student loan issues, stating he would be more "effective" by "maintaining my independence."

Rep. Judy Biggert (R-IL), Rep. Joe Wilson (R-SC), Rep. John Kline (R-MN), and Rep. Cathy McMorris Rodgers (R-WA) have all declared an interest in the job. Of this group, Biggert has the most seniority, but McMorris Rodgers is said to be a favorite of leadership while some observers believe Kline's vocal opposition of the "card check" labor legislation could make him the next top Republican on the Committee.

An official word from the House Republican Conference is expected next week. McKeon has served on education-related committees since he arrived in Congress in 1993. He joined the Armed Service Committee in the 104th Congress.

### **Appropriators Question Duncan on President's Higher Education Plans**

While staff work continued behind the scenes on federal student loan reform legislation—Democratic lawmakers in both chambers questioned Secretary Duncan on the President's higher education plans last week. Last Wednesday, Duncan testified before the House and Senate Labor, Health and Human Services, and Education Appropriations Committees.

Duncan's opening remarks on the President's student loan proposal sounded very familiar to those who have been following the debate. He described the proposed government monopoly as "more efficient," claiming it would generate an additional \$4 billion per year in additional Pell Grant funding "without going back to taxpayers and asking them for an additional dollar."

Duncan also repeatedly mentioned the \$2.5 billion (\$500 million annually) "Access and Completion Fund," which is designed to encourage innovation in college access and degree attainment, stating, "The goal is not just access, it is attainment."

While still rather warm, the reception given to Duncan by appropriators was less so than his previous appearances on the Hill, and key appropriators expressed reservations with the President's plan on student lending. Although Subcommittee Chairman Tom Harkin (D-IA) said he was "especially pleased by his plan to end entitlements to financial institutions" by converting to total Direct Lending, he also expressed concern that only large student lending companies would be able to service the loans in a government contracting scenario.

Harkin asked Duncan how the Department planned to account for this, since, in theory, large servicers would be able to undercut their smaller competitors. Duncan responded that the performance-based contracting of the federal government would help ensure the servicing contracts are awarded based on "cost and the ability to help students."

On the jobs question, Duncan said the companies selected by the Department for servicing should benefit from picking up additional market share, adding, "I hope job losses will be minimal."

Following his appearance in the Senate, Duncan offered identical testimony to the House Appropriations Subcommittee on Labor, Health and Human Services, and Education. In that Committee, the specific topic of student lending did not come up very often.

However, Chairman David Obey (D-WI) did express his desire to maintain appropriators control over Pell funding. In laying out his "misgivings," Obey said he was "dubious on

the wisdom” of creating a new entitlement program while Congress is “trying to convince people that we're financially responsible.” He also warned of a “perverse reverse effect by putting a ceiling on the maximum award.”

For Duncan’s testimony, visit: [http://appropriations.senate.gov/Hearings/2009\\_06\\_03 - Labor-Testimony\\_of\\_Education\\_Secretary\\_Arne\\_Duncan\\_at\\_June\\_3\\_Hearing.pdf?CFID=15607703&CFTOKEN=39549193](http://appropriations.senate.gov/Hearings/2009_06_03_-_Labor-Testimony_of_Education_Secretary_Arne_Duncan_at_June_3_Hearing.pdf?CFID=15607703&CFTOKEN=39549193)

### **Cummings Introduces Bill to Launch Student Loan Program for Maritime Workforce Training**

Rep. Elijah Cummings (D-MD), Chairman of the House Subcommittee on Coast Guard and Maritime Transportation, introduced H.R. 2651, the “Maritime Workforce Development Act,” which would create a recruitment, training, and student loan program designed to attract the next generation of workers to jobs in the maritime industry.

The Maritime Workforce Development Act would authorize \$60 million over six years to create a maritime-focused student loan program through which individuals can receive up to \$60,000 in loans over the course of their lifetime. Recipients of the loans would be required to maintain satisfactory progress and be required to repay their loans within ten years. Additionally, the bill would authorize \$60 million over six years to enable the Department of Transportation to award grants to maritime training institutions for mariner recruitment, training, and retention.

Mariners rarely enroll in traditional 2- or 4-year educational programs, instead taking frequent, multi-week courses designed to certify them for specific new qualifications. The unique structure of these programs is not easily served by existing loan programs, leaving many unable to afford the costly tuition.

During a Coast Guard and Maritime Transportation Subcommittee hearing convened in October, 2007, to assess the extent of labor shortages in the maritime labor force, the Maritime Administration (MARAD) reported that many members of the workforce are at retirement age. MARAD indicated that the average age of a mariner with a Master’s license at that time was 51, while the average age of a Chief Engineer was 50. Figures have also shown that nearly 30 percent of those working in the inland towing industry would be eligible to retire in coming years.

## **INSIDE ED AND THE ADMINISTRATION**

### **ED Clarifies Status of Perkins Loan MPNs**

The Department of Education released an announcement today clarifying the status of Federal Perkins Loan Master Promissory Notes.

The announcement says that the current Perkins MPN, which is approved under Office of Management and Budget (OMB), has an expiration date of June 30, 2009. A revised version of the Perkins MPN is currently being cleared through OMB, but ED will not have OMB's approval of the revised Perkins MPN until later this summer, after June 30.

However, the current Perkins MPN will remain valid for use until the revised Perkins MPN has been approved and made available to schools.

The announcement states, "The June 30 expiration date does not in any way limit the use of the current Perkins MPN to make Perkins Loans now or in the future, nor does it impact the enforceability of the loans made under it. If a school uses the Perkins MPN as a multi-award year promissory note, a student who has signed the current Perkins MPN with the June 30, 2009 expiration date may continue to receive loans under that MPN for future award years and will not be required to sign the revised Perkins MPN once it becomes available. Similarly, schools may have students execute the current note after June 30, 2009 and such students may continue to receive loans under that note in the future."

To read the full announcement visit:

<http://www.ifap.ed.gov/eannouncements/061209StatusFedPerkinsLoanMPN.html>

### **ED Issues Reminder About Campus-Based Program Requirement Waivers**

The Department of Education released an electronic announcement reminding schools of a May 15, 2009 Dear Colleague Letter that described new statutory waivers of some of the campus-based program requirements. The DCL also announced a revised process for the reallocation of unspent 2008-2009 campus-based funds for institutions located in areas affected by a major 2008 natural disaster. The waivers and additional funds are for the 2009-2010 award year.

The letter reminds institutions of the deadline date for submitting waiver requests and request for reallocated funds is Monday, June 15, 2009. The announcement states, "If your institution was located in a county (or parish or municipality) that was designated by the Federal Emergency Management Agency (FEMA) for "disaster assistance for individuals and households" as a result of a major 2008 natural disaster declared by the President, please review *CB-09-03* regarding how a qualifying institution may apply for the campus-based waivers and/or apply for campus-based funds available for reallocation for the 2009-2010 award year."

To view the reminder visit:

<http://www.ifap.ed.gov/eannouncements/061209RemindDeadlineCBasedWaivers.html>

To view the Dear Colleague Letter visit: <http://www.ifap.ed.gov/dpclletters/CB0903.html>

### **Department Seeking Acceptance of "Established Common Pricing" for Title IV Loan Servicing Contract**

Final, modified bids for the Department of Education's Title IV loan servicing contract are due by 5:00 pm EDT today. The Department sent a message on modifying proposals to the remaining bidders on the student loan servicing contract, which are reportedly down to five. It is included below:

*The Government has received your organization's response to the proposed common pricing and additional terms and conditions. We are now requesting your organization's Final Revised Proposal. Via email we will send updated additional terms and conditions, and the established common pricing. All other terms and conditions of the solicitation not altered herein, or by the attached, remain in full force and effect.*

*If you feel revisions to your organization's initial proposal are necessary, please submit only those change pages. Any revisions made should be clearly marked with text that has been bolded, underlined and italicized on the submitted change pages. The page limitations identified in the instructions of the solicitation (see Section D.2, page 19 of 35 of the document entitled, Full File Phase II Title IV RFP v6.pdf, posted on FedBizOpps as Amendment 09 on April 23, 2009) are still applicable.*

*Your organization's written confirmation that no revisions are necessary, or the revised change pages, shall be submitted and received (on the Government's servers) by Friday, June 12, 2009 at 5:00PM EDT. Failure to submit a timely response will result in your proposal receiving no further evaluation and eliminate your organization from further consideration for an award. The response shall be submitted via e-mail to the Contracting Officer via e-mail at [Mike.Whisler@ed.gov](mailto:Mike.Whisler@ed.gov), with a carbon copy to [Nicholas.Chung@ed.gov](mailto:Nicholas.Chung@ed.gov) and [Bradley.Bumgarner@ed.gov](mailto:Bradley.Bumgarner@ed.gov).*

*Please note that any submitted changes will be evaluated (in accordance with Section D.4, page 22 of 35 of the document entitled, Full File Phase II Title IV RFP v6.pdf, posted on FedBizOpps as Amendment 09 on April 23, 2009) and may result in changes to your proposal's ratings. Hereafter, no additional proposal revisions will be requested, and no further discussions will be required for the Government to make an award decision.*

*Any assumption included in your Final Revised Proposal that is contrary to the existing Terms and Conditions may result in changes to your proposal's ratings. Your response shall confirm that any assumptions made in your organization's proposal submissions are no longer applicable, as appropriate.*

*Your response shall confirm that your organization will meet the Government's stated deadlines (see Section D.2, page 19 of 35 of the document entitled, Full File Phase II Title IV RFP v6.pdf, posted on FedBizOpps as Amendment 09 on April 23, 2009) for the Initial, Intermediate and Final Requirements of August 31, 2009, March 31, 2010 and August 31, 2010, respectively.*

*Any questions regarding this request shall be submitted to the Contracting Officer via e-mail at [Mike.Whisler@ed.gov](mailto:Mike.Whisler@ed.gov), with a carbon copy to [Nicholas.Chung@ed.gov](mailto:Nicholas.Chung@ed.gov) and [Bradley.Bumgarner@ed.gov](mailto:Bradley.Bumgarner@ed.gov).*

*Thank you for your continued interest in this opportunity to service Title IV obligations.*

In assessing the latest developments, Tim Ranzetta of Student Lending Analytics, who has provided, by far, the best coverage of the procurement process for this contract through his blog, said, “Based on the language, the Department seems to be asking lenders if they are willing to accept the ‘established common pricing.’ Not sure how this ‘established common pricing’ is being determined, but it would appear that the Department is saying "here is the price" and giving lenders the opportunity to indicate whether they can accept that pricing and if so, whether they would need to make any changes to their proposals.”

For more information on the contract, visit:

<https://www.fbo.gov/index?s=opportunity&mode=form&tab=core&id=66ad99f828d44e3264a4eba03b080f99&cvview=1&cck=1&au=&ck=>

### **ED Announces Taggart As FSA COO**

The Department of Education announced the appointment of William Taggart as chief operating officer (COO) of the department's Federal Student Aid office (FSA).

“Taggart is an inspiring leader, and he has the deep operational experience critical to maintaining and improving the major systems at FSA,” Secretary Duncan said.

Taggart has more than 24 years of business management experience with Fortune 50 U.S. companies. Before joining the Education Department, Taggart was president and chief executive officer of Veritas One Consulting, LLC, a management consulting firm specializing in strategy execution planning headquartered in Charlotte, NC.

Prior to his work with Veritas One, Taggart served as chief operating officer of corporate and investment banking at Wachovia Corporation, Charlotte, from 2004-2008. With Wachovia since 2000, Taggart served in a number of leadership capacities, including head of client services, president of Info-One, and chief administrative officer, Wachovia Insurance.

Taggart worked for First Union Corporation, Charlotte, from 1995 to 2000, serving as managing director, strategic support services, automation and operations division. From 1984 to 1995, Taggart worked in various technology, consulting and marketing roles for International Business Machines (IBM).

Taggart received a master's degree from Harvard Graduate School of Business Administration (1991) and a bachelor's degree in business administration from Howard University (1984).

### **ED Announces Changes to Federal Need Analysis Methodology**

In a *Federal Register* notice last week, the Department of Education announced changes to the Federal Need Analysis methodology for the 2010-2011 academic year. This need analysis determines a family's expected family contribution (EFC), which in turn sets a student's eligibility for aid programs.

On its company blog, Student Lending Analytics listed the six factors used to in the Federal Need Analysis and how they will be changing in the upcoming year. They are listed below:

- **Income Protection Allowance** (amount of living expenses associated with the maintenance of an individual or family that can be offset against the family's income):
  - For dependent student, the income protection allowance will increase by 20% to \$4,500 for the 2010-11 school year
  - For **parents of dependent students, the income protection allowances will increase by 2.43% to 2.48%** depending on family size and number in college.
  - The **income protection allowance for independent students with dependents other than a spouse will increase by 11.1%** consistently across various family sizes and numbers in college.
  - For **single independent students and independent students without dependents other than a spouse will see increases of 11.1%** in 2010-11 also.
- **Adjusted Net Worth of a Business or Farm** ("A portion of the full net value of a business or farm is excluded from the calculation of an expected contribution because (1) the income produced from these assets is already assessed in another part of the formula and (2) the formula protects a portion of the value of the assets.")
  - The following ranges for calculating the adjusted net worth of business will see a change in 2010-11:
    - \$340,001 to \$565,000
      - 2010-11: \$161,000 + 60% of NW over \$345,000
      - 2009-10: \$158,500 + 60% of NW over \$340,000
    - \$565,001 or more:
      - 2010-11: \$302,000 + 100% of NW over \$580,000
      - 2009-10: \$293,500 + 100% of NW over \$565,000
- **Education Savings and Asset Protection Allowance** ("This allowance protects a portion of net worth (assets less debts) from being considered available for postsecondary educational expenses) has three tables, although interestingly the figures in the tables are equivalent across all three tables. **This allowance actually will drop in 2010-11, protecting about 3-5% fewer assets for those**

**who are married and about 8% less for those who are single in each of these categories:**

- Parents of dependent students
- Independent students without dependents other than a spouse
- Independent students with dependents other than a spouse
- **Assessment Schedules and Rates:** ("..used to determine the EFC toward educational expenses from family financial resources. For dependent students, the EFC is derived from an assessment of the parent's adjusted available income. For independent students with dependents other than a spouse, the EFC is derived from an assessment of the family's AAI.)
  - **The AAI brackets will increase by 2.1% to 2.4% for 2010-11.**
- **Employment Expense Allowance:** ("This allowance for employment-related expenses, which is used for the parents of dependent students and for married independent students, recognizes additional expenses incurred by working spouses and single-parent households.")
  - **No change for 2010-11:** "The employment expense allowance for parents of dependent students, married independent students without dependents other than a spouse, and independent students with dependents other than a spouse is the lesser of \$3,500 or 35 percent of earned income.
- **Allowance for State and Other Taxes:** ("The allowance for State and other taxes protects a portion of the parents' and students' income from being considered available for postsecondary educational expenses.") Each of the states listed below will see a 1% increase in this allowance for parents of dependents and independents with dependents other than a spouse: California, Florida, Illinois, New York, Pennsylvania, Vermont, and Virginia. Washington will see their allowance reduced by 1%

To view the *Register* notice, visit:

<http://www.ed.gov/legislation/FedRegister/other/2009-2/060209a.html>

To view the entire blog post, which includes additional observations from SLA, visit:

[http://studentlendinganalytics.typepad.com/student\\_lending\\_analytics/2009/06/beware-of-geeks-reading-the-federal-register-or-why-financial-aid-determination-needs-to-be-simplified.html#more](http://studentlendinganalytics.typepad.com/student_lending_analytics/2009/06/beware-of-geeks-reading-the-federal-register-or-why-financial-aid-determination-needs-to-be-simplified.html#more)

### **114 Schools Fail to Meet ED's Financial Responsibility Requirement**

A new analysis by the Department of Education shows 114 private nonprofit colleges failed the ED's financial responsibility test. The test involves calculating a composite score based on factors like debt load, expenses relative to income, and overall resources.

Colleges that fail test are monitored more carefully on their use of federal student-aid funds. Particularly low scores mean a college must post letters of credit to help protect the safety of their loan and grant money. In the past, schools faced with this situation have shut down, merged with a wealthier nonprofit college, or sold themselves to a for-profit college company.

Colleges that fail to meet the requirement can keep awarding federal student aid with the added oversight, but it can cause managerial and financial problems. Utica College in Upstate New York failed because it had spent some of its reserves to begin construction projects and has declined to begin energy improvement projects in order to avoid dealing with the Education Department's oversight again.

## **INDUSTRY NEWS**

### **NACAC Survey Shows Students Choose Affordable Options over "Dream Schools"**

A recent survey conducted by the National Association of College Admissions Counselors (NACAC) found that 70% of high schools surveyed reported an increase in the number of students who felt the need to modify their ambitions and choose more affordable options over their "dream schools."

NACAC CEO stated, "The potential effects of the economy loomed large over this admission cycle. It appears that students and families were more concerned about cost, and plans about whether or where to enroll were changed as a result. The colleges' experience this year is more difficult to generalize, though budget cuts and declining yield rates are indicative of a tougher year at many institutions."

Over 600 high schools completed the NACAC survey which found that almost 60 percent of respondents indicated an increase in the number of students planning to enroll in public versus private colleges in the fall of 2009, as compared to the 2008 numbers. Thirty-seven percent of respondents indicated an increase in the number of students planning to enroll in community colleges versus four-year colleges.

Over 400 colleges and universities completed the NACAC survey which asked respondents to provide information on changes in their admission/retention statistics, including applications, acceptances, and waitlist usage. The findings showed that about 35 percent of postsecondary institutions experienced budget and staff cuts to the admission department during the 2008-09 academic year. The average number of positions lost was two full-time staff persons.

Almost half (46 percent) of colleges reported increases in the percentage of applicants who were accepted. Forty-one percent of institutions that accept early decision applications reported an increase in the number of applicants who declined their acceptances because of insufficient financial aid. Forty-six percent of colleges reported an increase in their fall-to-spring retention rates for the 2008-09 academic year when compared to 2007-08.

To view the full report visit:

<http://www.nacacnet.org/AboutNACAC/PressRoom/2009/Pages/EffectsoftheEconomy.aspx>

**AMA to Examine Defraying Costs of Medical School**

A report from the American Medical Association's (AMA) Council on Medical Education (CME) addressed the rising costs of medical school and the increasing debt of student graduates.

The report responded to three resolutions from state delegations, all suggesting methods to cut costs and relieve debt. Together, the resolutions suggested ways to reduce the time it takes to complete MD programs, to increase opportunities for aid through scholarships or work-study, to address the tax-deductibility of student loans, and to increase federal and state funding of student loans.

One change in federal policy that concerned the CME was the replacement of the 20/220 pathway for tax deductibility with an Income Based Repayment rule. This change resulted from the recent reauthorization of the Higher Education Act and the passage of the College Cost Reduction and Access Act.

Under the 20/220 rule, which is set to expire in July, graduates in residency can claim complete economic hardship deferment if their debt repayment is greater than 20% of their income and their income minus their debt burden is less than 220% of the federal poverty line. The new rule will allow residents to claim economic hardship deferment only if their annual income is less than 150% of the federal poverty level.

To address these issues, the report directed the American Medical Association to work to reinstate the 20/220 rule as well as increase scholarships accessibility, research how fundraising and endowment money is being used to defray costs, oppose state efforts to reduce funding for medical schools, and work to implement new programs that reduce the length of MD and dual-degree programs.

The AMA will be discussing these resolutions at its upcoming meeting, which is set for next week in Chicago. President Obama is attending the meeting to encourage doctors to support the "public option" for health insurance, and the issue of medical student debt is gaining attention in the context of the general debate on healthcare reform.

To read the full report visit,

[http://s.wsj.net/public/resources/documents/WSJ\\_RprtMedEdu\\_090610.pdf](http://s.wsj.net/public/resources/documents/WSJ_RprtMedEdu_090610.pdf)

### **Report Finds Vastly Different Graduation Rates at "Similarly Competitive" Institutions**

A new report from the American Enterprise Institute (AEI) states that graduation rates vary greatly among similarly competitive colleges and universities.

The report classified schools into categories ranging from "Noncompetitive" to "Most Competitive," and calculated each institution's graduation rate based on data submitted to the Department of Education. The graduation rate reflects the number of students who enroll who graduate within six years.

The report found that the lower the selectivity of a school, the lower the graduation rate. The difference was surprisingly large, with “Noncompetitive” schools graduating on average only 35 percent of students and “Most Competitive” schools graduating 88 percent.

The report also found a sizeable difference in each category between the graduation rates of the bottom third of schools and the top third. Even “Very Competitive” schools displayed a difference of almost 20 percent.

As a result of these findings, the report concluded that such large variability in graduation rates cannot be entirely determined by the type of students that enroll. The paper acknowledges that the likelihood of a student graduating is important to individual students, but also emphasized that public officials should be wary of any policy rewarding graduation rates because it could incent colleges to “hand out diplomas like candy.”

To read the full report visit,

<http://www.aei.org/docLib/Diplomas%20and%20Dropouts%20final.pdf>.

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COHEAO MID-YEAR Conference Agenda 2009

Saturday, August 1<sup>st</sup>, 2009

- 2:00pm-4:00pm      **Commercial Members Meeting**
- 4:30pm-6:00pm      **Perkins Task Force Meeting**

Sunday, August 2<sup>nd</sup>, 2009

- 8:30am-2:30pm      **Board of Directors Meeting**
- 3:00pm-5:00pm      **Financial Literacy and Receivable Management Task Force Meeting**
- 4:00pm-6:00pm      **Registration**
- 6:00pm-8:00pm      **Welcoming Reception**

Monday, August 3<sup>rd</sup>, 2009

- 8:00am -9:00am      **Registration & Breakfast**
- 9:00am-9:15am      **President's Welcome**

Bob Perrin, COHEAO President

Introduction: Harrison Wadsworth, COHEAO Executive Director

- 9:15am–10:00am      **Session: Legislative Update**

*From Congress' consideration of the President's call for a "modernized and expanded" program to the appropriations process for the upcoming year, there have been several pieces of major Perkins legislation this year. This session will provide an update on where we are, as well as what to look for in the future on the legislative front.*

Speaker: Harrison Wadsworth, COHEAO Executive Director

- 10:00am–10:15am**    **Break**
- 10:15am–11:15am**    **Session: Negotiated Rulemaking Update**  
*COHEAO has been highly involved in negotiating the regulations to be promulgated from the recent reauthorization of the Higher Education Act, and negotiated rulemaking will be completed by this conference. The primary and alternate Perkins negotiators will report on their efforts and provide information on the Perkins related regulations*
- Speakers: Jackie Ito-Woo, Coordinator, Student Loan Billing, University of California Office of the President; Beth Stack, Director of Operations, Student Financial Services, University of Pittsburgh (invited)
- 11:15am-12:15pm**    **Session: Legal Issues**  
*An expert will discuss a variety of Perkins Loan legal issues. This discussion will cover topics such as bankruptcy, litigation, and the legalities surrounding certain pre-collect practices*
- Speaker: Chad Echols, Vice President, Corporate Counsel, Williams and Fudge
- 12:15pm-1:30pm**    **Luncheon with Keynote Address**
- 1:30pm – 2:15pm**    **Session:**
- 2:15pm-3:00pm**    **Session: Best Practices and Cultural Changes in Accounts Receivable Management**  
*The difficult economic climate and changes in delinquent accounts have presented many challenges, but also offered many opportunities in accounts receivable management. This session will look at cultural changes within accounts receivable management (particularly the debt collection call center), as well as new and exciting methods for leveraging technology for certain functions, such as skiptracing.*
- Speakers: Bill Cantalope, Regional Director of New Business Development, Enterprise Recovery Systems  
Karen Reddick, Vice President Business Development, National Credit Management  
John Adonnino, Vice President, Education Services, NCO Financial Systems.
- Moderator: Carl Perry, Progressive Financial Services
- 3:00pm-3:15pm**    **Break**
- 3:15pm-4:00pm**    **Session: Maintaining Low Cohort Default Rates**

*Recent data from the Department of Education indicates that increasing numbers of students are defaulting on their federal student loans. A panel of schools and servicers will offer their insights and discuss their efforts to keep defaults to a minimum.*

Speakers:

**4:00 pm-5:00pm**      **Session: Ensuring College Affordability in an Economic Downturn**  
*Some colleges and universities have begun to think creatively when it comes to keeping college affordable in these difficult times. Officials from schools offering “no frills” college experiences and three-year degree programs will share their insights*

Speakers:

**Tuesday, August 4<sup>th</sup>, 2009**

**8:00am-8:30am**      **Breakfast**

**8:30am-10:00am**      **Session: Department of Education Update**  
*An official from the Department of Education will provide an update on Perkins related issues, including the Department’s perspective on reforming Perkins and negotiated rulemaking for the latest reauthorization of HEA*

Speaker: Gail McLarnon, Program Analyst, Department of Education

**10:00am-10:15am**      **Break**

**10:15 am-11:15am**      **Session: Private Student Loan Regulations and Institutional Loan Programs**  
*In the latest reauthorization of the Higher Education Act, Congress included additional regulations for non-federal student loans. The Federal Reserve has recently issued proposed regulations, which are set to cover loans provided by institutions of higher education. A representative of the Federal Reserve working on this issue will be joined by school officials charged with administering their institution’s loan program.*

Speaker:

**11:15am-12:15 pm Session: Monthly Tuition Plans**

*Given the current economic climate, it seems as if students and families would be considering all of their options in paying for higher education. A panel of school and commercial representatives will discuss these plans, whether they have increased in popularity, and offer their insights on policies and practices that can improve these programs for students.*

Speakers:

**12:15pm** Conference Adjourns

**Workshop**

**12:30pm-1:30pm** Luncheon for Workshop Attendees

**1:30pm-4:30pm Workshop: An In-Depth Look at Campus Accounts Receivable Management**

*This afternoon workshop will focus on how business offices in higher education manage the student accounts receivables. Topics will include organizational structures and management issues, billing and payment processes, extending credit, managing the environment, handling delinquent accounts, customer service, and improving cash flow for the institution.*

Speakers: Denny DeSantis, Associate Vice Chancellor, Student Financial Services, University of Pittsburgh; David Glezerman, Bursar, Temple University