

Welcome to:

Gazing into the Fiscal Office Crystal Ball

Keith Fitzsimmons, KASFAA Fiscal Officer Committee Chair

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ac http://www.youtube.com/watch?v=hB_RxiUO6hA

smcd <http://www.youtube.com/watch?v=cboASI3Bzfo>



canworms www.fotosearch.com

What is this talk about the 99% and how does it effect us?

<http://www.youtube.com/watch?v=qbSve1jTwL8>

Student loans may lead to next financial crisis in US - PressTV 110811

<http://www.youtube.com/watch?v=Hxz4ruVvjg>

Student-Loan Debt Among Top Occupy Wall Street Concerns

"Student-loan debt has continued to grow despite a financial crisis that constrained credit elsewhere, and the increasing burden amid high unemployment is driving at least part of the protests among the Occupy Wall Street movement," *the Wall Street Journal* reports. "Last year, Americans began to owe more on their student loans than their credit cards, with student debt reaching the \$1 trillion mark. Many have flocked to higher education during the down economy, only to find themselves still unemployed or underemployed. Zak Cunningham is a 22 year old who graduated from Earlham College in Indiana last spring. He says he 'doesn't know how much student loan debt' he has, since he hasn't bothered to count. He doesn't have a job and wants to go to graduate school, but is worried about the cost." *NASFAA Publication Date: 10/13/2011*

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AFP/Getty Images

Occupy Wall Street demonstrators

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Zak Cunningham is a 22 year old who graduated from **Earlham College** in Indiana last spring.

He says he “doesn’t know how much student loan debt” he has, since he hasn’t bothered to count. He doesn’t have a job and wants to go to graduate school, but is worried about the cost.

Cunningham, tall, lanky and bare-chested with a red bandana around his neck and cigarette in hand, is among those flocking to the Occupy Wall Street demonstrations at Zuccotti Park. And while organizers say there’s no official “census” of who make up the protester base at Occupy events, the presence of student loan debtors and young, unemployed people, is noticeable. [See a chart](#) made by **Mike Konczal**, who parsed data from the related [We Are the 99%](#).

In general, college graduates have held up better in this recession than those with only a high school degree. But the cost of education was at the root of many of the Occupy attendees’ complaints.

“I’m 31,” **Natalie Havlin**, a college teacher in Brooklyn says. “And I still have a ton of student debt.”

Havlin and many of her students joined the demonstration Tuesday afternoon. She says that half of the freshman she teaches at **CUNY City Tech** have unpaid internships and consistently ask her about what their job prospects are after college.

“They say that their parents don’t understand,” she says. “CUNY used to be free and people are taking out massive loans. Their parents try to help, but they can’t do much.”

Some borrowers at the park took issue with the repayment terms of student loans, which [may balloon when deferred or defaulted](#) and [may not be forgiven in cases where the borrower dies](#).

Mike Skypeck, a 20-year-old who drove nine hours from Portland, Maine, to attend the rally says that the cost of attendance is part of why he dropped out of college after one semester last spring. He estimates he still owes \$5,000 to \$7,000 for the semester and isn’t sure whether or not he should go back. He’s working part time at a country club.

“I’m not sure what will happen next,” he says, hoisting a large flag over his shoulders on Broadway. “But I was surprised by how many people down here [at the park] understood.”

Unpaid Student Loans

<http://www.youtube.com/watch?v=PuYXilPnOG0>

DREAM Act:

<http://www.youtube.com/watch?v=jZdBlzhc91c&feature=related>

<http://www.youtube.com/watch?v=oslAfVDpe94&feature=related>

<http://www.youtube.com/watch?v=5h-Ds-ypLls>

<http://dreamact.info/>

<http://dreamact.info/students/in-state/kansas>

SaveaBuck <http://www.youtube.com/watch?v=OQrAT-FwdSE>

Bloomberg: Student Loan Debt Leads to Despair and Defaults

Bloomberg: Student Loan Debt Leads to Despair and Defaults

By Ben Steverman - Oct 21, 2011

William Prince, of Rosenberg, [Texas](#), knows just how inescapable student loans can be. The 52-year-old father of two started paying off \$51,000 in college debt 15 years ago and now owes

\$57,000. "I don't expect to pay these loans off in my lifetime," he says. Prince, a criminal justice major who works in private security, had to defer payments during three bouts of unemployment, and the accumulated interest left him deeper in debt.

Americans now owe about \$950 billion in student loans — more than their total credit-card debt.

\$810 billion for the same period per Card Hub.

But it's not so bad, Americans owe another \$1.7 trillion in non-revolving credit, such as mortgages, according to the Federal Reserve.

So where are we right now with student loan debt?

<http://www.finaid.org/loans/studentloandebtclock.html>

The weight of those IOUs is a frequent refrain for Occupy Wall Street protestors and their online supporters. On the "We Are the 99 Percent" Tumblr blog, which features hundreds of pictures of people holding handwritten signs describing their desperate financial situations, student loan concerns exceed those about children, unemployment, and health care, according to an analysis by Mike Konczal, a fellow with the nonprofit Roosevelt Institute.

Desperation may have something to do with that outcry. Two out of five Americans with federal student debt can't make monthly payments and either defer, default or are delinquent, according to Mark Kantrowitz, publisher of Fastweb.com, a free scholarship-matching service, and FinAid.org, a source of student financial aid information. Although the laws are gradually changing, student debtors' odds are still grim. The best means they have of one day growing free of those debts is to know the system.

Eroded Borrowers' Rights

There are very few ways to reduce or renegotiate education debt; unlike credit-card debt, few can do this via bankruptcy. "There has been a steady erosion in rights for student loan borrowers," says Deanne Loonin, an attorney at the National Consumer Law Center. Activists and some congressional Democrats argue that Congress should again allow borrowers to discharge student debts in normal bankruptcy — a right lost in a 2005 law. They also ask for better supervision and limits on debt collection. Such improvements could be years away, if they ever take place.

For federally backed loans, the situation is better, though still far from perfect. The government can seize wages, tax refunds, earned income tax credits and even Social Security. One of Loonin's clients, an 84-year-old man, once took out a student loan for a relative; the payments

now amount to about 40 percent of his Social Security checks, leaving him with a bit more than \$750 each month.

The federal government is taking steps that could make the debt burden more manageable. A provision in the 2010 health-care reform law pushed private lenders out of the business of issuing federally guaranteed loans. The 2010 Dodd-Frank financial reform law puts the new Consumer Financial Protection Board in charge of collecting better data and regulating private student lenders. The new agency also is planning to launch an online tool — a "student debt assistant" — to help debtors learn more about their options.

Income-Based Repayment

One option introduced in 2009 is income-based repayment. It allows borrowers to repay federal loans as a percentage of the prior year's adjusted gross income, capped at 15 percent. (If a borrower's circumstance changes from the prior year, he or she can request recalculation.) Under so-called IBR, all federal loans are forgiven after 25 years — 10 years for those in nonprofit or public service jobs. **A 2010 change in the law means that for borrowing that begins in 2014, payments are capped at 10 percent of income and all debts are forgiven after 20 years.**

Because no payments are required on income below 150 percent of the poverty line, income-based repayment is helpful for such borrowers as 28-year-old Jennifer Sandella. She earns so little that she doesn't need to pay anything on her \$45,000 in graduate school loans. For a single person, 150 percent of the poverty line is \$16,335; for a family of three, it's \$27,795.

Two years after the program was introduced, few borrowers know about IBR. Only about 1 percent of federal borrowers — out of the 10 percent who could benefit — are enrolled, Kantrowitz estimates. The U.S. Department of Education has been offering information about IBR on its website, through customer-service representatives, and to students when they exit school. It now plans to contact current borrowers to inform them about the program, says spokeswoman Sara Gast.

The program has drawbacks. Persons with private loans, such as Prince, aren't eligible. And any unpaid interest is added to debt until loans are eventually forgiven. "I'm still accruing interest at a phenomenal rate," Sandella says. If she never manages to pay her loans off and her debt is forgiven after the 25-year mark, the amount forgiven will be taxed as income, perhaps triggering a big bill from the IRS.

Few Options for Private Borrowers

Those with private loans have little leverage when negotiating with their lenders. Student loans can be forgiven in bankruptcy only if debtors take lenders to court and prove an "undue hardship" — a legal step taken by merely 0.1 percent of eligible debtors. Of those, about half got relief, according to a 2011 analysis by Harvard Law student Jason Iuliano. The Consumer Bankers Association, which represents private lenders, said in a statement: "Banks work with borrowers experiencing financial hardship on private student loans" by, for example, allowing borrowers to temporarily suspend payments.

The best way to avoid being trapped by debt is to restrain it from the start. Students need to "shop around for schools to limit how much they need to borrow," says [Lauren Asher](#), president of the Institute for College Access & Success, a nonprofit advocacy organization that runs the Project on Student Debt. Regulators and colleges could do much more to steer young students toward more manageable debt loads, she says. "Inadequate information and aggressive marketing tactics can have an effect on people," Asher adds, noting that many students take on private loans even though they are eligible for less-risky federal loans. Dependent students can borrow up to \$5,500 in federal loans as college freshmen, while their parents can borrow up to the total cost of attendance, minus other aid.

Colleges are required to provide counseling to student borrowers when they exit school. They "are always looking for ways to do it better," says Terry Hartle, senior vice president for government and public affairs at the American Council on Education. But it's not clear how much of that counseling sinks in. Says Hartle: "I'm afraid an awful lot of college students only learn how much they've borrowed when they begin repayment."

POLITICO

Ron Paul: End U.S. student loans

By: [Associated Press](#)
October 23, 2011 12:35 PM EDT

WASHINGTON — Republican presidential contender Ron Paul said Sunday he wants to end federal student loans, calling it a failed program that has put students \$1 trillion in debt when there are no jobs and when the quality of education has deteriorated.

Paul unveiled a plan last week to cut \$1 trillion from the federal budget that would eliminate five Cabinet departments, including education. He's also wants young workers to be able to opt out of Social Security.

The student loan program is not part of those cuts, but Paul said Sunday on NBC's "Meet the Press" that **he'd kill the loan program eventually** if he were president. That could put him at odds with some of his young followers, many of whom are college students.

Paul blamed government intervention in the economy for rising tuition.

"Just think of all this willingness to want to help every student get a college education," said Paul, who graduated from Gettysburg College in Pennsylvania before earning a medical degree at the Duke University School of Medicine. **"I went to school when we had none of those. I could work my way through college and medical school because it wasn't so expensive."**

Annual tuition for Gettysburg College is \$42,610 for the 2011-2012 academic year. Annual tuition at Duke's medical school runs \$46,621, according to its web site.

Amid such rising costs, borrowing for college is at record levels. The Federal Reserve Bank of New York says students and parents took out a record \$100 billion last year, and owe more on student loans - more than \$1 trillion is outstanding - than credit cards.

The American Nightmare: Student Debt Will Be A Long-Term Drag On The Economy

Eva Pereira, Forbes Staff 10/22/2011

With the Occupy Wall Street protests entering their fifth week and growing, one issue that's frequently brought up is the [crushing student debt burdens](#) that many face. In an era of high unemployment and [stagnant wages](#), student loan defaults have reached their [highest level in more than a decade](#). Outstanding student loan debt is [projected to reach \\$1 trillion](#) by year's end. Barely more than a third of loan holders are actively paying down their debts, indicating that the burden may be too much for many. What effect will the ballooning student debt load have on the economy in the long term? According to Alan Nasser, professor emeritus of political economy at Evergreen State University, the American dream is about to become the American nightmare.

Amid budgetary constraints, state funding for public universities is drying up. To make up the shortfall, those universities are raising tuition and making per student funding cuts. According to [Kevin Kiley](#) of [Inside Higher Ed](#):

In 2009, the first year institutional budgets began to show the strain of the recession, net tuition at public research universities increased \$369 per student while per-student state and local appropriations dropped \$751, according to the [Delta Project on Postsecondary Education Costs, Productivity, and Accountability](#). At public master's institutions, net tuition increased \$225 per student while per-student appropriations dropped \$590. The result is that many universities ended up charging students more but spending less.

These cuts happen at a time when demand is particularly high as out-of-work individuals return to school. Public colleges are unable deal with the demand, and as a result, these students are pushed into for-profit schools. "Proprietary schools, unburdened by enrollment constraints, seize the day by inflating their tuition costs. Enrollments at for-profit colleges have increased in the last ten years by 225 percent, far outpacing public institution increases." says Nasser.

Student debt burdens are by far the highest at [for-profit colleges](#), which [target low-income students](#) with online learning programs and flexible work-study arrangements. Although those

who attend for-profit institutions represent only 9% of all college students, they receive roughly **25% of all Federal Pell Grants and loans**, and are responsible for **44% of all student loan defaults**, according to [Pew Research](#).

The rising demand for higher education both increases the cost of education and intensifies competition for students, especially among top universities, says Nasser. “Education and professional sports depart from conventional economic wisdom, which teaches that increased competition lowers costs. Teams compete for the best players, pay them a fortune, and raise ticket prices. Universities engage in bidding wars for the most reputable scholars and pay them huge salaries hitherto unknown in academia.” The spiraling costs are simply passed on to students and their families.

Unlike other forms of debt, student loan debt cannot be dismissed in bankruptcy court. [Speaking to USA Today](#), Cindy Kelly, chief of the civil division of the U.S. Attorney’s Office for the Northern District of Alabama, captured it perfectly:

“What people need to realize: Once you default on a student loan, you owe that money forever.” Kelly adds: “[W]e can place a lien against your house... We get a lot of loans repaid when a house is sold.”

With defaults [on the rise](#) across all types of institutions, the threat is real and palpable for many. Nasser believes that over the long term, the effects of this ballooning debt will be devastating, leading to depressed demand and an overall decline in quality of life.

Over the next decade the [Bureau of Labor Statistics](#) projects that the greatest number of employment gains will be made in low-wage industries not requiring a college degree. Nasser believes that education debt will place an additional drag on America’s low-wage, low-purchasing power future. For many, the debt will delay or put entirely out of reach things like owning a home or a car. **“Will we witness a damper on long-term demand? You bet we will. All indications are that we are entering what will approach Dickensian times.”**

Delinquent debt by loan type in one chart:

http://www.washingtonpost.com/blogs/ezra-klein/post/the-student-debt-crisis-in-one-chart/2011/10/19/gIQADwJZxL_blog.html?wprss=ezra-klein

Default chart:

http://www.huffingtonpost.com/2011/09/12/for-profit-colleges-student-loan- n_959058.html

Default rates by state:

<http://www.usatoday.com/news/education/story/2011-10-18/student-loans-for-profit-college/50819470/1>

Dept Ed Official Cohort Default rate:

<http://www2.ed.gov/offices/OSFAP/defaultmanagement/cdr.html>

**eCampus-Based Reports
Federal Perkins Loan Program Status of Default (Final) as of June 30,
2010**

<http://www.ifap.ed.gov/perkinscdrguide/0910PerkinsCDR.html>
page 59

KS STATEWIDE	Schools: 29	Into Repay 5,040	Default 592	11.75%	TTL
TOTALS					\$14,592,089.00

So why is college so expensive? (NPR link data printed below)

http://www.npr.org/2011/10/19/141505658/why-is-college-so-expensive?ft=1&f=1001&sc=tw&utm_source=twitterfeed&utm_medium=twitter

Many of the protesters occupying Wall Street and other places say they are upset about the rising price of going to college. Tuition and other costs have been going up faster than inflation, and family incomes

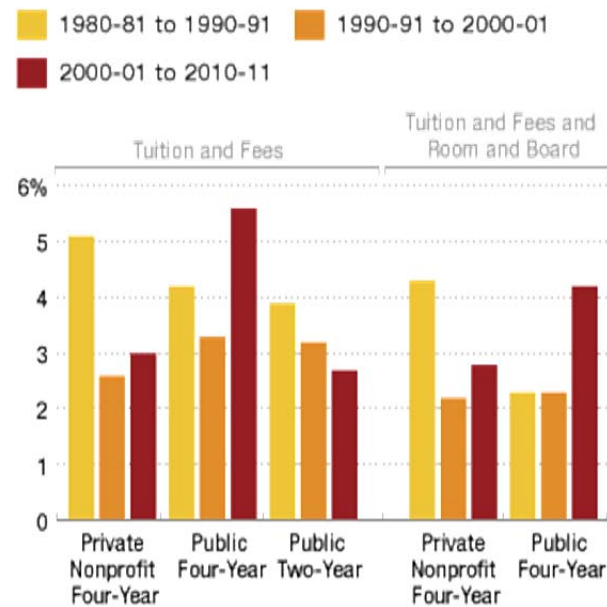
can't keep up. Despite public outrage about the problem, there's little sign these costs will drop anytime soon.

If you are a veteran of a public university, the jump in tuition at your alma mater might be downright jaw-dropping. Tuition at the University of California, Berkeley, was about \$700 a year back in the 1970s. Today, U.C. Berkeley students have to fork over around \$15,000 per year. That's a 2,000 percent increase.

There's a simple explanation, according to Sandy Baum, who teaches at George Washington University.

Average Annual Percentage Increases

Inflation-Adjusted Published Prices by Decade, 1980-81 to 2010-11



Notes

In the past decade, tuition and fees at public four-year colleges and universities increased at an average rate of 5.6% per year beyond the rate of general inflation. Costs at private schools, adjusted for inflation, have actually decreased.

Source: CollegeBoard

Credit: Stephanie d'Otreppe/NPR

"States are paying less of the cost than they used to," Baum says. She adds that as state budgets shrink, the students' share of paying for education goes up.

Competing for Talent

Berkeley's tuition increase is unusually large, but most public schools, which educate 80 percent of all college students, have seen [dramatic increases](#). Private schools don't rely on state subsidies, and their prices have gone up more slowly in recent years. But they are still rising faster than inflation.

Terry Hartle of the American Council on Education says that's because schools are paying more for talent.

"Now we're competing in a global economy," Hartle says, "so if you want to get the best scientists, the best engineers ... you're literally competing with universities and employers from around the globe."

Not to mention the higher costs for health insurance for all of those expensive faculty and for things like counseling services, which are expanding.

Even as sticker prices climb, student aid has gone up dramatically. For students in private schools, says George Washington University's Baum, the aid increases just about cancel out tuition increases of the past five years.

Financial Aid

Baum says one reason tuition never seems to drop is that universities are not getting more efficient the way other industries are. And some conservative governors are pushing administrators to cut waste and make professors more productive.

Richard Vedder, who runs the Center for College Affordability and Productivity, says the more **government aid goes up, the more tuition rises. He says limits on grants and loan subsidies would cap spiraling tuition prices.**

"That reduces the demand for college, and that is going to tend to reduce the ability of colleges to raise tuition fees," Vedder says.

Many economists question that link. So does Arne Duncan, Secretary of Education, who has pushed for more college aid for low-income students.

In fact, Duncan and others argue that the problem is that grant aid hasn't risen fast enough.

"Today a federal Pell Grant covers only about one-third of what it costs for a public four-year college in state," says Lauren Asher, president of The Institute for College Access and Success in California. "In the 1980s it covered about half; in the 1970s it covered more than 70 percent."

Reduced Means

The problem is compounded because people are less able to pay. Incomes are stagnant, some parents are unemployed, and many can no longer get low-interest home-equity loans because home values have fallen.

So families have turned to federal student loans, and even much more expensive private loans.

"Private loans are much riskier than federal student loans, because they don't come with the important repayment plans, forgiveness programs and other borrower protections that federal student loans provide," Asher says.

The Obama administration has been rolling out a number of measures to help students in danger of falling behind on their federal loan payments.

Nearly a half-million students have signed up for "income-based repayment." The program limits the amount of your income that you have to pay. And officials say many more students could be signing up for this program while they're waiting for the economy to turn around.

But here is what we need to think about:

1. "States are paying less of the cost than they used to,"
2. because people are less able to pay
3. That reduces the demand for college
4. universities are not getting more efficient the way other industries are

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Default Prevention Plan Ideas:

<http://www.usafunds.org/media/educationaccessreports/pages/EAR10182011-1.aspx>

All is well:

<http://www.nasfaa.org/Main/Financial Aid in the News Format/2011/Despite Claims, Federal Student Aid Helps Make College Affordable.aspx>

Despite Claims, Federal Student Aid Helps Make College Affordable

"The myth that federal student aid fuels tuition increases has been refuted time and time again by empirical evidence, but continues to be propagated by editorial writers," [National Association of Independent Colleges and Universities \(NAICU\) President David Warren writes in NAICU's Extra Credit blog](#). "Most education economists, as well as federal studies conducted during the George W. Bush and Bill Clinton administrations, **have found no evidence that federal student aid is a tuition driver**. In the past three years, despite increased funding for Pell Grants and other student aid programs, private nonprofit colleges have reduced tuition increases to the lowest levels seen in decades, while boosting institutionally provided student aid. Inflation-adjusted net tuition at private nonprofit colleges has actually dropped by 11.2 percent in the past five years, according to the College Board. Federal student aid is an investment in the nation's future. College graduates pay more in taxes, are less likely to end up on welfare, and are more likely to volunteer in their communities."

NASFAA News Publication Date: 10/19/2011

EASFAA Financial Aid Day

Every third Wednesday of October, the Eastern Association of Student Financial Aid Administrators (EASFAA) celebrates Financial Aid Day (FAD) today to honor financial aid

professionals for their role in helping students realize their college dreams. *NASFAA News*
Publication Date: 10/19/2011

[Download PDF](#)

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Register now for [November 1 at 11:00 a.m. Central time](#) or [November 15 at 2:00 p.m. Central time](#).

FASFA Updates:

1. Late Tax credits that impact taxes, but not reflected on FASFA
2. Linking tax returns to FASFA
3. Defense of Marriage Act (DOMA), same-sex marriages are not considered marriages for federal purposes, including the FAFSA. Because there are no corresponding instructions to the “Are you married?” question on the FAFSA.



[The Top Ten Ways A FAFSA Is Like A Colonoscopy](#)

Posted on October 24, 2011 by Doug A. Schantz



The following is a guest article provided by J. Randy Green, Director of Financial Aid at Wittenberg University

Last summer I read an article about a famous doctor who found himself on the patient side of a medical procedure. The procedure he was going through reminded me of a process we deal with in the world of financial aid. My epiphany? The FAFSA is the higher education equivalent of a colonoscopy.

When I shared this revelation with colleagues, I found they did not necessarily see the links between the two. So, in an effort to defend my good name, I present:

The Top Ten Ways a FAFSA is Like a Colonoscopy

Number 10 — **No one really likes to talk about it.** Professionals attend training sessions on them with regularity and entire industries have arisen around them, but you will raise eyebrows if

you welcome guests to your Super Bowl party with, “Come on in – Green Bay’s up by 3, my son qualifies for a Pell Grant, and my colon’s clean as a whistle!”

*Number 9 – **At some point in your life, you should go through it.*** Although you will probably complete your FAFSA before your first colonoscopy, experts recommend everyone go through them at the proper time.

*Number 8 — **Timing is important.*** A FAFSA should be filed after January 1 and before the deadline posted by the college or university. Missing this window may mean missing an opportunity for college funding or even missing out on college altogether. A recent study[i] recommends that colonoscopies be done at age 45 for men and 50 for women unless risk factors are present that would encourage earlier testing. Having one too late may mean missing out on more than college.

*Number 7 — **You should do it even if you “know” you won’t find anything.*** With the FAFSA, many people “know” they won’t qualify for financial aid, but I guarantee programs exist that provide scholarships or grants to FAFSA filers regardless of the results. Not everyone qualifies, but if you don’t file a FAFSA, you certainly won’t. With the colonoscopy, people who live right, eat right, and exercise right still need to have one. Hopefully, the FAFSA process finds something for you and the colonoscopy doesn’t.

*Number 6 — **No one does it for fun.*** Although there may be people out there with different ideas about this, I trust most of us could find more enjoyable ways to spend a few hours.

*Number 5 – **Product of the 60’s.*** Most higher education officials trace today’s popular financial aid programs to the Higher Education Act of 1965, which led to the eventual creation of the federal methodology formula and the FAFSA form. The first colonoscopy procedures were done in 1969.[ii] Somehow, I don’t find this surprising.

*Number 4 — **Great effort has gone into making the experience as painless as possible.*** For the FAFSA, there are professionals you can pay to help you, and there is a free event called College Goal Sunday in February to do the same. The online process uses “skip logic” so that you only have to answer questions that pertain to your situation and results are available almost immediately. Colonoscopy imaging has been greatly improved with smaller, flexible scopes and better imaging techniques.

*Number 3 — **Preparation is the key.*** In either case, if you don’t prepare properly, someone will have some crap to deal with. With the FAFSA, preparation entails having access to the figures requested by the form (income, assets, identifying information). It is helpful to have completed tax returns in hand or already filed when completing the FAFSA, but these may not be available by the school’s deadline (see number 8 above). Preparation for a colonoscopy takes about three days, requiring strict adherence to the prescribed intake of food and fluids and other preparatory steps recommended by the physician.

*Number 2 — **Garbage in, garbage out.*** To emphasize the importance of the preparation step: failure to prepare properly may have ramifications. On the FAFSA, you will have to correct any

information that turns out to be incorrect and you may be selected for “verification”, which is a little like an audit that the financial aid office staff will perform before they will release your grants or loans. With the colonoscopy, you may have to go through all of those lengthy and involved preparation steps again, including giving up your fettuccini for three days of broth and juices.

Number 1 — We still have a ways to go. Virtual colonoscopy is currently being introduced and, while it still requires significant preparation, there is no need to sedate the patient with the new procedure. The three-dimensional virtual colon created by the scan can be constructed in a few minutes, with the results available for analysis and interpretation at the doctor’s leisure. With the FAFSA, increasing connectivity between federal agencies such as the Internal Revenue Service and the Department of Education may allow the application process to shorten to, perhaps, just identifying which colleges you are considering.

So in closing, as a sometimes humbling, potentially embarrassing, discomfiting but important procedure, the FAFSA is higher education’s colonoscopy.

[i]McMillen, Matt. “Austrian Study Shows That Men Develop Cancer and Precancerous Growths Earlier Than Women”. WebMD Health News. September 27, 2011.

[ii] American Journal of Gastroenterology. September 1989

10–13: Volume 5 – Overawards, Overpayments, and Withdrawal Calculations [2011–2012 Federal Student Aid Handbook]

Volume 5 of the 2011–2012 Federal Student Aid Handbook, "Overawards, Overpayments, and Withdrawal Calculations," is now available. The Federal Student Aid Handbook consists of the Application and Verification Guide and six numbered volumes. Each volume is posted on the Information for Financial Aid Professionals (IFAP) website.

<http://ifap.ed.gov/ifap/byAwardYear.jsp?type=fsahandbook&awardyear=2010-2011>

Status of the Federal Perkins Loan Program

GEN-11-02: Status of the Federal Perkins Loan Program

Publication Date: February 17, 2011

DCL ID: GEN-11-02

Subject: Status of the Federal Perkins Loan Program

Summary: This letter provides information about the duration of the authorization for the Federal Perkins Loan Program.

Dear Colleague:

We have received inquiries about the status of the Federal Perkins (Perkins) Loan Program, in light of the several dates in sections 461(b) and 466(b) of the Higher Education Act of 1965, as amended (HEA). This letter provides the Department of Education's determination that, under section 461(b), the Perkins Loan Program is authorized through September 30, 2014. If Congress does not enact legislation extending or repealing the authorization of the program before that date, the program would be eligible for a one-year extension, through September 30, 2015, under section 422(a) of the General Education Provisions Act (GEPA).

The Department of Education considers section 461(b) of the HEA, which authorizes appropriations for the Perkins Loan Program for fiscal year 2009 and for each of the five succeeding fiscal years, to control the duration of the program. Under section 461(b), Congress may appropriate funds for the Perkins Loan Program through fiscal year 2014. The Department believes that this authority controls the duration of the program, despite the outdated language in section 466(b) of the HEA, which provides that institutions participating in the Perkins Loan Program return to the Secretary, after October 1, 2012, the Federal share of amounts that they have collected on Perkins Loans made from their revolving funds.

If you have questions regarding this letter, please contact Gail McLarnon by phone at (202) 219-7048, or by e-mail at gail.mclarnon@ed.gov.

Sincerely,

Eduardo M. Ochoa
Assistant Secretary for
Postsecondary Education

Attachments/Enclosures:

[GEN-11-02: Status of the Federal Perkins Loan Program in PDF Format, 41KB, 1 Page](#)

Volume: Volume 6 - Managing Campus-Based Programs

<http://ifap.ed.gov/fsahandbook/1011FSAHbkVol6.html>

Federal Perkins Loan Program/NDSL Assignment Submission Procedures August 2, 2011

<http://ifap.ed.gov/eannouncements/attachments/PerkinsAssignmentProcedures.pdf>

Subject: Total and Permanent Disability Discharge Information - Perkins Assignment Procedures Effective October 1, 2010 (Updated May 27, 2011)

<http://ifap.ed.gov/eannouncements/091010PerkinsTPDDischargeAssignProcedures.html>

Mandatory Perkins Loan Assignments

<http://www.youtube.com/watch?v=rH-B6A04iK0>

They're back!

Posted Date: August 5, 2011

Author: William Leith, Service Director, Program Management, Federal Student Aid

Subject: Federal Perkins Loan Portfolio Liquidation and Perkins Loan Assignment Procedures

Note: The information in this announcement and its related attachments replaces the guidance last posted in a June 10, 2010 electronic announcement.

This announcement and its attachments provide updated information about the required processes for liquidating a Federal Perkins Loan (Perkins Loan) portfolio when a school....

Perkins Loan Portfolio Liquidation

A school must liquidate its Perkins Loan portfolio when:

- the school voluntarily withdraws from the Perkins Loan Program,
- the school is no longer advancing Perkins Loan funds to students, or
- the school’s participation is terminated by the Department due to loss of eligibility or revocation of a provisional certification.

FEDERAL PERKINS LOANS ASSIGNMENT PROCEDURES 1

Federal Perkins Loan Program/NDSL Assignment

Submission Procedures

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<http://ifap.ed.gov/eannouncements/080511CBPerkinsLiquidationAssignmentProc.html>

Student Loans in Bankruptcy

Lawyers.comsm

Student loans are tough. They can follow you for a long time after graduation and can be hard to manage with other debts you take on. Generally, you can't get rid of student loan debt in bankruptcy. This is non-dischargeable debt, which means it remains after bankruptcy and you must pay it.

However, there is one exception you should know about. Some student loans may be considered an **undue hardship**, and can be discharged, or eliminated, if the loan payments put an extreme burden on you or your family.

Loan Consolidation and Chapter 13 Cases

Consolidating your student loans with other debts in a [Chapter 13 case](#) may be an option if you can't show undue hardship. In Chapter 13, you work out a plan to repay your debts over three to five years. Collection actions against you stop and it might lower your monthly payments.

Challenging the Loan Balance

Sometimes it isn't clear what your exact loan balance is, or whether charges on your account are correct. Errors can happen when student loans are transferred or sold to different lenders over the years.

In a Chapter 13 case, you can use an objection against the lender's student loan claim to get the court to determine your rights. Once a judge decides on the correct amount you owe, it is binding on the lender even if the repayment period on the loan stretches beyond the end of the bankruptcy plan.

Very good source: FinAid.org

<http://www.finaid.org/questions/bankruptcy.phtml>

Lots of good stuff. Including info on Tuition & Fees

Bankruptcy Discharge of Unpaid Tuition Bills

Can unpaid tuition bills and other unpaid college charges be discharged in bankruptcy?

Generally, so long as the family did not sign a promissory note with the college, unpaid tuition bills and other college bills can be discharged in bankruptcy.

Whether unpaid tuition bills are excepted from discharge depends on whether they are considered an education loan or a contractual obligation. Education loans are excepted from discharge under section 11 USC 523(a)(8) of the US Bankruptcy Code. Contractual obligations are not.

An unpaid tuition bill will be considered an education loan if they are evidenced by a promissory note. A promissory note is an agreement, executed before or at the same time as the transaction, that provides for a definite sum to be repaid by the borrower by a specified date according to a specified schedule, with a specified amount of interest. When there is no promissory note, bankruptcy courts have held that no loan exists. So whether unpaid tuition bills are considered an education loan will therefore depend on a review of all documents signed in connection with the unpaid tuition bills.

The most important relevant precedents include *In re Kevin Renshaw* and *In re David Regner*, 222 F3d 82 (US Court of Appeals for the Second Circuit, 2000) and *In Re: Sandra Ann Chambers*, 348 F3d 650 (US Court of Appeals for the Seventh Circuit, 2003), where the court held that unpaid tuition bills were not an education loan and hence could be discharged. On the other hand, the court held in the case *In re Johnson* 218 BR 449,455 (8th Cir. BAP 1998) that the plaintiff had executed a promissory note and so the debt was not dischargeable.

It is not entirely clear whether a tuition installment plan would be considered an education loan for the purpose of bankruptcy discharge. In most cases the college arranges with a third party to process the billing and payments. The family's contract with the payment processor has many elements of a promissory note. Yet most of these companies specifically state that the tuition installment plan is not a loan and does not charge interest and just charge an up front nonrefundable fee and many offer loans as an alternative.

Note that while a college may [withhold official academic transcripts for nonpayment of college bills](#), as soon as the student files for bankruptcy the college may no longer withhold transcripts during the pendency of the case because of the automatic stay provision of the bankruptcy code. Likewise, the college may not refuse to provide an official academic transcript after the debt is discharged because of the discharge injunction.

What do you think that as many as 2.1 million
Americans did costing the taxpayers \$3.2 billion?

Erroneously claimed an education tax credit!

http://www.nasfaa.org/Main/Financial_Aid_in_the_News_Format/2011/Education_Tax_Credit_Mistakenly_Claimed_by_Millions_Report_Says.aspx

Education Tax Credit Mistakenly Claimed by Millions, Report Says

"Millions of American taxpayers may have erroneously claimed an education tax credit last year that is designed to provide relief as part of the Obama administration's economic stimulus program, according to a new federal watchdog report disputed by the Internal Revenue Service," *the Washington Post reports*. "As many as 2.1 million taxpayers may have erroneously claimed a total of \$3.2 billion by taking advantage of the American Opportunity Tax Credit, which provides up to \$2,500 in relief for college students paying tuition and related expenses. The tax credit, once known as the Hope Scholarship Credit, was expanded as part of the 2009 economic stimulus program. According to a report by the Treasury Inspector General for Tax Administration set for release Thursday, 1.7 million taxpayers

received \$2.6 billion in education credits that appear to be erroneous based on IRS records. More than 370,900 ineligible individuals also earned an estimated \$550 million in credits despite not attending classes for the required amount of time or because they were ineligible postgraduate students, the report said. Another 63,700 taxpayers received \$88.4 million in credits while also being claimed as a dependent or spouse on another person's tax returns, it said."

NASFAA Publication Date: 10/21/2011

What's New:

<http://www.ifap.ed.gov/ifap/whatsnew.jsp>

Obama changes student loan payment schedule (USA Today Article)

Fwd: D.O.E. Live Internet Webinars - Business Officer Training

Dear Colleague:

We are pleased to announce instructor-led, online training for business officers. Five modules of training will be offered related to key aspects of managing funds at institutions participating in the Title IV federal student aid programs. Each webinar is suitable for business office staff with all levels of knowledge and experience.

We will present this information during five separate webinar sessions and will offer the majority of the sessions multiple times to provide ample opportunity for those interested in attending.

The module “**Cash Management**” provides information on maintaining and disbursing funds, excess cash, credit balances, and stored-value cards. This webinar is two hours in length and will be offered:

- Monday, October 24, 2011, at 1:30 P.M. (ET)
- Monday, October 31, 2011, at 1:30 P.M. (ET)

The module “**R2T4 Issues**” covers issues specific to the Return of Title IV Funds (R2T4) calculation that are relevant to business office staff. This webinar is 90 minutes in length and will be offered:

- Tuesday, October 25, 2011, at 1:30 P.M. (ET)
- Tuesday, November 1, 2011, at 1:30 P.M. (ET)

The module “**90/10 Regulation and Calculation**” provides information on the 90/10 Rule and is designed solely for business officers at proprietary (for profit) institutions. This webinar is 90 minutes in length and will be offered:

- Wednesday, October 26, 2011, at 1:30 P.M. (ET)
- Wednesday, November 2, 2011, at 1:30 P.M. (ET)

The module “**Campus-Based Programs**” explores aspects of the Campus-Based programs that are of interest to business officers including student and school eligibility, allocation of funds, fund transfers, and the carry forward/carry back option between award years. This webinar is 90 minutes in length and will be offered:

- Thursday, October 27, 2011, at 1:30 P.M. (ET)
- Thursday, November 3, 2011, at 1:30 P.M. (ET)

The final module “**Q & A Session**” provides an opportunity to address questions submitted by training participants during the webinar series as well as an open question and answer period with staff from Federal Student

Aid's Policy Liaison and Implementation office. This webinar is two hours in length and will be offered:

- Thursday, November 10, 2011, at 1:30 P.M. (ET)

<http://ifap.ed.gov/dpcletters/ANN1124.html>

Military Tuition Assistance (TA) and the Voluntary Education Partnership Memorandum of Understanding (MOU).

>>> <GoArmyEd@GoArmyEd.com> 10/24/2011 2:37 PM >>>

As most schools are aware, the Department of Defense (DoD) has taken steps to enhance its oversight of schools receiving Military Tuition Assistance (TA). To improve accountability and quality review of TA, all schools are required to signed Voluntary Education Partnership Memorandum of Understanding (MOU) with DoD. The requirement to have a signed MOU becomes effective 1 January 2012 and without a signed MOU schools will not be able to enroll students using TA funds in calendar year 2012.

Over the past few months, DoD has received emails and phone calls from college and university officials requesting clarification to the terms of the MOU. To assist education institutions DoD has provided

clarification to the most frequently asked questions submitted by school officials. Schools can go to www.dodmou.com to view the clarifications. The new changes are posted under "RESOURCES" MOU Clarifications in the lower right hand corner. The Army strongly encourages schools to view the changes and complete the MOU application process so that Soldiers can continue to pursue their educational goals using TA at your institution.

Reply:

>>> Chris Meiers 10/24/2011 4:11 PM >>>

University Legal Counsel is working on the MOU for the entire university.

Chris

Gainful employment Federal student aid regulations

For-profit institutions and certificate programs must prepare students for gainful employment in a recognized occupation. Under the regulations a program would be considered to lead to gainful employment if it meets at least one of the following three metrics:

1. at least 35 percent of former students are repaying their loans (defined as reducing the loan balance by at least \$1);
2. the estimated annual loan payment of a typical graduate does not exceed 30 percent of his or her discretionary income; or
3. the estimated annual loan payment of a typical graduate does not exceed 12 percent of his or her total earnings.

Dept of Ed has determined that for-profit programs are most likely to leave their students with unaffordable debts and poor employment prospects. Since students at for-profit institutions represent 12 percent of all higher education students, 26 percent of all student loans and 46 percent of all student loan dollars in default.

So they need reform and if you're not a Jay's Truck Driving School you're OK. Right?

As the great Paul Harvey said: Here is the Rest of the Story:

The regulations apply to occupational training programs at all types of institutions. That includes certificate programs at nonprofit and **public institutions**. The final gainful employment regulations published in June, 2011 will go into effect on July 1, 2012.

<http://www.ed.gov/news/press-releases/gainful-employment-regulations>

2 views:

<http://www.youtube.com/watch?v=XzCcRzEa83U>

Save Student Aid

http://nasfaa.informz.net/nasfaa/archives/archive_1875764.html

Our nation sorely needs to power up its economic engine. Work force projections show that by 2018, there will be jobs for as many as 2.2 million new workers with college degrees, but on our current trajectory, we won't make that goal—in fact we'll miss it by 3 million workers.

Recent budget deals have already cut \$30 billion from the student aid programs, sacrificing some students' benefits to pay for others. States across the country are cutting higher education from their own budgets.

That's why it's more important than ever to preserve, protect and provide adequate funding for the core federal student aid programs—such as Pell Grants and student loan benefits. Together, these programs offer students an opportunity to acquire the knowledge and skills our nation demands for a strong recovery.

Tough budget decisions in DC have put pressure on all federal spending, but cutting student aid, a long-term investment in our nation's future, doesn't make sense.

I support protecting federal student aid. Keep college within reach for our nation's students and families.

Suddenly Ineligible

Inside Higher Ed; October 10, 2011

A [plan to change Pell Grant eligibility](#) would disqualify hundreds of thousands of students in order to preserve the maximum grant at \$5,550 for fiscal year 2012. The brunt of those changes would fall on the highest-earning families who are still eligible for Pell Grants -- who on average make slightly over \$40,000 per year. Over all, the changes would cut \$2.3 billion from the Pell Grant program in 2012.

Read more:

http://www.insidehighered.com/news/2011/09/30/house_republicans_propose_budget_keeping_maximum_pell_grant#ixzz1borkNmY6

Inside Higher Ed

Read more:

http://www.insidehighered.com/news/2011/10/10/pell_grant_changes_to_hit_highest_earning_recipients_and_community_colleges#ixzz1borNwWbm

Inside Higher Ed

Change Student Aid

Student Loans for Dummies

"The Joint Select Committee on Deficit Reduction, the so-called 'Super Committee,' is looking for ways to cut \$1.2 trillion in deficits over the next decade," [Jackson Toby writes in the American Enterprise Institute's American blog](#). "In order to achieve this goal, the Super Committee must not overlook a design flaw in the federal student loan program that threatens to blow a huge hole in the federal budget. ...The flaw in guaranteed student loans was to require only an assessment of economic disadvantage, not the ability to repay the loans; and graduates who major in having fun – as too many college students seem to do today, especially in 'party schools' – usually fail to learn enough to get good jobs afterwards. The Super Committee should recommend that student loans require evidence of ability to repay them by examining students' academic records, credit histories, and other criteria of credit-worthiness. This change would treat student loans as risky investments and ensure they are given only to student borrowers with a good chance of being able to repay them."

NASFA Publication Date: 10/25/2011

<http://www.american.com/archive/2011/october/student-loans-for-dummies>

Fraud in Postsecondary Distance Education Programs - URGENT CALL TO ACTION

Publication Date: October 20, 2011

DCL GEN-11-
ID: 17

<http://www.ifap.ed.gov/dpcletters/GEN1117.html>

On September 26, 2011, the Department's IG issued a report about fraud rings operating on distance education programs offered by institutions participating in the Federal student aid programs (<http://www2.ed.gov/about/offices/list/oig/invtreports/l42l0001.pdf>). The IG's report identified an increasing number of cases involving large, loosely affiliated groups of individuals (fraud rings) who conspire to defraud title IV programs through distance education programs.

And on that note...

>>> United Nations Office <iposz@iposz.hu> 10/25/2011 10:58 AM >>>--

Good Day,

My name is Ms. Carey M. Koppenhaver; I am the secretary treasurer for United Nations office. My main reason of contacting you is this; the president of United Nations (UN) just gave me a consignment funds to be delivered to their various beneficiaries.

Due to the United State Internet services provider promo, your email address just won a consignment funds of 2.5million dollars today.

Please the Following information is needed from you.

Full name:

Address of home/office:

Land/cell phone number:

Occupation:

Country:

Contact us via e-mail: unitednations.office@globomail.com

Call us for more information Tel: +12095656744

Ms. Carey M. Koppenhaver,
secretary treasurer,
United Nations Commission

COHEAO Sparks

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

October 25, 2011

House Subcommittee on Higher Education and Workforce Training Hearing on Direct Loans

Prepared by:

Wes Huffman (whuffman@wpllc.net)

The House Subcommittee on Higher Education and Workforce Training convened a hearing on the transition to the Direct Loan Program today, and to those who have observed this debate for a number of years, there were very few surprises.

Hearing Summary

Democrats, led by the Subcommittee's Ranking Democrat Ruben Hinojosa (D-TX), Rep. Tim Bishop, and others, offered nothing but praise for the Direct Loan Program and the SAFRA legislation that made it the sole source of federal student loans, while Republicans, led by Subcommittee Chair Virginia Foxx (R-NC) and full Committee Chair John Kline (R-MN), applauded the Department's efforts in converting schools but continued to express reservations with the underlying policies.

Witnesses included Jim Runcie, the COO of the Office of Federal Student Aid (FSA), as well as financial aid and enrollment services administrators. Aside from Runcie and Nancy Hoover of the National Direct Student Loan Coalition, witness did share a few concerns with the transition, but all were complimentary of the Department's efforts to date and, when asked by Rep. Tim

Bishop, they did say their concerns are the equivalent of “growing pains.” The full list of witnesses with links for their opening statements is below:

- [Mr. James W. Runcie](#)
- [Mr. Ron H. Day](#)
- [Ms. Nancy Hoover](#)
- [Mr. Mark A. Bandre](#)

The questions on all attendees’ minds was asked by Foxx at the end of the hearing, what about the press reports of a new student loan repayment program from the Administration and what authority is ED using to enact such a program, but Runcie said he could not provide an answer, instead referring her to the Office of General Counsel. However, he did say that “whatever they come up with” in the policy shop, FSA will be able to implement it.

On multiple occasions Foxx and Kline referenced the recent Direct Loan website outage, asking Runcie and others on the panel if there were concerns with information security. A public data breach where individuals could access the information of other students was the cause of the outage. However, it did only last 6-7 minutes, according to Runcie. The COO indicated that FSA was constantly working to improve its information security measures, but in large transfers, “glitches will happen.”

Default rates were a central theme of the hearing. Concerns with the default aversion, delinquency prevention, and financial literacy activities of former FFEL participants, particularly the guarantors, were expressed by Republicans on multiple occasions, but Democrats suggested defaults were lower in the Direct Loan Program than in FFEL. As the Subcommittee went back and forth on the relative default rates of the two programs and whether they are actually comparable, one witness, Mark Bandre, noted he was most concerned with a possible uptick in defaults 3-5 years from now, once the conversion is finally implemented.

Once the Committee finally agreed that defaults did increase over the last year, Chairwoman Foxx asked Runcie with the advent of IBR, why would anyone default on their federal student loan. Runcie did not have an answer for the question, aside from noting there are many factors that lead to a default.

Most of the default aversion and financial literacy exchanges were general in nature, with Runcie pointing to the incentives in servicing contracts to limit delinquencies and defaults, but Rep. Judy Biggert (R-IL) did specifically address the recently announced plans to bring back Voluntary Flexible Agreements (VFAs). Biggert asked about the program, receiving a general description from Runcie then followed up with the matter at hand when it comes to VFAs, what about the costs. Runcie responded that VFAs are required by statute to remain cost-neutral and mentioned guarantors receiving payment on remaining portfolios, but did not go beyond that except to say the VFAs would not exceed current projected costs.

Republicans and Democrats did appear to coalesce around the idea of lowering interest rates at various points throughout the hearing, though it was clear that most of the Members did not understand the CBO budget cost associated with such a move. Rep. Phil Roe (R-TN) started these discussions by noting that the 6.8% interest rate “seemed awfully high” and asked, “Did we do that?” Kline added that the spread between the government’s cost of funds and the borrower interest rate on student loans amounted to a “slush fund” for spending initiatives. Rep. Rob Andrews (D-NJ) and John Tierney (D-MA) seized on these comments, offering to work with “their friends across the aisle” to lower interest rates, while Hinojosa and Rep. Todd Platts (R-PA) did point to historical rates that have been higher.

Odds and Ends

Rep. John Tierney (D-MA) was the only Member to mention private student loans throughout the hearing. He asked the panelists what they would do to further limit private loan borrowing. Only Hoover responded, stating that for her small private college, the increased Stafford Loan Limits of ECASLA and the deferments recently allowed in the PLUS program helped limit private loans.

Rep. Jason Altmire (D-PA) asked about the exemption for the Department of Education from the Fair Debt Collection Practices Act (FDCPA). Altmire noted individual contractors to the Department are not exempt from the Act, but the Department itself is. He indicated he had heard reports of delinquent borrowers requesting no contact on the account, a right afforded to them under FDCPA, but the Department would then assign the account to another agency. Runcie said he would look into the matter and follow up with Altmire’s office after the hearing.

Rep. Rob Andrews (D-NJ) mentioned an ongoing issue with consolidation loans he has raised with the Secretary. Andrews did not provide any details, but did say he would be following up offline with Runcie on this matter.

Additional Information:

Additional information on the hearing, including opening statements from Foxx and Hinojosa, witness testimony, and an archived webcast, is (or will soon be) available online at:

<http://edworkforce.house.gov/Calendar/EventSingle.aspx?EventID=264844>

Dave Ramsey: Escaping College Debt - CBN.com

<http://www.youtube.com/watch?v=jc9KYBjqbNU&feature=related>

<http://www.youtube.com/watch?v=WNrWliSMszE>

http://www.youtube.com/watch?v=f2dd_IKZzwc

