HEAG
HIGHER EDUCATION ASSISTANCE GROUP, Inc.

NEWSLETTER

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Achieve a Higher Standard... with HEAG!

Message from Milton

I hope everyone is enjoying the summer. All of us at HEAG want to wish you the best of luck with the beginning of the school year and the commencement of classes. As always, as compliance experts, we are here to assist should you have need of our services. Good luck.

Best Regards,

~ Milton Kerstein, President

HEAG'S VERIFY: VERIFICATION SIMPLIFIED

Verification violations are among the top audit and program review findings as noted by the Department of Education. Meeting verification processing demands while maintaining a clean audit is an administrative burden placed on every financial aid office.

VERIFY

HEAG Can Help.

HEAG's VERIFY is an affordable and customizable remote verification service. Documents are reviewed and processed remotely within a quick turnaround time by HEAG's Compliance Experts. Benefits include:

- Minimized Compliance and Audit Risk
- Reduced Staffing Costs
- Reduced Administrative Burden
- Quality Assured File Review
- Customizable Options
- Requires Minimal, If Any, IT Support for Immediate Service

HEAG's VERIFY is fully customizable to support your school in the most effective way possible. Our service requires minimal support from your school's IT department, so that we can begin serving your students right away. There are two different options dependent upon whether your institution utilizing an imaging system.

Option 1

For schools already utilizing an imaging system, simply provide HEAG with remote access to your student documents along with your financial aid management system (e.g. Banner, Datatel, PowerFAIDS).

Option 2

For schools without an imaging system, HEAG will provide you with a streamlined document imaging and management solution. Our solution provides you with a school-branded, secure, online portal through which your students and their families can submit documentation. You also have the option of emailing documents and batch scanning and uploading documents to our system. You will provide HEAG with remote access to your financial aid management system (e.g. Banner, Datatel, PowerFAIDS) and, in turn, HEAG will provide you with access to your student's imaged documents through our document management system. HEAG will provide real-time reports at your discretion, so you are aware of a student's status anywhere, anytime.

Your designated financial aid consultants will then review each document for completion and accuracy. If the file is incomplete, HEAG will engage in your school's preferred communication method to accelerate the file completion process. If the file is complete, federal verification is finished. Your school-based software is updated and information is available in real-time.

Don't Delay! Contact HEAG today and find out how you can improve your verification process and better serve your students. For more information, please log onto www.heag.us/VERIFY.

PROFESSIONAL DEVELOPMENT IN HIGHER EDUCATION

By **Brittany Barker**
HEAG's Southeastern Regional Director

As members of the higher education community, we unilaterally agree with the philosophy that continued learning and skill development is essential to a successful and fruitful career. This perspective is what encourages our students to enroll at our institutions despite the rising costs, the decreasing aid, and the intensified pressure to support oneself. However, as both mouthpieces for this viewpoint and tangible examples to our students of individuals that have answered the call of higher education, administrators are finding themselves restricted in their own venture to seek professional development. Institutional budgets have grown tighter, staffing has grown slimmer, and professional development opportunities have been greatly reduced or completely cut as a result.

To handle the ongoing changes at the Department of Education while also taking on additional responsibilities, the need for community support has never been greater. Although there are often free resources online, such as the IFAP Handbook and finaid.org, nothing quite compares to speaking with a fellow administrator and discussing regulation application, challenges and solutions.

Our team of compliance experts at HEAG prides themselves on being able to assist institutions with exactly this need. Taking every opportunity to learn and engage the Department of Education directly, we were especially excited to have a presence at the National Association of Student Financial Aid Administrators (NASFAA) in Nashville this year. One of the most advantageous components of attending conferences such as NASFAA is to hear firsthand the upcoming changes, receive resources, and gain direct contacts within offices that can help you. HEAG is excited to have had the opportunity to gain this information and meet so many attendees. We have already begun putting this new knowledge to work for our current clients. Whether we relieve institutions of just one component of their administrative burden, facilitate trainings, or conduct a compliance review based on the most current guidance at the Department of Education, we look forward to assisting any new members of our HEAG client family as well.

ANALYSIS OF STUDENT LOAN DEBT PAINTS A MORE DETAILED PICTURE

By **Jeffrey Megargell**
HEAG Consultant

According to a Brookings Institution report, the outcry about rising student debt loads in the media may be overexaggerated, based on analysis of new data. Report authors Beth Akers and Matthew Chingos based their analysis on two decades of figures on the financial well-being of American households.

About a quarter of the increase in student debt since the late 1980s is directly attributable to more Americans obtaining education at the graduate level, rising 311% in that time period. Average graduate degree debt loads have increased fourfold since the '80s, from just under $10,000 to now more than $40,000. Another surprising finding is that the monthly payment burden faced by student loan borrowers has remained consistent since 1992, at 3 to 4%. The average repayment term has also increased over this time period, allowing student loan borrowers to take on more debt while not increasing their average monthly payments.

In 2010, only 7% of households owed more than $50,000 in student loan debt and only 2% of households owed more than $100,000, say the researchers. Ultimately, Akers and Chingos conclude that typical borrowers are no worse off than they were a generation ago, and also suggest that the borrowers struggling with high debt loans frequently featured in media coverage may not be part of a new or growing phenomenon. The situtation has become more complex as Americans shift to achieving higher levels of education, taking on more debt at the same time as their income rises as a result of their advanced degrees.

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WINDFALL OF THE INCREASING DEFAULT RATE

By **Brittany Barker**
HEAG's Southeastern Regional Director

Discussion around default rates is certainly nothing new. Default prevention programs are a well-established convention of higher education. However, while default prevention programs used to be an accessory to financial aid offices, now they must be a staple.

In an effort to drive default rates down, the Department of Education is intervening. With years of anticipation, and certainly a lot of warning, the Department of Education has threatened to apply sanctions to institutions that have a 30% default rate or higher. At the 2014 NASFAA Conference, a Department of Education official projected that "at least 30% of institutions are at risk for these sanctions going into effect in Fall of 2014." At a time when financial aid is a primary contributor to student enrollment, a sanction that could impact an institution's ability to offer financial aid could be devastating.

In addition, Senate Democrats are proposing additional requirements to the entrance and exit counseling components of student borrowing. There are numerous propositions on the table, but a few of the highlights are listed below:

- Annual notifications to students from institutions regarding their total student loan balance, remaining subsidy eligibility, and remaining [MISSING WORD?]
- At least one interim in-school counseling session
- Parent Plus counseling
- Additional disclosures and tests for understanding of borrowers for entrance and exit counseling
- Improved consumer protection

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THE U.S. DEPARTMENT OF EDUCATION STRENGTHENS FEDERAL DIRECT PLUS LOAN PROGRAM

August 7, 2014

Contact: Press Office, (202) 401-1576, press@ed.gov

As part of an effort to ensure more families can afford a higher education and promote the responsible use of taxpayer dollars, the U.S. Department of Education proposed today new regulations that will update eligibility standards and improve access for student and parent borrowers under the federal Direct PLUS loan program. The current adverse credit history regulations have not been updated since the Direct lending program was established in 1994.

"The Obama Administration is committed to keeping college accessible and affordable and helping families make thoughtful and informed choices to fund a higher education in today's economy," said U.S. Secretary of Education Arne Duncan. "These changes allow us to continue to be good stewards of taxpayer dollars and open the doors of college to ensure all students have the opportunity to walk through them."

Formally published tomorrow in the Federal Register, the proposed regulations will allow more families to borrow under the PLUS lending program. While developing the updated standards, the Department gathered feedback and recommendations from students, families and partner organizations, including representatives of minority-serving institutions and Historically black colleges and universities (HBCUs). Specifically, the proposed regulations would update the definition of adverse credit history and require PLUS loan counseling for approved borrowers with an adverse credit history. If a potential borrower's combined adverse debt is $2,085 or less, the potential borrower will not be considered to have an adverse credit history. Other proposed changes include:

- Clearly stating the adverse credit history eligibility standards for potential borrowers;
- Defining terms such as "charged off" and "in collection" to more accurately determine if an applicant has an adverse credit history;
- Minimizing the time period a borrower's credit history is reviewed from the last five years to the last two years for charge offs and collections to determine adverse credit history.
- Authorizing the Secretary to adjust the combined outstanding balance adverse debt threshold of $2,085 as necessary;
- Allowing denied PLUS loan applicants the opportunity to provide documentation that can be used for the Department's reconsideration and require PLUS loan counseling for applicants who are granted loans under extenuating circumstances prior to loan disbursement.

The Department plans to publish the final rules by Nov. 1, which would allow borrowers to take out a PLUS loan under the new criteria for the 2015-16 school year. In the meantime, borrowers who are denied for a PLUS loan under the current rules can continue to apply for reconsideration. The Department is also considering implementing final regulations before the 2015-16 school year begins so that borrowers could benefit even sooner.

The Department of Education's Office of Federal Student Aid manages and administers the student financial assistance programs authorized by the Higher Education Act of 1965.

REPORT OFFERS 15 WAYS TO IMPROVE CONSUMER INFORMATION FOR COLLEGE STUDENTS

FOR IMMEDIATE RELEASE
Contact: Beth Maglione
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Washington, DC, August 6, 2014 — Current consumer information requirements for higher education institutions can be streamlined, enhanced, or eliminated to better educate students and to remove unnecessary regulatory burden on institutional officials, according to a new policy report from the National Association of Student Financial Aid Administrators (NASFAA).

A geographically and institutionally diverse task force of NASFAA members evaluated existing consumer information requirements and compiled 15 recommendations to better serve and understand higher education students, while freeing up financial aid administrators to focus on vital disclosures and counseling.

The recommendations, approved by NASFAA's Board of Directors in June 2014, span the lifecycle of a student's college experience, and include:

- Enhancing the U.S. Department of Education's (ED) College Navigator to make it the primary tool for disseminating college information,
- Making ED and loan servicers responsible for developing and distributing loan-related consumer information, including debt management, and
- Repealing the ban on a federal-level student unit record, to develop a limited student unit record that collects more accurate and comprehensive data on contemporary student behavior.

"The number of disclosures students receive from their institutions is overwhelming," said NASFAA's President and CEO Justin Draeger. "Today's disclosures aren't just unhelpful, they may actually hinder students from deciphering what is truly important when making college-going and financial aid decisions. Implementing the task force's recommendations at the federal level would greatly improve information for students."

"Students need the most vital information delivered to them in a consumer-tested disclosure," said task force Chair Bonnie Joerschke, director of the Office of Student Financial Aid at the University of Georgia. "Next, they need one centralized place where they can find any other information related to that institution."

NASFAA's recommendations build on other consumer information work NASFAA has done, including consumer testing on the best ways to convey and deliver financial aid awards.

The full list of 15 recommendations can be found in the policy report. To request an interview with a NASFAA spokesperson, please contact news@nasfaa.org or (202) 785-6944.

Analysis of Student Loan Debt Paints a More Detailed Picture

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As the paper's authors emphasize, "Student loan debt represents debt undertaken to finance an investment in human capital. Simply comparing the financial and economic circumstances of households with and without student debt can be misleading if it does not also account for the additional earnings capacity produced by the education that was financed by that debt."

Source: http://www.brookings.edu/blogs/brookings-now/posts/2014/07/facts-about-student-loans

Windfall of the Increasing Default Rate

FROM PAGE 2

Between the sanction and the newly proposed provisions to the Higher Education Affordability Act (HEAA), the message is quite clear: institutions will be held responsible for students who default on their loans. However, the reason for the rising default rate is not quite so simple. The mandates imply that a lack of information, or understanding, is what inhibits students from keeping their loans in good standing. But, if a student does exercise the options laid out by the Department of Education (ED) – forbearance or deferment – approval is not automatic. How then does the ED take students who apply, and are denied, into account when determining default rates? They don't. This is just one of the many active points in discourse in higher education. While the sanctions and the provisions may help put default rates on the decline, students cannot be taken out of the equation, as they are integral to its success.

Additional Information:

- http://www.nasfaa.org/Main/orig/2013/rtf/HEAA__Senate_Democrats_Propose_Changes_to_Counseling_and_Loan_Servicing.aspx
- http://www.nasfaa.org/Main/fa-news/natl/Driving_College_Loan_Defaults_Down.aspx
- http://www.nasfaa.org/Main/fa-news/natl/The_Default_Trap.aspx

About The Higher Education Assistance Group

The Higher Education Assistance Group, Inc.(HEAG) is a comprehensive higher education and financial aid consulting group located in Wellesley, Massachusetts. In operation since 1989, we provide comprehensive financial aid consulting support to private, public and proprietary institutions. We provide administrative and professional consulting services in the areas of program regulatory compliance, financial aid processing and verification, interim staffing and technology. With over 25 years of experience,we have a proven track record of satisfied school clients.