# Michigan Association of Student Financial Service Adminstrators

**Winter Issue**
**Dec. 2016**

**Inside the Issue:**



Fellow Michigan Association of Student Financial Services Administrators:

Thank you for taking the time to check out the MASFSA newsletter.

The year is flying by, and our May conference will be here before we know it. The Board, along with the committees: Conference, Professional Development, and Membership, have been working hard to bring you another great learning experience. We have planned sessions that will help you in your day to day operations, and if nothing else, the conference will give you the opportunity to meet fellow student financial services professionals. I have told the story more than once about attending a national conference; the best piece of information I learned was while waiting in line for dinner! I'm positive you will get more out the 2017 MASFSA conference than that, but networking alone can be invaluable when trying to figure out the best course of action for problems that cross your desk.

Don't forget about the MASFSA list serve when dealing with something new or reviewing current procedures. The list service enables you to have your Michigan student financial services peers just an email away. If you know of anyone in your office that would like to be added, please email me their contact information.

Serving on the MASFSA Board has been a great opportunity to work with many wonderful individuals that are dedicated to bringing you not only a great conference, but updates to legislation and industry changes throughout the year. Our mission statement is: **"MASFSA's mission is to promote excellence in financial and customer services functions and network opportunities to membership"**. The whole purpose of the group is to serve you.

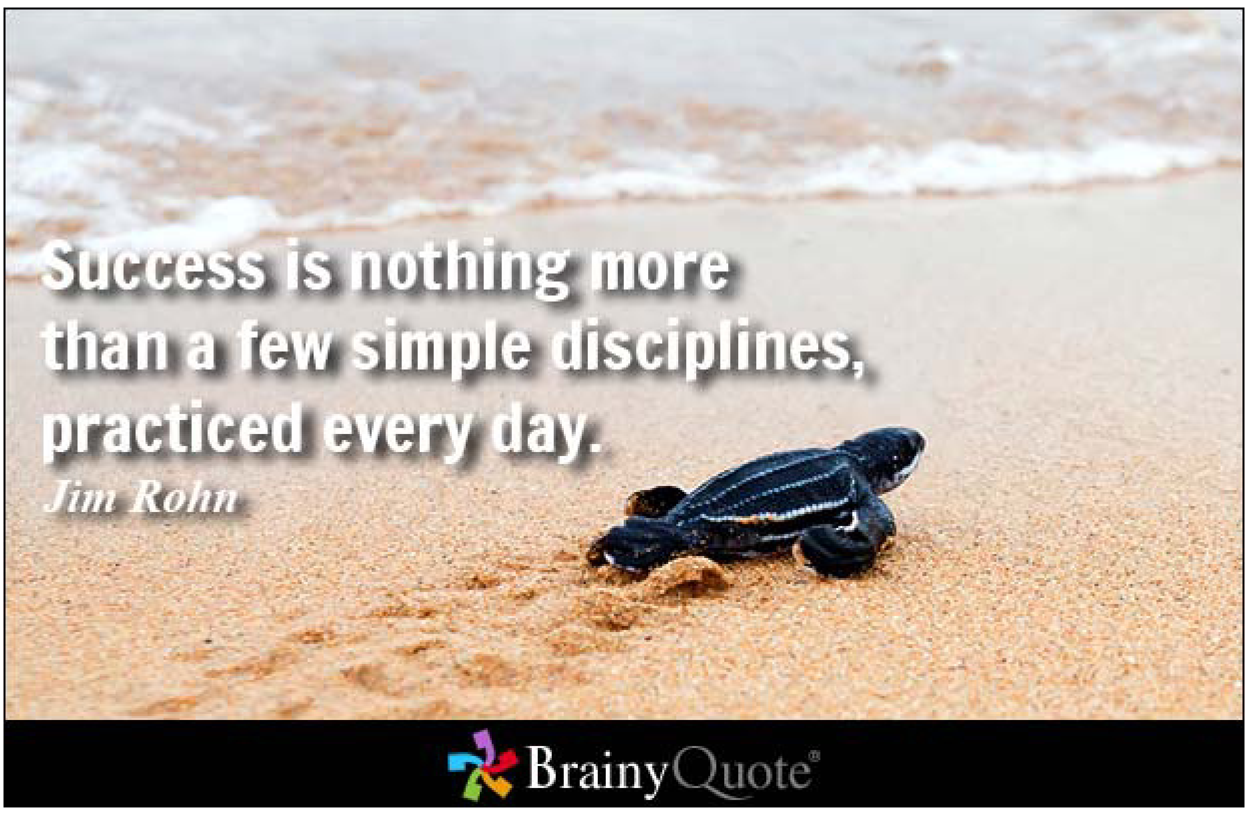
Please consider serving on a committee or the board in the near future, or when the time is right for you.

Please save the date! May 21 – 23, 2017 at the Soaring Eagle Casino and Resort in Mount Pleasant. I know you will find the Resort and the Mount Pleasant area very nice with lots to offer for those that gamble or not. As we finalize the details, we will have more info coming your way soon on the agenda, sessions, and registration.

If there is anything you are interested in hearing about or have questions on, please feel free to email me at pjohnson@nmu.edu.

Sincerely,

Pam Johnson
President, MASFSA
Michigan Association of Student Financial Services Administrators



# Board Members & Committee Members

## 2016–2017 MASFSA Board Members

| Officers | | |
|---|---|---|
| Past-President | Dave Wilcox | Eastern Michigan University |
| President | Pam Johnson | Northern Michigan University |
| President Elect | Michelle Loedeman | Western Michigan University |
| Vice President | Linda Berlin | Northwestern Michigan College |
| Treasurer | Clara Johnson | Davenport University |
| Secretary | Kate Reasner | Michigan State University |
| **Representatives for Schools and Vendor** | | |
| Vendor Associate | Joyce Kammerzelt | ConServe |
| 2-Year Public Community Colleges | Fay Reid | Delta College |
| 4-Year Private | Open | Open |
| 4-Year Public | April Ewing-Miles | Wayne State University |
| IT Specialist | Logan Carroll | Saginaw Valley State University |

## 2016–2017 MASFSA Committee Members

| Conference Committee | | |
|---|---|---|
| Patty Davis | Merchants & Medical Credit Corporation | Conference Chair |
| **Professional Development Committee** | | |
| Lori Hartung | Todd, Bremer & Lawson, Inc. | Pro Development Co-Chair |
| Scott Medley | Reliant Capital Solutions | Pro Development Co-Chair |
| **Membership Committee** | | |
| | | |
| Victoria Pirrung | Enterprise Recovery Systems, Inc. | Membership Co-Chair |
| Clayton Smith | Henry Ford Community College | Membership Co-Chair |

## MASFSA Conference Agenda

## May 21-23, 2017

| | | | |
|---|---|---|---|
| **Sunday, May 21** | | | |
| **1:00-3:00** | Registration and Vendor Set-up | | |
| **3:00-4:00** | Financial Aid for Dummies | | |
| **4:00-5:00** | Campus Safety and Preparedness | | |
| **6:00-9:00** | Enjoy Networking or Gambling Tips from Soaring Eagle Pros | | |
| **Monday, May 22** | | | |
| **7:30-8:30** | Breakfast & Registration | | |
| **8:30-9:00** | President's Welcome | | |
| **9:00-9:45** | Motivational Cowboy | | |
| **10:00-10:30** | Vendor Break | | |
| **10:30-11:30** | Matrix: Processes, Procedures & Formulas for measuring success within your campus. | | |
| **11:30-12:30** | Campus Collection | Identity Theft | Campus Safety |
| **12:30-1:30** | Lunch | | |
| **1:30-3:30** | Musical Topics: Banner, Jenzibar, Datatel, Perkins, AR, Measuring Success, Bankruptcy, Credit Reporting, 1098Ts | | |
| **3:30-4:00** | Motivational Cowboy | | |
| **4:00-4:30** | Break | | |
| **4:30-5:30** | Enrollment Management | Building Career Paths | MI-Veterans Update |
| **5:30-8:00** | Social Hour followed by Dinner | | |

| Tuesday, May 23 | | | |
|---|---|---|---|
| 7:30-8:00 | Breakfast & Registration | Director/Bursar Challenge | |
| 8:15-9:00 | Business Meeting | | |
| 9:00-10:30 | CFPB, UDAAP, FDCPA | | |
| 10:30-11:00 | Vendor Break & Giveaways | | |
| 11:00-12:00 | Legal Issues & Collections | Identity theft | COHEAO Federal Update |
| 12:00-1:00 | Bankruptcy | FERPA | |
| 1:00-2:00 | Lunch & Presentation of the Board | | |

***The agenda session times and topics are subject to change.

For a complete and detailed agenda please go to the MASFSA website at:

http://masfsa.org/masfsa-conference.php

# Motivational Cowboy

**JOHNNY D. is THE MOTIVATIONAL COWBOY**

How many times have you gotten to the end of the road and asked yourself, “Do I go left or right?” I look back and see all the choices I made that brought me to where I am today. All of my work focuses around those choices and events in our lives, people we’ve learned from, and people who have inspired us.

People often ask me, “How did you get started?” I don’t think there really is a starting point, just choices that bring you to your own “Finish Line.” We’ve all come to that point in the road where we have to make the decision to go left or right. My decisions started at a very young age. I was held back in 2nd grade when my teachers told my parents that I couldn’t read or communicate well. I think it was in the 4th grade that my teacher once again told my parents that I wouldn’t amount to much. What if I had gone down the road that those people had chosen for me? Thank god I’ll never know. With the help of my family, I chose to believe in myself.

After high school my career path took me in many directions, from a small business owner, to the marketing director of a Fortune 500 company. Throughout all of this, I crossed the paths of many lives, and started to receive letters from people that wanted to thank me for inspiring them. As I looked back on the things people wrote, I realized they were writing the same kind of sentiments and finally it hit me:

This was my gift to give back to the world! I reached that road sign that gave me the choice to go left or right. Two weeks before Christmas I quit my job and decided to share my gift with the world. With my current work, I want 4th graders to be able to be to get something out of it as well as their parents. The struggles and challenges that children face are just as confusing as the ones that adults face.

Hopefully my life’s work will provide you with some thoughts and tools for making the decisions you need to make. Just remember: The “Finish Line” is also the “Starting Line.” You and the people around you may lead good lives, but wouldn’t you rather live the “Outstanding Life.”

The Motivational Cowboy will inspire the need within all of us to take control of life and use our own natural traits, gifts and abilities towards making life the result of who we are, and not the master of who we are expected to be. Through dynamic stories, inspiring facts and personal experiences Johnny D. takes his audience to a new personal and professional level through Image, Attitude, Focus and Consistency.

**REMEMBER: The Finish Line is also the Starting Line.**

# College Board Releases "Trends Reports"

The College Board's 2016 Trends in Higher Education reports released this week — Trends in Student Aid and Trends in College Pricing — show moderate increases in published tuition and fees ranging from 2.2% to 3.6% across all sectors between 2015-16 and 2016-17. Nonetheless, the continuing increase in average published tuition and fees at colleges and universities outpaces the growth in financial aid, family incomes, and the average prices of other goods and services.

Although total education borrowing was higher in 2015-16 than a decade earlier, it declined in 2015-16 for the fifth consecutive year, falling by 14%, from $124.2 billion (in 2015 dollars) in 2010-11 to $106.8 billion in 2015-16. Undergraduate students borrowed 18% less (in inflation-adjusted dollars) than in 2010-11 and graduate students borrowed 6% less. At the same time, college enrollment declined, but borrowing per full-time equivalent (FTE) undergraduate fell from $6,170 in 2010-11 to $5,460 in 2015-16. Similarly, borrowing per FTE graduate student declined from $19,300 to $18,200 over five years, but increased by about $550 over the past academic year.

The *Trends* reports show that while grant aid is increasing, net price is also rising in all sectors in recent years. In 2016-17, the average net tuition and fee price at public four-year institutions is $3,770, $860 higher than a decade earlier and $1,550 higher than in 2009-10. In the public two-year sector, the average net tuition and fee price in 2016-17 is $920 less than in 2006-07, but $270 higher than in 2011-12. In the private nonprofit four-year sector, the average net tuition and fee price is $14,190 in 2016-17, lower than a decade earlier, but higher than the low of $12,770 in 2011-12.

The College Board offered the following key findings from the two reports.

***Key Tuition and Fee Findings***

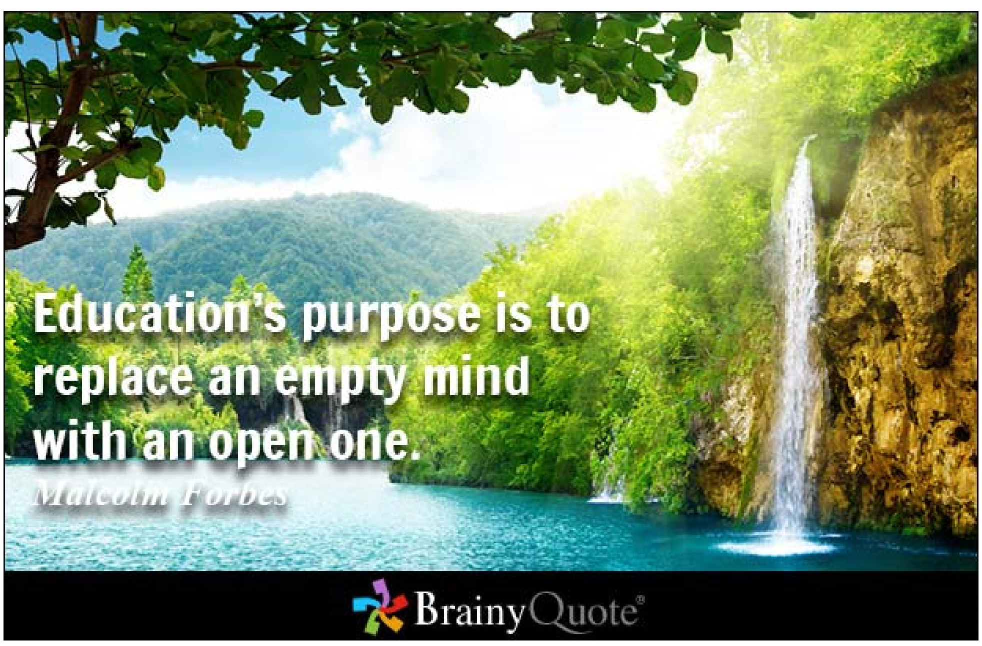
- *Average published tuition and fees for full-time **in-state students at public four-year colleges and universities** increased 2.4% before adjusting for inflation, rising from $9,420 in 2015-16 to $9,650 in 2016-17.*
- *The $1,930 increase in average grant aid from all sources and federal education tax credits for in-state students at public four-year institutions over the last decade covered 69% of the tuition and fee price increase over these years.*
- *Average published tuition and fees for full-time **out-of-state students at public four-year colleges and universities** increased 3.6% before adjusting for inflation, rising from $24,070 in 2015-16 to $24,930 in 2016-17.*
- *Average published tuition and fees at **private nonprofit four-year institutions** increased 3.6% before adjusting for inflation, rising from $32,330 in 2015-16 to $33,480 in 2016-17.*
- *The increase in average grant aid and tax benefits for full-time students at private nonprofit institutions was larger than the increase in tuition and fee prices between 2006-07 and 2016-17; between 2011-12 and 2016-17, the increase in grants and tax benefits per student covered 62% of the increase in average tuition and fees at these institutions.*
- *Average **published in-district tuition and fees at public two-year colleges** increased 2.3% before adjusting for inflation, rising from $3,440 in 2015-16 to $3,520 in 2016-17.*
- *A 16% (inflation-adjusted) decline in total state and local funding and a 13% increase in enrollment contributed to a decline of 26% in state and local appropriations per FTE student between 2007-08 and 2011-12.*
- *Between 2011-12 and 2014-15, an 8% increase in appropriations combined with a 4% decline in enrollment led to a 13% increase in per-student funding. Despite this partial recovery, in 2014-15, appropriations per FTE student were 8% lower in inflation-adjusted dollars than they were a decade earlier, and 11% lower than they were 30 years earlier.*
- *In 2016-17, average published in-district tuition and fees for full-time students at public two-year institutions range from $1,430 in California and $1,660 in New Mexico to $6,530 in New Hampshire and $7,740 in Vermont. Average published tuition and fee prices for in-state students at public four-year institutions range from $5,060 in Wyoming and $6,360 in Florida to $15,450 in Vermont and $15,650 in New Hampshire.*

- *Average published tuition and fees fell or increased by less than 5% in inflation-adjusted dollars in nine states between 2011-12 and 2016-17, but increased by more than 20% in nine other states. The states where prices have risen most rapidly are not the same as the states with the highest prices*

***Key Student Aid Findings***

- *In 2015-16, loans from federal and nonfederal sources combined constituted 36% of the funds used by undergraduates to supplement student and family resources — less than in any other year over the past two decades.*
- *Grants constituted 55% percent of the funds used by undergraduates to supplement student and family resources — the highest level over these years.*
- *Undergraduates received an average of $14,460 per FTE student in financial aid in 2015-16, including $8,390 in grants from all sources, $4,720 in federal loans, $1,290 in education tax credits and deductions, and $60 in Federal Work-Study.*
- *Grant aid per FTE undergraduate student increased by $750 (10%) in 2015 dollars between 2010-11 and 2015-16, after increasing by $2,390 (46%) over the preceding five years.*
- *Total Pell Grant expenditures increased from $15.5 billion (in 2015 dollars) in 2005-06 to $39.1 billion in 2010-11, but declined to $28.2 billion by 2015-16. The number of Pell Grant recipients declined in 2015-16 for the fourth consecutive year, but the 7.6 million recipients represented a 46% increase from 5.2 million a decade earlier.*
- *Federal education tax credits and deductions reach more students than subsidized and unsubsidized Direct Loans combined, and almost twice as many students as Pell Grants.*
- *Total federal loans per FTE undergraduate student increased by 34% ($1,430) between 2005-06 and 2010-11, but declined by 17% ($960) between 2010-11 and 2015-16.*
- *Total federal loans to graduate students increased from 31% to 38% of total student borrowing between 2000-01 and 2015-16.*
- *In 2014-15, the 61% of bachelor's degree recipients from public and private nonprofit institutions who borrowed graduated with an average of $28,100 in debt.*
- *In 2015, 38% of all borrowers with outstanding student loan debt owed $10,000 or less and 16%, including 10% of undergraduate borrowers and 43% of graduate borrowers, owed $40,000 or more.*
- *Average debt for borrowers entering repayment in 2013-14 with only graduate school debt was $45,890, compared to $19,650 overall.*

Additional information from the College Board is available: https://trends.collegeboard.org/

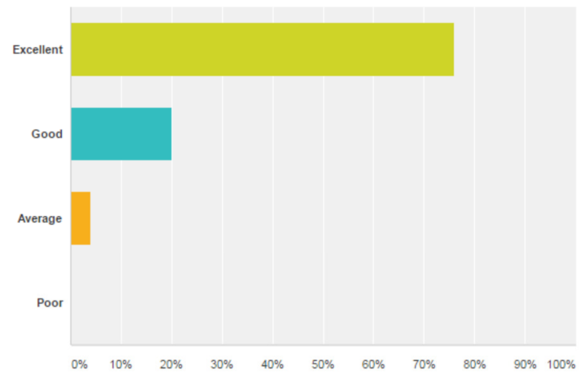


## Survey Results and Comments on the 2016 MASFSA Conference

### How would you rate the MASFSA 2016 Conference?

*"There is so much great information. My only wish is that we could be able to have the ability to attend all or most of the info sessions instead of having to choose only one."*

*"Have more topics for the round table discussions with a longer over-all length for the session."*




### What did you like about the MASFSA Conference?

*"Great Speakers / Very Nice Venue / good flow!"*

*"Very informative sessions this year! Lots of regulations and compliance issues were addressed which was excellent for institutions to catch-up on."*

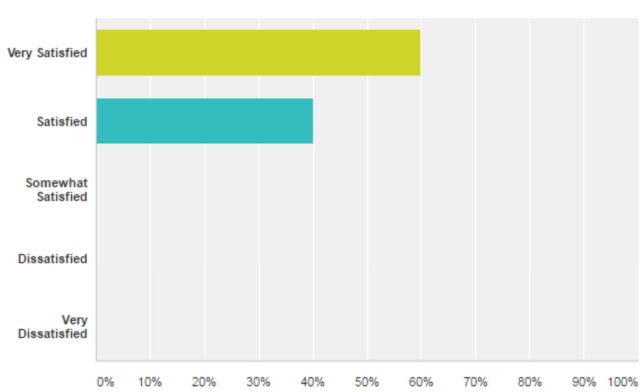
*"The networking with peers from other schools and the vendors."*

*"I always enjoy the company, learning new ideas, laws and the entertainment. I always come away with something useful."*

### What did you dislike about the Event?

*"Climate"* *"Hard to choose which session, all good."* *"Musical topics time too short"*

### How satisfied were you with the Speakers?




*"The Corporate Action Hero was great!"*

*"Richard Brown was easy to listen to and knows his topic."*

*"Awesome job everyone."*

### Would you attend another MASFSA Conference in the Future?

96% replied "*YES*"

**COHEAO Update – November 2016**

By Michael Mietelski, COHEAO Communications Chair

Thank you for the opportunity to provide a COHEAO update and share some recent and noteworthy highlights within and around COHEAO. For more than 35 years, COHEAO has served as the industry's premier partnership of colleges, universities and organizations dedicated to promoting the Federal campus-based loan programs and addressing the most pressing issues in student financial services today. Driven by the demand for information and collaboration on the Perkins Loan Program, Student Financial Wellness and Student Financial Services, COHEAO provides opportunities for networking and professional development through its conferences, webinars and task forces, focusing on compliance, legislative and regulatory issues.

By advocating for the preservation and improvement of the campus-based programs, our membership is dedicated to providing greater access to students with need in achieving their goal of a higher education!

**Message from the COHEAO President**

*The revival of the expired Perkins Loan Program in 2015 was one of the greatest legislative accomplishments in the history of our Coalition! The program was saved thanks to the tireless efforts of advocates like yourself and all who fought to preserve this vitally important and proven program. As an administrator, you know that during a time of rising student loan indebtedness, Perkins Loans are critical to students who don't qualify for other financing options, such as private loans, to fulfill their remaining need beyond Stafford Loan limits and Pell Grants.*

*We have unprecedented support on Capitol Hill as demonstrated through the successful Congressional battle of 2015. COHEAO and Perkins advocates nationwide, together with our champions in Congress, are well positioned to leverage the positive momentum and fight for the long-term continuation of the Perkins Loan Program. However, our current momentum and Congressional support will evaporate if schools are not lending ALL available Perkins funds.*

*Click here for an important document to assist you in educating colleagues at your institution, including the president and top administrators, about the impact the loss of Perkins funding would have on your students and institution. To assist you in generating campus-wide support, this document, "Ten Reasons Why the Perkins Loan Program is Good for Students and Institutions" is a helpful reminder of why we fought so hard and need to continue to fight for this self-sustaining and valuable program.*

*COHEAO's voice in these discussions is greatly amplified by your efforts and continued support for the program. Please be sure your institution is lending ALL available Perkins Loan funds! Share this document with your colleagues and top campus executives. Let your voice be heard and help communicate the long-standing, proven and viable future of the Perkins Loan Program.*

*Sincerely,*
*Maria Livolsi*
*COHEAO President*
*Director, State University of New York*

## COHEAO Conferences and Webinars

The Agenda Committee organizes monthly webinars and two conferences a year. These events are designed to provide timely information to COHEAO members and assist them with regulatory and legislative updates, best practices and other topics of importance in Higher Education.

Our last webinar on Oct 17th addressed "Bankruptcy Issues in Student Lending and Higher Education Receivables", where Chad Echols of the Echols Firm shared valuable insights on legal matters facing institutions of higher education and provided participants with some best practices to protect their institutions.

**COHEAO is pleased to announce our next webinar on Thursday, Nov. 17th at 3:00 EST on "Defense to Repayment Regulations",** featuring Betsy Mayotte of American Student Assistance. Betsy is an expert on ED regulations and served as a primary negotiator in the negotiated rulemaking on the DTR rules. Be sure to attend **COHEAO's FREE post-election webinar on Nov. 22, at 2:00 PM EST,** where COHEAO's President, Maria Livolsi and Executive Director, Harrison Wadsworth will discuss the **"2017 Election - it's Impact on Higher Education and how it will shape COHEAO's Future Advocacy Efforts".**

Be sure to **Save the Date** for the **2017 COHEAO Annual Conference** in Washington D.C. January 29 - February 1, 2017. In addition to the professional development and networking opportunities, the COHEAO Annual Conference focuses on current legislative and regulatory issues and provides an opportunity for attendees to visit Capitol Hill and advocate directly to congressional representatives on areas of importance to your institution. ***Who Should Attend:*** Staff from Student Financial Services including the business office, Bursars and Financial Aid professionals.

## Federal Perkins Loan Program

**Update on Perkins Loan Advocacy**

COHEAO continues to work on initiatives to support the continuation of the Perkins Loan Program. Despite the upcoming expiration on September 30, 2017, COHEAO and Perkins advocates nationwide, together with our champions in Congress, are well positioned to leverage the positive momentum and fight for the long-term continuation of the Perkins Loan Program.

However, our current momentum and Congressional support will evaporate if schools are not lending ALL available Perkins funds. Please circulate this communication to your colleagues in the Financial Aid offices at your institutions and encourage them to participate in the webinar on October 27th as mentioned above. We need your help in communicating the message that - There is a sustainable future for the Perkins Loan Program!

As administrators of the Title IV Student Aid Programs, our primary goal is to help students achieve their educational goals by providing financial resources and removing financial barriers. We should always provide students with the best forms of aid to meet their needs, no matter the administrative burden. Here are the Top 10 reasons why aside from Subsidized Stafford Loans, Perkins Loans are the best deal for students among the federal loan programs:

1. Institutions award Perkins loans to students based on financial need. The median adjusted gross income for Perkins borrowers and/or their families in 2014-15 was just over $28,000.
2. Perkins Loans are an integral part of a student's aid package, reducing overall student debt levels and helping increase student retention and completion. The program provides financial aid administrators with the flexibility to meet their students' financial need with extremely low-cost loans, even in the case of emergencies or last minute adjustments.
3. There is NO replacement for Perkins. Without Perkins Loans, many students would be forced to borrow private loans, or worse, defer their educational plans. Private loans require borrowers to pass a credit check and often require co-signers - two requirements that can be very difficult for borrowers with financial need.
4. The program has no origination fees, a low fixed interest rate of 5%, and a nine-month grace period during which interest does not accrue.

5. Perkins Loans can be cancelled in full after five years of service (with partial cancellation each year) in a variety of public service fields. Perkins Loan cancellation is more beneficial than Public Service Loan Forgiveness for Direct Loans, which require 120 qualifying payments prior to eligibility.
6. Perkins is the only loan program for graduate students where interest does not accrue while the borrower is enrolled or during grace and qualified deferment periods.
7. Perkins institutions work directly with their student borrowers, providing them with assistance throughout repayment. This assistance extends beyond Perkins Loans, as campus-based administrators often help their students and borrowers understand other issues, such as Direct Loans or tuition bills.
8. The program offers an extended repayment period to borrowers facing financial hardship based on ED guidelines. Loans may also be consolidated for access to income-driven repayment plans.
9. Perkins ensures institutional accountability through requiring “skin-in-the game.” Perkins is a risk-sharing program where institutions have contributed approximately one-third of the dollars in their Perkins Fund. This ownership interest greatly contributes to the successful management of this program as well as the availability of additional financial resources for students.
10. Institutions advancing funds in the Perkins Loan Program are entitled to an Administrative Cost Allowance (ACA) which can be used to offset the costs of administering the Campus-Based Programs and the Federal Pell Grant Program.

**September 30th was the final day for lending Perkins Loans to graduate students.** Under the terms of the *Perkins Loan Extension Act of 2015,* Perkins Loans may only be offered to “current graduate borrowers,” being defined as students who had previously received a loan for the same academic program by September 30, 2015.

Loans for graduate students must be disbursed by September 30, 2016, with Subsequent disbursements permitted through June 30, 2017, provided the first disbursement (for the 2016-2017 academic year) occurred prior to October 1, 2016.

Loans for undergraduate borrowers are permitted through September 30, 2017. There are different requirements for awarding Perkins Loans for undergraduates depending on whether the student is a “new” or “current” borrower, but last year’s extension ensures Perkins Loans are available to many undergraduates through the next academic year. Please click here for additional information from COHEAO on the requirements of the *Perkins Loan Extension Act*

## COHEAO Scholarships

Each year, the COHEAO Board of Directors awards up to (4) four $1,000 scholarships to students attending institutions that are members of COHEAO. COHEAO is pleased to announce that it has awarded four (4) $1,000 scholarships to very deserving students. The scholarship winners for the 2016-2017 academic year are as follows:

COHEAO’s Carolyn Hampton Scholarship was won by William Mims – Adams State University

COHEAO’s Edgar Delos Angeles Scholarship was won by Steven Chao – George Washington University

The COHEAO Scholarships were won by Neeraj Jaisinghani – Cornell University and Norman Dela Fuente – University of California, Los Angeles. Congratulations to our winners and their COHEAO schools.

## Accounts Receivable Management

COHEAO is also extremely active in the area of campus accounts receivable. We are committed to promoting discussion and sharing best practices in several areas regarding the current challenges that campuses face in managing accounts receivable, including collection regulations, TILA, institutional loans, TCPA, and cash management.

Visit COHEAO’s resource page which provides links to valuable information including statutes of limitations, collection fees on a state-by-state basis and a soon to be released “Checklist” to help institutions in the creation of a vendor RFP. To visit the STAR Task Force Resource website, please use the following link: http://www.coheao.com/taskforces-committees/student-financial-services/.

**TCPA News: - FCC Releases Final Regulations for Federal Debt Collection TCPA Exemption**

The Federal Communications released final rules implementing a change to the *Telephone Consumer Protection Act (TCPA).* The new rules, approved by FCC Commissioners by a vote of 3-2, provide an exemption to calls from automated dialing systems to mobile telephones "made solely to collect a debt owed to or guaranteed by the United States" without prior express consent.

In addition to granting the exemption, the Bipartisan Budget Act of 2015 authorized the FCC to promulgate regulations on these calls. The Commission states the new rules will:

- Permit calls made by debt collectors when the loan is in delinquency, and by debt servicers following a specific, time-sensitive event affecting the amount or timing of payment due, and in the 30 days before such an event.
- Determine that consumers have a right to stop the autodialed, artificial-voice, and prerecorded voice servicing and collection calls regarding a federal debt to wireless numbers at any point the consumer wishes.
- Specify that covered calls may be made by the owner of the debt or its contractor, to: (1) the wireless telephone number the debtor provided at the time the debt was incurred; (2) a phone number subsequently provided by the debtor to the owner of the debt or its contractor; and (3) a wireless telephone number the owner of the debt or its contractor has obtained from an independent source, provided that the number actually is the debtor's telephone number.
-

The new rules are unlikely to improve efficiency in the collection of federal debts, as they limit these calls to only three per month. The three per month are per account, not per loan, meaning a creditor, servicer, or agency may only contact borrowers three times a month.

Further, the new regulations indicate the debt must be currently "owed to or guaranteed" by the federal government, but the FCC declined to define what exactly constitutes "a debt owed to or guaranteed by the United States," which is likely to lead to further confusion. Additional information on the new regulations is available online.

**Financial Wellness**

COHEAO continues our conversations and commitment to shining a light on the many facets of Financial Wellness, as we demonstrated throughout the Mid-Year Conference in Denver, Colorado this past summer. In addition to a session on COHEAO's forthcoming white paper on Financial Wellness, our third in five years, a special afternoon workshop on Financial Wellness was held on the final day of the conference. The workshop featured multiple sessions and interactive discussions from a broad range of perspectives including a full panel of our professional colleagues who are currently providing Financial Wellness services to their students.

The importance of this issue is further discussed in a recent analysis from Ballard Spahr, LLP, where they explore

**Millennials' Student Debt and Its Impact on the Economy**

Over recent weeks, analysts and industry observers have been looking at the impact of student loan debts on the broader economy, specifically in the context of how millennials' debt from student loans is impacting their other purchasing.

Lending Tree conducted a study of 1,338 millennials (defined as those born from 1980-95), and found that almost two thirds (63.3%) will graduate with student debt. The survey found that borrowers believe their student debt is delaying home purchases, travel, buying automobiles and saving for retirement.

The connection between home ownership and student debt has drawn the most attention. Home ownership in the U.S. is its lowest in 50 years. According to a joint report by the National Association of Realtors and American Student Assistance, 71 percent of student borrowers who do not own houses cite their student loans as the main reason.

While a legitimate economic connection between student debt and delays in housing is questionable at best, it does seem that borrowers at least *feel* their debt is holding them back from major purchases and life decisions, which may have a slight domino effect throughout the housing market. Jonathan Spader, senior research associate at Harvard's Joint Center for Housing Studies, told the *Boston Globe* that because younger generations are waiting both to get married and start families and buy houses, fewer new houses are being bought, which means older houses are taking longer to "trade up" and sell for higher prices.

Millennials also are less likely to purchase homes than previous generations for a variety of reasons, the strongest of which may be rising home prices in areas attractive to young professionals. However, as student debt continues to rise and the housing market continues to change, there will be continual efforts from researchers to make a strong enough connection for causation.

The Lending Tree survey is available online
The full Boston Globe article is available online

## Consumer Financial Protection Bureau

### CFPB Fines Navy Federal Credit Union for False Collection Activities

The CFPB announced it had fined Navy Federal Credit Union $28.5 million for practices related to its collection activities. The credit union will pay $23 million in restitution and $5.5 million in civil fines to the Bureau.

Under the terms of the consent order, Navy Federal Credit Union is required to pay $23 million to customers, correct their debt collection and account access practices and address communication about overdue debt with its members. The credit union will also pay $5.5 million to the CFPB's Civil Penalty Fund.

CFPB Director Richard Cordray said, "Navy Federal Credit Union misled its members about its debt collection practices and froze consumers out from their own accounts," said CFPB Director Richard Cordray. "Financial institutions have a right to collect money that is due to them, but they must comply with federal laws as they do so."

Navy Federal agreed to the terms of the consent order without admitting any wrongdoing. The credit union, which is the nation's largest with $73 billion in assets, said in a statement, "Where our collections practices have come up short in the Consumer Financial Protection Bureau's estimation, we have made all the necessary changes. We have cooperated with the CFPB throughout the process."

### CFPB's Structure Ruled Unconstitutional by D.C. Court of Appeals

The US Court of Appeals for the District of Columbia ruled the current structure of the Consumer Financial Protection Bureau (CFPB) is unconstitutional. The court ruled that an independent agency with a single director who is not directly answerable to the President or Congress is not sufficiently accountable under the Constitutional system of checks and balances. The decision's remedy was not to call for a commission to lead the Bureau, which the court indicated would be constitutional, but instead to give the President the ability to remove the Director for any reason. The ruling will have little immediate impact on CFPB operations, but will strengthen the arguments of those seeking to reform it legislatively.

The CFPB indicated it is considering an appeal. Reaction from members of Congress was quite divided.
House Financial Services Committee Rep. Jeb Hensarling (R-TX), said "This is a good day for democracy, economic freedom, due process and the Constitution."

On the other hand, Sen. Elizabeth Warren (D-MA), who is often credited with creating the Bureau, downplayed the ruling saying the bureau would only need "a small technical tweak" to address the court's concerns and that she believes the ruling will be "appealed and overturned."

Industry observers note that some financial institutions are questioning whether or not all settlements and previous enforcement actions from the CFPB will be able to stand. However, challenging these actions would present risks and challenges for firms, most notably having their alleged transgressions again highlighted in the media.

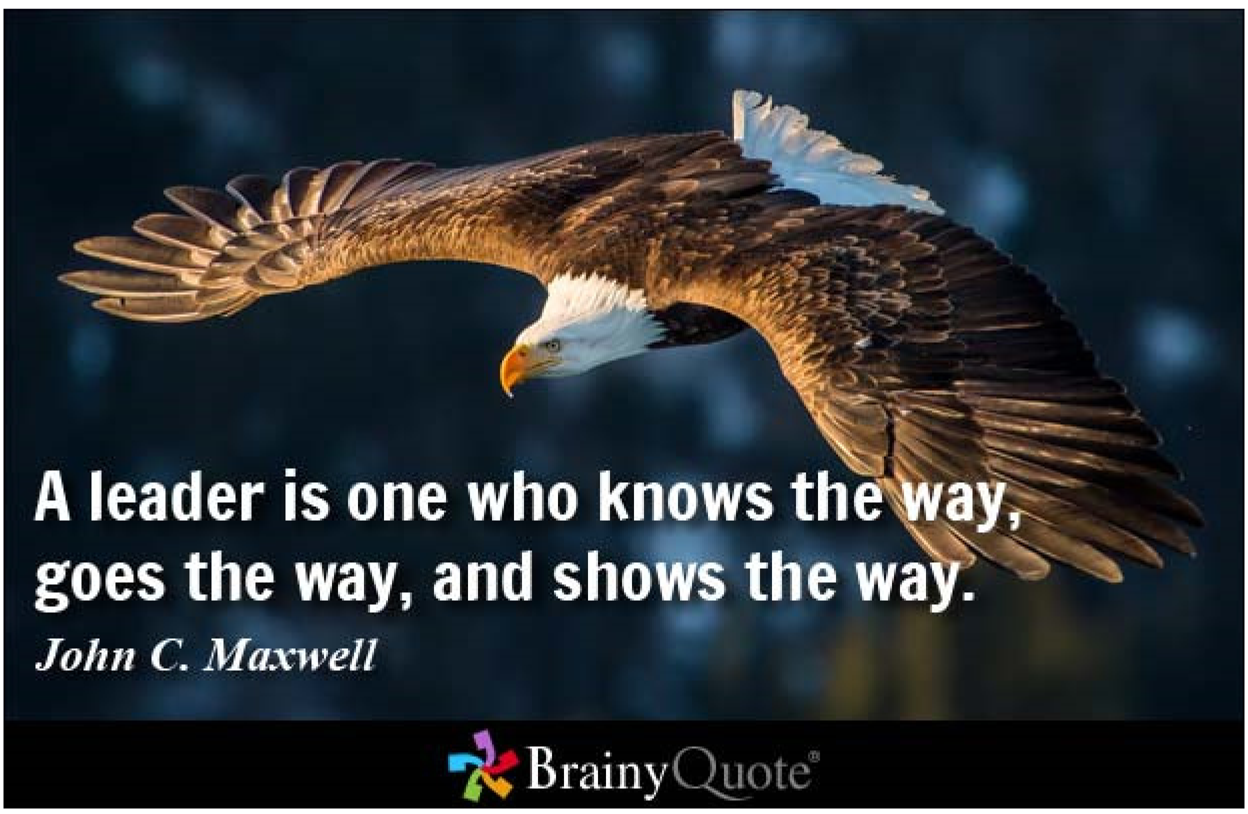
The Bureau will continue to operate as usual while the constitutionality of its structure is debated in higher courts. In the short term, the DC Court of Appeals decision may make the CFPB even more political, as the Director now serves at the pleasure of the President. In the long term, the finding that the Bureau was initially structured in an unconstitutional manner will bolster the arguments for reforms, such as moving to a commission-style leadership structure subject to substantive Congressional oversight.

**COHEAO – Your Coalition – Your Voice**

As COHEAO remains committed to the challenges of our industry, we invite you to bring forward any new initiatives you have and to provide your valuable feedback. Please reach out to any COHEAO board member through the list of email addresses that can be found on our COHEAO.org website and share your questions, concerns or suggestions.

You can remain active and up-to-date on all topics relevant to student aid services via COHEAO webinars, our bi-weekly edition of The Torch, and our breaking news alerts provided in Spark Notes.

Thank you for the important work you do in support of our common goal of helping to provide More Education for More People! We look forward to exchanging ideas and information with you at our upcoming webinars and our annual conference in Washington D.C. on January 29 - February 1, 2017.



# News from the Feds

**Go to: http://www.ifap.ed.gov**

Dear Colleague Letters

- 2016-07-01 - (GEN-16-12) Subject: Protecting Student Information
- 2016-09-07 - (GEN-16-16) Subject: Institutional Reporting of Fee Information under the New Cash Management Regulations
- 2016-09-08 - (GEN-16-17) Subject: Campus Policing
- 2016-10-11 - (GEN-16-18) Subject: Revision of the Income-Driven Repayment Plan Request Form for the Direct Loan and FFEL Programs

Electronic Announcements

- 2016-07-06 - (Campus-Based) Subject: eCampus-Based (eCB) Electronic Signature (eSignature) Reminder
- 2016-07-14 - (Application Processing) Subject: 2017-2018 Expected Family Contribution (EFC) Formula Guide
- 2016-07-15 - (Loans) Subject: Loan Servicing Information - Performance Metrics for January 1, 2016 through May 31, 2016 and Allocation Information in Effect Through February 28, 2017
- 2016-07-21 - (Loans) Subject: Loan Servicing Information - Federal Loan Servicer Team Change
- 2016-08-01 - (Application Processing) Subject: 2016-2017 Federal School Code List of Participating Schools (August 2016)
- 2016-08-01 - (Campus-Based) Subject: Perkins Loan Program - Excess Liquid Capital Determinations and Timelines
- 2016-08-17 - (Loans) Subject: Loan Servicing Information - Federal Loan Servicer Name Change
- 2016-08-18 - (General) Subject: Volume 6 - The Campus-Based Programs [2016-2017 Federal Student Aid Handbook]
- 2016-09-08 - (Campus-Based) Subject: Federal Perkins Loan Default Reduction Assistance Program (DRAP)
- 2016-10-31 - (Campus-Based) Subject: TPD Discharge Information - Perkins Assignment Procedures due to Total and Permanent Disability Discharge
- 2016-11-01 - (General) Subject: Final Regulations for Borrower Defense
- 2016-11-02 - (Campus-Based) Subject: Federal Perkins Loan Program Cash on Hand Update Due December 15, 2016

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