MESSAGE TO THE MEMBERSHIP

For 50 years, the National Council of Higher Education Resources (NCHER) has provided superior advocacy, communications, research, and operational support to our members so they may effectively help students and families develop, pay for, and attain their educational goals. NCHER is an exceptional organization with an extraordinary heritage and a promising future. As the Chair of the NCHER Board of Directors and President, we take our responsibility of upholding this important history and identifying future opportunities for the membership seriously.

As you know, the higher education finance landscape has undergone a major transformation in the last eight years, and we know that more changes are on the horizon. Some of those future policy changes will come from federal policymakers in Congress and the Administration while others will come from state leaders and practices developed by our industry. In all cases, NCHER intends to continue to be an active participant and leader in shaping policies impacting federal, state, and private student aid programs. To realize this vision, we need to continue to strengthen our advocacy, communications, and research agendas – and, just as important, continue to review our existing membership services to ensure that they remain relevant and high-quality, and grow the membership. Our work involves two, separate but complementary, efforts: knowing and influencing where the industry is going and providing today’s leaders with the skills they need to be successful in their respective organizations. As more and more Baby Boomers retire over the next few years, we need to bring in a new generation of leaders that have fresh ideas to move the industry forward, including addressing concepts that have not yet been invented. NCHER must take a lead in guiding the next generation, be it Generation X, Xennials, Millennials, or Generation Z.

Over the last year, the Board has focused its attention on developing a new Strategic Plan, which aims to better position the organization and its membership for success over the next three years so we can realize this vision. The plan sets forth a new mission, four new goals, and detailed strategies laying out more than 70 different initiatives. As an example, over the next few months, NCHER will focus its efforts on building closer state and local connections between NCHER members and House and Senate members; identifying and finding champions for certain issues and sectors of the industry; updating and carrying out the new NCHER Communications Plan; moving forward on our research priorities; and finalizing plans for a new leader mentoring program to recruit and develop new subject matter experts. At the same time, we will continue our existing services such as publishing the Daily Briefing and its original analysis and content; continue to put together quality programming at the Annual Conference and Legislative Conference; and maintain ongoing caucus and committee work in support of federal, state, and private financial aid programs.

NCHER’s success – and that of the overall higher education finance industry – is not an entitlement, but something that we need to earn, every day. The Board and the staff are sensitive to the pressures that you, our members, may be experiencing and will do everything we can to exceed your expectations. Looking ahead, we anticipate 2018-2019 to be one of the most transformational and defining years in our history, which will set the stage for future generations. The Annual Report that follows chronicles the important work that NCHER has been making to have a positive impact on the industry and each of our members – to make our mark, to inspire leaders, and build generations.
Membership in NCHER is on an organizational, institutional, or agency basis rather than on an individual or personal basis.

Caucuses and Committees which provide opportunities to discuss current issues and work together on timely solutions.

Types of Membership:
- Voting Membership
- School Membership
- Affiliate Membership

Five hundred sixty-seven (567) Twitter followers – an increase of 15% over the previous year.

Letters and comments written and/or submitted to federal and state lawmakers, the U.S. Department of Education, the Consumer Financial Protection Bureau, and the Federal Communications Commission.

Fourty-Three (43) years of experience in staff.

140 years of staff experience.

Inspiring Leaders and Building Generations
MISSION STATEMENT

The National Council of Higher Education Resources’ mission is to provide superior advocacy, communications, research, and operational support to its members so they may effectively help students and families develop, pay for, and attain their educational goals so they can pursue meaningful and rewarding work and become contributing members of society.

VISION

The National Council of Higher Education Resources is the nation’s oldest and largest higher education finance trade association. NCHER’s membership includes state, nonprofit, and private higher education service organizations, including lenders, holders, servicers, guaranty agencies, collection agencies, financial literacy providers, schools, and other interested parties involved in increasing college access and success. The organization assists its members in shaping policies governing federal and private student loan and state grant programs on behalf of students, parents, borrowers, and families.
KEY STRATEGIC GOALS 2018 - 2020

1. Ensure that NCHER is a trusted, active, and credible resource and advocate for its members, federal and state policymakers, and other higher education stakeholders so it can effectively influence the legislative and regulatory processes.

2. Deploy a communications strategy that promotes the successful work of the NCHER members’ services on behalf of students and families, consistent with the advocacy agenda.

3. Provide more effective and efficient high-quality support and professional development to members, including sharing of best practices in support of the NCHER members’ services that assist students, families, and borrowers in accessing and completing postsecondary education.

4. Engage and collaborate with our higher education partners on matters of mutual interests while continuing to promote and create membership services that are unique to NCHER.
ADVOCACY

Over the last year, NCHER has continued to strengthen its proactive advocacy strategy in an effort to promote its priorities in support of students and families. Beginning in July 2017 with the NCHER Legislative Fly-In and continuing in February 2018 with the NCHER Legislative Conference, the organization met with members of the House and Senate Education Committees to discuss the membership’s legislative priorities for the reauthorization of the Higher Education Act, met with members of the House and Senate Appropriations Committees to advocate for its budget priorities, and met with officials from the White House Domestic Policy Council, White House Office of Management and Budget, U.S. Department of Education, Federal Communications Commission (FCC), and Consumer Financial Protection Bureau (CFPB) to discuss potential changes in federal rules and regulations impacting the NCHER membership. Even with the hyper-partisan tensions occurring on Capitol Hill, the organization and its membership were able to secure a number of important legislative wins over the last year consistent with the strategy outlined in the NCHER Advocacy Plan.

First, NCHER and its membership secured language in the House and Senate Labor/Health and Human Services/Education Appropriations Act for Fiscal Year 2018 – and approved as part of the Bipartisan Budget Act of 2018 – extending the authority for Account Maintenance Fees (AMF) paid to guaranty agencies for an additional year, one of the few higher education-related provisions in the must-pass legislation. This effort involved developing a comprehensive strategy to pushback on the President’s budget request for fiscal year 2018 to eliminate AMF, and mobilizing the guaranty agency community to engage their House and Senate members to discuss the importance of the funding to college access and success programs in their states.

Second, the organization secured more than a dozen provisions in the House Education and the Workforce Committee’s version of the reauthorization of the Higher Education Act of importance to the membership. The bill revises preferred lender list restrictions; allows defaulted borrowers to rehabilitate their loans twice; provides authority to financial aid administrators to lower annual/aggregate loan limits; promotes financial literacy through enhanced counseling; provides Direct Loan borrowers with additional disclosures; mirrors language in past appropriations bills on student loan servicing; ensures federal law and contractual requirements preempt state and local rules impacting federal student loan servicing and collections; and caps the amount that parents can borrow under the PLUS program.

Third, in conjunction with our industry partners, the NCHER membership was successful in maintaining the ability for state and nonprofit agencies to issue private activity bonds to make low-cost private loans in H.R. 1, the Tax Cuts and Jobs Act, and continued to build House cosponsors in support of H.R. 480, the Student Loan Opportunity Act, to allow 150(d) organizations to utilize tax-exempt financing to make low-cost private loans. NCHER also continued to play an important role in advocating for the federal government to set high-quality standards for all borrowers when it comes to student loan servicing. This effort focused on educating state policymakers on the numerous rules and regulations under the federal student loan program, the confusion that will result for students and families who will receive conflicting notices and procedures from
both federal and state governments, and advocating for common standards for all borrowers across the country. The organization was successful in persuading the District of Columbia Department of Insurance, Securities, and Banking to lower the fees charged to student loan servicers and clarify that guaranty agencies were not covered under the statute. The organization was also successful in persuading the Department of Education to issue a notice of interpretation on state student loan servicing licensing laws. NCHER was also successful in ensuring that the Department’s new rules revising the borrower defense to repayment regulations, which included new requirements prohibiting guaranty agencies from assessing collection costs on certain borrowers, was applied prospectively. With the help of the NCHER Collection Agency Caucus, the association responded to two letters authored by Senators questioning the Department’s use of private collection agencies to collect on defaulted federal student loans.

Finally, NCHER continued to lead the industry in urging the FCC to reconsider its final rules on the Telephone Consumer Protection Act (TCPA) so that servicers and collectors are able to better communicate with struggling students who need help to stay out of delinquency and default.

In order to promote its legislative positions, NCHER sent a number of letters to policymakers either in support or opposition to legislative proposals that impact our membership over the last 12 months. In 2014, we sent one letter; in 2015, we sent nine letters; in 2016, we sent 16 letters; and in 2017, we sent 43 letters. Because of NCHER’s reputation on Capitol Hill, House and Senate staff held numerous conversations with our staff and the membership who answered questions and provided guidance on some of the hot topics of the day when it comes to student loans. NCHER’s strong engagement, continued availability as a respected resource for information, and well-fostered relationships with policymakers will result in improved higher education financing and resources available to students and families.
Select Examples of Advocacy Work

• Developed and distributed position papers on the organization's advocacy priorities during the NCHER Legislative Fly-In and the NCHER Legislative Conference.

• Held an NCHER Legislative Fly-In in July 2017 where Republican and Democratic staff on the House Education and the Workforce Committee and the Senate Health, Education, Labor, and Pensions Committee discussed their priorities to reform the Higher Education Act.

• Held the NCHER Legislative Conference in February 2018 where the organization was able to meet with staff from the White House Domestic Policy Council, House Education and the Workforce Committee, House Education and the Workforce Subcommittee on Higher Education and Workforce Development, House Budget Committee, Senate Appropriations Subcommittee on Labor, Health and Human Services, and Education, and Senate Budget Committee.

• Met with the FCC, including its Consumer and Governmental Affairs Bureau and new Commissioners, urging them to issue commonsense rules allowing autodialer calls to cell phones to certain borrowers.

• Letter to the FCC providing public comments to the Second Notice of Inquiry, in which the Commission initiated an inquiry into using numbering information to address the problem of calls being placed to numbers that have been reassigned.

• Letter to the White House Office of Management and Budget regarding the CFPB’s information collection titled, “Student Loan Servicing Market Monitoring.”

• Letter to several Senators pointing out the importance of using private collection agencies to recover defaulted student loans.

• Letter to the U.S. Department of Education urging officials to find a prompt resolution to the mounting problems and challenges impacting the current debt collection procurement.

• Letter to the U.S. Department of Education recommending several nominations to serve as negotiators on the negotiating rulemaking committee to develop proposed revisions to the regulations on borrower defenses to repayment of federal student loans.

• Letter to the U.S. Department of Education providing public comments to the notice announcing the formation of two negotiated rulemaking committees to develop proposed regulations to revise the final rules on borrower defenses to repayment of federal student loans and gainful employment.

• Letter to the U.S. Department of Education providing comments on the 2018-2019 Free Application for Federal Student Aid.

• Letter to the U.S. Department of Education providing public comment on Executive Order 13777, Enforcing the Regulatory Reform Agenda, in identifying regulations that may be appropriate for repeal, replacement, or modification.

• Letter to the U.S. Department of Education urging the issuance of regulatory guidance that clearly states that federal student loan servicers and guaranty agencies are governed by the Department’s rules and requirements and those of other federal agencies.

• Letter to House Education and the Workforce Committee regarding provisions included in H.R. 4508, the PROSPER Act.


• Letter to Reps. Luke Messer (R-IN) and Emanuel Cleaver (D-MO) in support of H.R. 4119, the “Student Loan Disclosure Modernization Act,” which would improve the information provided to students and families when they apply for federal student loans.
• Letter to Sens. Gary Peters (D-MI) and Shelly Moore Capito (R-WV) in support of S. 1066, the “Federal Adjustment in Reporting (FAIR) Student Credit Act”, which would allow private education loan lenders to remove the default record from a borrower’s credit report when he or she completes a series of on-time payments and rehabilitates the education loan.
• Letter to House and Senate leadership urging them to oppose any effort to eliminate the payment of Account Maintenance Fees paid to guaranty agencies as part of a year-end budget agreement.
• Letter to the House Appropriations Committee and Senate Appropriations Committee in support of language promoting small business contracting opportunities.
• Letter to the House Appropriations Committee and Senate Appropriations Committee in support of extending the authority for Account Maintenance Fees past September 30, 2018.
• Letter to the House and Senate leadership urging conferees on H.R. 1, the “Tax Cut and Jobs Act,” to preserve tax-exempt private activity bonds and, specifically, qualified student loan bonds as envisioned under the Senate version of the bill.
• Letter to the House Ways and Means Committee in strong opposition to the elimination of private activity bonds as set forth in section 3601 of H.R. 1, the “Tax Cut and Jobs Act.”
• Letter to the Senate Finance Committee supporting the preservation of private activity bonds in their tax reform package.
• Letter to the District of Columbia Department of Insurance, Securities, and Banking providing comments on the latest version of the District of Columbia Student Loan Borrower’s Bill of Rights.
• Letter to the District of Columbia Department of Insurance, Securities, and Banking urging the agency to withdraw the Notice of Emergency and Proposed Rulemaking, and work with stakeholders to develop proposed rules implementing the law.
• Letter to the California Senate Standing Committee on Insurance, Banking, and Financial Institutions urging the committee to amend Assembly Bill 38, the Student Loan Servicing Act, to exempt guaranty agencies that have agreements under section 428(b) of the Higher Education Act of 1965 and state and nonprofit servicers with fewer than 100,000 borrower accounts of California residents from the existing legislation.
• Letter to the California Department of Business Oversight providing public comments on the proposed regulations implementing the Student Loan Servicing Act.
As part of its overall Strategic Plan, NCHER has been working on implementing a three-year communication strategy that promotes the successful work of the NCHER members’ services on behalf of students and families. At the core of the plan, the new communication strategy strives to: 1) Create more proactive communications; 2) Create processes that drive more timely stories; 3) Improve overall student loan messaging; and 4) Mitigate the level of bad actors in the industry. Monthly phone calls are held to discuss timely issues throughout the industry and to share proactive and productive strategies to deal with them through traditional or social media efforts. Committee members are encouraged to share positive and unique news stories so they can be pushed out on social media and meetings with reporters in an attempt to combat unsavory or negative stories printed by the media. Recently, the group decided that a smart way to address this issue and to shorten the bad news cycle would be to create a universal press kit that teaches reporters how to cover the industry. Each organization would then personalize the kit with their specific data and share with local reporters, thereby building positive relationships. The committee is also working on a yearly calendar of events so organizations can better anticipate issues for the news cycle and compile data in advance, such as Free Application for Federal Student Aid deadlines, start of school year, graduation, when to begin repaying their loans, National Financial Literacy Month, etc. Plans are also being made to hold an in-person meeting of the committee, which would allow for a free flow of conversation and ideas for those directly involved in their organization’s communications efforts.
Over the last year, NCHER made a number of changes to its staple membership outreach tool, the Daily Briefing, to make it easier to read. First, it added an outline of each day’s stories at the top, which provides readers with an overview rather than requiring them to scroll through the entire document to locate the stories they need. In order to ensure branding for events is consistent, meeting banners with themes and logos can now be found on a regular basis at the top of the Daily Briefing which links to the website. These banner ads take the place of promotional stories that many members felt were unhelpful. In an effort to streamline the Daily Briefing, the organization is writing more succinctly and reducing the length of articles, as well as including more links and fewer attachments to the expanded version. Finally, the NCHER staff is striving to publish and distribute the Daily Briefing no later than 3:00 p.m.

For the last 12 months, NCHER has continued to work and improve its relationships with the national and trade media, by participating in interviews, providing off-the-record background on higher education finance policy, providing the names and contact information for a select number of NCHER lenders, servicers, and collectors who agree to talk to the press and share their personal experiences, and providing quotes and statements to the national and trade press. NCHER was successful in getting coverage in publications such as the Associated Press, Bloomberg, The Chronicle of Higher Education, Diverse Issues in Higher Education, insideARM, Inside Higher Ed, MarketWatch, NPR, Politico, USA Today, U.S. News and World Report, and The Washington Post. As in previous years, NCHER also participated in Capitol Hill’s annual Jump$tart Financial Literacy Day, distributed college access and success materials collected from the membership, and met with Congressional staffers, advocacy organizations, the public, and members of the media, sharing NCHER’s priorities to help student borrowers and their families.

Throughout the year, NCHER adjusted its communications efforts to ensure that its messages were successfully reaching the intended audiences. From April 1, 2017, through March 31, 2018, NCHER’s Twitter followers increased by 15 percent. However, usage of Twitter during events has been declining. As technology continues to improve and new platforms emerge, NCHER hopes to take advantage of the opportunity to share important slices of news, research, and conferences with the general public.
NCHER held three major educational conferences over the last year, which spanned across our diverse memberships’ needs and addressed various areas of expertise. Each of the conferences provided the membership with an opportunity to hear relevant updates on higher education financing policy taking place at the federal level, to learn about important efforts taking place in the industry and higher education community to improve college access and success, and to network with friends and colleagues.

2017 Spring Convention
NCHER’s golden anniversary was the highlight of the 2017 Spring Convention following last year’s annual report theme, “Celebrating Our Successes and Examining New Opportunities.” Nestled in Clearwater, FL, attendees arrived the first week of June and were greeted by Board member Levis Hughes (Florida Department of Education). Jane Roig, former NCHER Chair, provided a tribute to NCHER, and highlighted the organization’s groundbreaking work and the ways in which it has impacted and guided the industry through the last 50 years. Attendees were also treated with a remembrance video, which included light-hearted photos of members and past leadership across a spectrum of NCHER events. The conference included panel discussions addressing adult perspectives and experiences in postsecondary education, federal student loan repayment programs, the outlook for federal and private student loans, data security, how to engage students and families through social media, using GEAR UP and TRIO partnerships to promote college access and success, and federal and state efforts impacting student loan servicing and collections. The Consumer Financial Protection Bureau (CFPB) was also on hand to provide an update of its growing role in the student loan marketplace.
NCHER concluded its anniversary celebration by holding the 2017 Knowledge Symposium in the Big Easy. New Orleans was the perfect location to remember NCHER’s golden years and to bid goodbye to the nation’s only higher education conference dedicated to training and effective student loan debt management. Moving forward, NCHER will combine the Knowledge Symposium with the Spring Convention to create an all-encompassing Annual Conference. At the conference, NCHER staff produced a 30-minute documentary, which highlighted the work and contributions its members, committees, and leaders have made to the industry since 1967, as well as explained the tremendous impact the organization has had on millions of students and their families. This was followed by a conversation with Kathleen Smith, the Acting Assistant Secretary for Postsecondary Education with the U.S. Department of Education, who shared the Trump Administration’s efforts to revise several regulations, rules, and programs that impact the membership. Earlier in the year, the NCHER membership began conducting a study on the benefits of live borrower contact to get out of delinquency and default. The results and its potential impact on reforming the Telephone Consumer Protection Act (TCPA) were discussed. The symposium also included general sessions on state efforts impacting federal and private student loans, compliance with the TCPA, preparing for new state licensing requirements, surviving an examination and investigation by the CFPB, Ask the Attorneys, starting a new loan program, whether or not to become a federal contractor or subcontractor, and new approaches to higher education financing.

NCHER kicked off the second session of the 115th Congress with its 2018 Legislative Conference, held the first week of February in Washington, DC. The three-day meeting began with an open and frank discussion from Dr. Wayne Johnson, Chief Strategy and Transformation Officer of Federal Student Aid at the U.S. Department of Education, who shared his ideas for improving – and the future of – the federal student loan program. The conference also featured a number of sessions geared toward providing updates from key policymakers and staff on important issues impacting the NCHER membership, ensuring attendees have an effective message and can communicate it to lawmakers. The sessions focused around increasing the value of college access and success initiatives, combating debt relief scams, an update on the state of the higher education finance industry, a Congressional staff panel, an update from the National Association of Student Financial Aid Administrators, examining the impact of the Tax Cuts and Jobs Act as well as reauthorization proposals of the Higher Education Act, and an analysis of the federal role in college access and completion. Similar to program agendas from previous years, the conference offered NCHER members the opportunity to take their message directly to Capitol Hill in an effort to educate federal policymakers about their advocacy priorities for the year. NCHER members attended meetings with the staff from the House Education and the Workforce Committee; House Education and the Workforce Subcommittee on Higher Education and Workforce Development; House Budget Committee; Senate Appropriations Subcommittee on Labor, Health and Human Services, Education; Senate Budget Committee; and the White House Domestic Policy Council.
NCHER’s caucuses serve as the primary venue to discuss current and future legislative and regulatory items impacting the higher education finance community and reach consensus among the organization’s diverse membership. The caucus structure provides the membership with the opportunity to play a key role in policy and operational development at the federal and state level, thereby having an impact and making a difference across the industry.

Collection Agency Caucus
The NCHER Collection Agency Caucus is made up of private collection agency members who are under contract or subcontract with the U.S. Department of Education to service its defaulted loan portfolio; who are under contract or subcontract with one or more guaranty agencies to service Federal Family Education Loan Program loans; and/or who are interested in servicing defaulted loans under federal and private student loan programs. Chaired by Lynn Heineman (Account Control Technology, Inc.), the caucus exchanges and solicits ideas and promotes legislative and regulatory items important to collection agencies that provide default prevention and default recovery services for student loan programs. In July 2017, the caucus held an in-person meeting in conjunction with the annual meeting of the Debt Management and Borrower Support Committee in Alexandria, Virginia where it discussed the new leadership at the U.S. Department of Education and the potential impact on the pending procurement for debt collection services. In November 2017, the caucus held a second in-person meeting in conjunction with the NCHER Knowledge Symposium in New Orleans, Louisiana where it discussed the new leadership at the Consumer Financial Protection Bureau (CFPB) and its impact on the potential rule improving the Fair Debt Collection Practices Act and received an update on the Department of Education’s initiatives. In February 2018, caucus members met with senior officials with the CFPB where they discussed the important work that they perform on behalf of students, parents, and taxpayers in an effort to further influence the debt collection rule. Over the last year, the caucus was instrumental in ensuring that federal policy makers were aware of the many important services that private collection agencies offer on behalf of borrowers and taxpayers, and provided information to the NCHER staff on collection costs, compensation paid to collection agencies, the benefits of loan rehabilitation versus loan consolidation, administrative wage garnishment, the U.S. Department of Treasury’s debt collection program and past efforts to collect on defaulted loans, and incentives for performance to respond to a letter by Senate Democrats highlighting the important role that private collection agencies play in the successful administration of the federal student loan program. The caucus was also helpful in securing language in the House Education and the Workforce Committee’s bill to reauthorize the Higher Education Act allowing defaulted borrowers to rehabilitate their federal student loans more than once and continued to influence the Federal Communications Commission as its members work to revise the final rules governing the use of autodialer technology to contact borrowers on their cell phones for the purpose of servicing or collecting debt owed to or guaranteed by the United States. NCHER Collection Agency Caucus members continue to adhere to a Statement of Good Practices.

Guaranty Agency Caucus
The NCHER Guaranty Agency Caucus is made up of state and nonprofit guaranty agencies designated by the Secretary of Education under section 428(b) and (c) of the Higher Education Act and former guarantors who remain involved in activities, including philanthropic efforts, devoted to enhancing access and completion of postsecondary education.
Co-chaired by René Drouin (New Hampshire Higher Education Assistance Foundation) and Terry Muilenburg (Strada Education Network), the caucus promotes and gives active support to guaranty agencies and provides a forum to facilitate the exchange and solicitation of information, ideas, policies and procedures impacting these organizations. The caucus relies on a workgroup of Chief Financial Officers to monitor the actions of the Department of Education that may impact guaranty agency financing or reporting, including reviewing and commenting on annual Department revisions to the Guaranty Agency Financial Report. In June 2017, the caucus held an in-person meeting in conjunction with the NCHER Spring Convention in Clearwater Beach, Florida where it discussed several important developments impacting its membership. The caucus discussed the remaining legal issues regarding the Department’s withdrawal of the Dear Colleague Letter (DCL) on collection costs, a number of items regarding guaranty agency audits and other financial matters, and several proposals of importance to the caucus on reauthorizing the Higher Education Act. Over the last year, caucus members were instrumental in reaching out to their Congressional delegations in opposition to language included in the President’s budget request for fiscal year 2018 eliminating Account Maintenance Fees (AMF) paid to guaranty agencies, which was rumored for inclusion in the budget agreement reached in February 2018; obtaining language in the House and Senate versions of the Fiscal Year 2018 Departments of Labor, Health and Human Services, Education, and Related Agencies Appropriations Act extending AMF for an additional year; securing language in the short-term Continuing Resolution passed in February 2018 which extended the payment of AMF until September 30, 2018 allowing the Department to resume quarterly payments; and successfully securing language in the House Education and the Workforce Committee’s bill to reauthorize the Higher Education Act to extend AMF for six additional years, until 2024. The caucus also played a leadership role in building consensus among guaranty agencies in response to the Department of Education’s negotiated rulemaking session on borrower defense to repayment, which was also tasked with codifying the DCL on collection costs prospectively. Finally, the caucus continued to work with the Department to improve information technology security, including holding periodic calls to review agency progress toward compliance.

Not-for-Profit Lender and Servicer Caucus

The NCHER Not-for-Profit Lender and Servicer Caucus is made up of state-designated and nonprofit lenders, loan holders, secondary markets, servicers, and third-party service providers. Chaired by Gene Hutchins (Kentucky Higher Education Assistance Authority), the caucus provides a forum for the exchange and solicitation of ideas and the promotion of legislative and regulatory initiatives that improve access to and successful repayment of federal and private student loan programs. In June 2017, the caucus held an in-person meeting in conjunction with the NCHER Spring Convention held in Clearwater Beach, Florida where attendees discussed a number of relevant items impacting the membership. The caucus discussed the new leadership at the Department of Education and the recent announcement that the federal government would move to hire a single servicer as part of its procurement for federal student loan servicing, which was later withdrawn. The caucus also received an update on state student loan servicing licensing laws and the impact that such efforts could have on the industry, and received an update on Congressional efforts to repeal tax-exempt financing, including Private
Activity Bonds that are used to provide low-cost private education loans to student and parent borrowers. The caucus also received an update on actions by the CFPB, including an information collection request on student loan market monitoring and potential federal standards regarding student loan servicing, and discussed several proposals of interest to the membership on reauthorization of the Higher Education Act. Over the last year and illustrated through monthly calls, caucus members were instrumental in reaching out to their Congressional delegations, including the House Ways and Means Committee and the Senate Finance Committee, in support of maintaining authority for tax-exempt private activity bonds; House and Senate passage of H.R. 480, the Student Loan Opportunity Act; repealing the Alternative Minimum Tax (AMT); and further clarifying advance refunding bonds. Because of this hard work as well as other industry efforts, the Tax Cuts and Jobs Act passed by Congress in December 2017 maintained tax-exempt financing and repealed the AMT. The caucus played a leadership role in promoting the organization’s advocacy strategy for repealing current preferred lender list restrictions, enhancing loan disclosures for federal student loan borrowers, providing a federal preemption from state student loan servicing licensing laws, and increasing the role of the private sector in student lending by capping the Parent PLUS Loan program — all items included in the House Education and the Workforce Committee’s bill to reauthorize the Higher Education Act passed in December 2017. The caucus also continued to support the organization’s request to include language in the House and Senate versions of the Departments of Labor, Health and Human Services, Education, and Related Agencies Appropriations Act to encourage the Department of Education’s nine national for-profit and not-for-profit student loan servicers to work with smaller state and nonprofit organizations as subcontractors to provide personalized financial education and debt management services to struggling borrowers.

**Student Loan Ombudsman Caucus**

NCHER, in conjunction with the Department of Education’s Ombudsman, established this caucus to provide a resource for the creation and support of effective student aid problem resolution, methodologies, techniques, and processes that promote equitable services for all participants. Co-chaired by Melissa Johnson (Great Lakes) and Diane Zitur (Educational Credit Management Corporation), the caucus provides a forum to discuss how its members can work together to protect student and parent borrowers, including sharing information within the caucus as well as with other federal agencies. The caucus holds bi-monthly conference calls with guaranty agencies, servicers, lenders, the Department of Education, the CFPB, and other interested parties to identify and report on trends, provide training and mentoring, and serve as the voice of fair process throughout the student loan life cycle. In September 2017, the caucus held its annual two-day meeting in Washington, DC to discuss those major items of importance to the caucus members. The meeting provided attendees with the opportunity to hear from Federal Student Aid Chief Operating Officer Dr. Wayne Johnson on his vision for improving the federal student loan program, CFPB officials, and other guest speakers. The meeting also included extensive discussions on hot topics and efforts to improve professional development and training. The meeting also discussed how to assist borrowers avoid third-party debt relief scams since caucus members continue to take the lead in helping to combat student loan fraud by identifying organizations and the red-flags involving third-party debt relief companies.
COMMITTEES

NCHER’s committee structure serves as the organization’s main tool to foster collaboration and networking within and across industry sectors and hash out policy and operational issues with subject matter experts.

College Access and Success Committee
The NCHER College Access and Success Committee assists the membership in meeting their public missions to increase college access and completion for students interested in pursuing a postsecondary education. Co-chaired by Christine Conway (Apollo Education Group) and Sara Wilson (Student Connections), this committee fosters and promotes best practices for those activities around career and college exploration, planning, and counseling; pre-college, in-school, and post-college financial wellness; and college-to-career initiatives, and efforts to assist students in transitioning to successful employment. The committee also monitors legislative and regulatory activities that impact state grant programs and 529 plans, and provides recommended improvements to policymakers. The committee has 78 members on its listserv and holds bi-monthly conference calls to share information, hear from guest speakers, and discuss timely issues. Over the last year, the committee continued to provide recommendations to enhance the Free Application for Federal Student Aid. It also participated in the annual Jump$tart Financial Literacy Day on Capitol Hill, which provides the opportunity for NCHER members to share college access and success materials with Congressional staffers and members of the general public. The committee continued its social media campaign to help spread the word on available products and services from member organizations and the work being done to support students and families. The committee also helps ensure that the Going2College website is current so students and families have an easier way to learn about the many programs, services, and information that NCHER members provide to help students succeed. The committee also continued to provide the names of subject matter experts and trusted advisors in response to requests from the Speakers Bureau. This year, the Bureau held presentations on the availability of higher education financing, cost effective methods to ensure open access to postsecondary education, and successful student loan repayment at the request of several community organizations.

Debt Management and Borrower Support Committee
The NCHER Debt Management and Borrower Support Committee, co-chaired by Brad Eigsti (NSLP) and Lynn Heineman (Account Control Technology, Inc.), represents a wide cross-section of the NCHER membership from guaranty agencies and private collection agencies to servicers and financial literacy providers. With 103 individuals on the listserv, the committee provides a forum for the exchange of ideas and the promotion of financial literacy programs and responsible borrowing, as well as the development of strategies designed to reduce delinquency and default and to increase the recovery of defaulted student loans. The committee’s focus during the past year included the following initiatives: continue to provide support to NCHER on the need to reform the Telephone Consumer Protection Act (TCPA) and continue to work with the U.S. Department of Education to review and provide comments and recommendations to the upcoming changes by the Department to the Treasury Offset Program. The committee held an in-person meeting in July 2017 in Alexandria, VA to discuss items of interest to its membership and also helped develop and sponsor several sessions for the 2017 Knowledge Symposium.

Legal Affairs Committee
Chaired by Tom Levandowski (Wells Fargo Bank, N.A.), the NCHER Legal Affairs Committee is composed of 149 attorneys and others with an
interest in legal issues that impact student financial aid, including issues related to lending, financing, consumer protection, compliance, and loan servicing and collection. Through its semi-annual meetings and listserv, the committee serves as a forum for sharing information on judicial, regulatory, and legislative developments. The committee also provides summaries of key court decisions affecting the student loan industry, and serves as a resource for members on legal topics. The committee’s Fall Meeting took place in October 2017 in Philadelphia, PA, and included a Washington Update as well as sessions on the Consumer Financial Protection Bureau (CFPB), pending litigation, cyber insurance, the future of Libor, and TCPA developments. Nicholas Smyth, Assistant Director of the Pennsylvania Consumer Protection Bureau within the Office of the Attorney General, was a keynote speaker. The committee’s Spring Meeting took place in April 2018 in Alexandria, VA, and was chock full of sessions on topical issues, including the Department of Education’s rulemaking initiatives, the implications of the phase-out of Libor, CFPB developments, state oversight of student loan servicing, the Department’s notice that it is considering revising its approach to “undue hardship” claims in bankruptcy, and Fair Credit Reporting Act litigation.

Private Education Loan and Consumer Finance Committee

The NCHER Private Education Loan and Consumer Finance Committee, co-chaired by David Bailey (Kentucky Higher Education Assistance Authority) and Tim Kaiser (Discover Financial Services), is comprised of NCHER members who originate, service, or collect private education loans or who provide legal services in support of this market. The 132-member committee provides a forum to promote the development of sound public policy with respect to private education loans. The committee also monitors the legislative and regulatory activities of the CFPB and other consumer protection activities at both the national and state levels, including most recently the growing trend by states to regulate student loan servicing, including the servicing of private education loans.

The committee’s July 2017 meeting was held in Alexandria, VA, and included a Washington Update and a presentation by Patricia Scherschel of the CFPB, as well as sessions on compliance issues, credit bureau reporting, Fair Lending, private loan market performance, and TCPA developments. Since July, the committee has held a series of teleconferences, each of which attracted 50 or more participants and focused on legislative develop-
ments, website issues, alternative data in credit underwriting, and a view of the private education market by SoFi’s General Counsel.

**Program Regulations and Policy Committee**

The NCHER Program Regulations and Policy Committee, which has 116 individuals on its listserv, provides regulatory support to the membership, serves as a forum for sharing operational and policy knowledge and experience, including best practices, and coordinates policy across all NCHER committees. Chaired by Ed Brandt (Conduent), the committee also supports the membership during negotiated rulemaking and develops NCHER responses to Requests for Information, Requests for Proposals, Notices of Proposed Rulemaking, sub-regulatory positions of the U.S. Department of Education, proposed federal forms, Common Manual proposals, and relevant proposed legislation. The committee also prepares extensive analytical and training materials related to current and proposed regulations and legislation for dissemination to the NCHER members and other interested parties and provides content for the NCHER E-Library. It also provides operational support to lenders, servicers, secondary markets, guaranty agencies, collection agencies, and other participants in the federal student loan programs and provides specific subject matter expertise to other NCHER committees, caucuses and workgroups. The committee works closely with the Department and the Income-Based Repayment (IBR) and National Student Loan Data System (NSLDS) Workgroups.

This year, the committee continued its monthly conference calls to discuss timely topics, provided subject matter expertise on the Department’s negotiated rulemaking sessions on borrower defense to repayment and the guaranty agency loan rehabilitation collection cost issue, and contributed to industry efforts to call attention to, and steer borrowers away from, unscrupulous third-party debt relief companies. The committee also led the effort to provide regulatory reform recommendations to the Department and, at the request of the Department, continued to provide technical assistance on the updating of common Federal Family Educational Loan Program and Federal Direct Loan forms, as well as technical issues related to NSLDS. The committee also updated the Servicemembers Civil Relief Act Best Practices document and assisted with a number of sessions at the 2017 Knowledge Symposium. The IBR Workgroup provided operational recommendations to the Department with respect to the Income-Driven Repayment renewal waiver under the HEROES Act and continues to update the IBR Implementation and Best Practices Guide.
MEMBERSHIP SERVICES

NCHER supports almost 100 member organizations that assist students and families develop, pay for, and attain their educational goals so they can pursue meaningful and rewarding work and become contributing members of society. Membership in the organization is on an organizational, institutional, or agency basis rather than on an individual or personal basis. Under the organization’s By-laws, there are currently three classes of membership:

**Voting Membership**
Voting Membership is open to all nonprofit organizations providing higher education services to students, parents, families, borrowers, institutions, and other stakeholders in the higher education finance industry. Higher education services shall include, but are not limited to:

- Providing information or services to students, parents, families, borrowers, and/or postsecondary education institutions designed to: 1) Improve college readiness upon graduation from high school; 2) Improve college access and enrollment; 3) Assist students and parents in understanding and accessing financial aid; 4) Improve financial education and literacy, debt management, and budgetary skills; 5) Assist students in making and planning for career choices; 6) Assist students in evaluating, selecting, and applying to postsecondary institutions; or 7) Provide services designed to prevent or avert student loan delinquency and default;
- Providing financing for, purchasing, and/or originating student loans;
- Administering postsecondary education scholarships and grants;
- Providing loan guaranty services on behalf of the federal government; or
- Servicing student loans.

Each member has one vote in the organization regardless of the scope or number of higher education services provided.

**School Membership (Non-voting)**
School membership is open to all nonprofit and for-profit postsecondary education institutions interested in helping families and students develop, pay for, and attain their educational goals so they can pursue meaningful and rewarding work and become contributing members of society.

**Affiliate Membership (Non-voting)**
Affiliate membership is open to all nonprofit and for-profit organizations, not otherwise eligible for Voting Membership or School Membership, interested in helping families and students develop, pay for, and attain their educational goals so they can pursue meaningful and rewarding work and become contributing members of society or who provide services to members that further their mission to help families and students develop, pay for, and attain their educational goals so they can pursue meaningful and rewarding work and become contributing members of society or who provide financial education and literacy, college career planning, expanded college access, debt management, delinquency aversion, default prevention, or collection services.
MEMBERSHIP BENEFITS

Strong and Robust Advocacy at the Federal Level

NCHER is your voice at the national level. Working in partnership with you, the organization meets with the legislative and executive branches on issues important to student lending and financial aid, such as providing financial education and literacy programs to students and families; simplifying and streamlining the myriad of repayment plans; providing an orderly wind-down of the federal guaranteed program; promoting better loan servicing; promoting the availability of private loans; allowing defaulted borrowers to rehabilitate their loans more than once to assist those struggling to repay their student loans; and promoting tax-exempt financing of private student loans. NCHER has strong relationships with members and staff of the U.S. House of Representatives, U.S. Senate, U.S. Department of Education, U.S. Department of Treasury, Consumer Financial Protection Bureau, Federal Communications Commission, and many others, right up to the White House.

Innovative Conferences and Discounts

NCHER members are given priority registration and receive significant discounts for NCHER’s two conferences: the Legislative Conference and the Annual Conference. The Legislative Conference, held in February, provides the membership with the opportunity to meet and interact with federal policymakers on its advocacy priorities. The Annual Conference, held in June, is geared toward both executive and operation staff and provides necessary and important information to be successful in your organization.

Relevant and Timely Information on Higher Education Finance

Each day, NCHER provides its members with the Daily Briefing newsletter, which covers higher education, generally, and student loan, specifically, news, announcements, and developments, as well as legislative and regulatory updates. This is also the place where member organizations share their announcements and can promote their products. NCHER’s E-Library portion of the website features extensive resources on student loan laws, regulations, guidelines, forms, and research as well as detailed information about NCHER committee activities and upcoming conferences. The NCHER Weekly Rundown is the only weekly listing of industry-specific events, and is provided to the membership on Mondays.
Access to Highly Experienced Staff

NCHER staff have more than 100 years of combined experience in the student loan/financial aid area. Combine that knowledge with 30 years of Capitol Hill experience and NCHER is a major player in the higher education finance industry. This knowledge empowers not only the organization, but you as a member. You are encouraged to reach out to staff to ask questions or for clarification. The NCHER staff are happy to help you understand the industry and the rules that guide it.

Exclusive Online Resources

As an NCHER member, you have complete and exclusive access to members-only content of the website, which includes the E-Library, committee pages, legal proceedings, reports, testimony, presentations, electronic standards, training modules, reference materials, and more.

Monthly Membership Calls

On the third Tuesday of every month, NCHER hosts a detailed conference call with its membership, which provides a summary and updates on major items being worked on by NCHER committees, caucuses, and working groups, as well as a Washington Update, details on how to comply with new regulations, and other items of interest that impact the membership.

Networking Opportunities to Build Your Business

By joining NCHER, you have the opportunity to deepen existing business relationships and make new contacts with the industry’s leaders on a regular basis. By attending our annual conferences and committee meetings, you will forge lasting ties with others who have common professional and business interests.

Opportunities to Influence Federal Higher Education Policy

One of the most valuable benefits of an NCHER membership is the ability to serve on one or more of the organization’s caucuses and committees that are shaping the direction of the industry via policy development and work on new operational and regulatory initiatives. The committees include: College Access and Success, Debt Management and Borrower Support, Private Education Loan and Consumer Finance, and Program Regulations and Policy. By facilitating collaboration within the higher education finance community, NCHER helps its members to better prepare for the challenges associated with providing financial assistance to millions of students every year. Hundreds of individuals have participated on the national level through this committee structure.

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 856,092</td>
<td>$ 773,142</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>27,690</td>
<td>39,524</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>46,021</td>
<td>48,403</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>929,803</strong></td>
<td><strong>861,069</strong></td>
</tr>
<tr>
<td>Investments</td>
<td>1,005,026</td>
<td>960,992</td>
</tr>
<tr>
<td><strong>Property and Equipment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>43,020</td>
<td>43,020</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>36,659</td>
<td>36,659</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>27,062</td>
<td>27,062</td>
</tr>
<tr>
<td><strong>Less: accumulated depreciation</strong></td>
<td>(86,168)</td>
<td>(79,481)</td>
</tr>
<tr>
<td><strong>Net property and equipment</strong></td>
<td><strong>20,573</strong></td>
<td><strong>27,260</strong></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$ 1,955,402</strong></td>
<td><strong>$ 1,849,321</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$ 127,924</td>
<td>$ 100,159</td>
</tr>
<tr>
<td>Current portion of capital lease</td>
<td>3,508</td>
<td>3,396</td>
</tr>
<tr>
<td>Deferred membership dues, standards fees, and other</td>
<td>550,530</td>
<td>532,261</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>681,962</strong></td>
<td><strong>635,816</strong></td>
</tr>
<tr>
<td><strong>Other Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital lease obligation</td>
<td>5,795</td>
<td>9,612</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>687,757</strong></td>
<td><strong>645,428</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Assets</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undesignated</td>
<td>788,275</td>
<td>677,248</td>
</tr>
<tr>
<td>Designated</td>
<td>479,370</td>
<td>479,370</td>
</tr>
<tr>
<td><strong>Total unrestricted</strong></td>
<td><strong>1,267,645</strong></td>
<td><strong>1,156,618</strong></td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>—</td>
<td>47,275</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>1,267,645</strong></td>
<td><strong>1,203,893</strong></td>
</tr>
</tbody>
</table>

| Total Liabilities and Net Assets | **$ 1,955,402** | **$ 1,849,321** |
Statement of Activities for the Fiscal Year Ending June 30, 2017

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Undesignated</td>
<td>Designated</td>
<td></td>
</tr>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Membership dues</td>
<td>$ 1,159,236</td>
<td>$ —</td>
<td>$ —</td>
</tr>
<tr>
<td>Conference fees</td>
<td>276,925</td>
<td>$ —</td>
<td>$ —</td>
</tr>
<tr>
<td>Sponsor income</td>
<td>38,000</td>
<td>$ —</td>
<td>$ —</td>
</tr>
<tr>
<td>Standards fees</td>
<td>35,000</td>
<td>$ —</td>
<td>$ —</td>
</tr>
<tr>
<td>Special meetings</td>
<td>35,475</td>
<td>$ —</td>
<td>$ —</td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>28,688</td>
<td>$ —</td>
<td>$ —</td>
</tr>
<tr>
<td>Other revenue</td>
<td>13,936</td>
<td>$ —</td>
<td>$ —</td>
</tr>
<tr>
<td>Net appreciation of investments</td>
<td>71,767</td>
<td>$ —</td>
<td>$ —</td>
</tr>
<tr>
<td>Net assets released from restriction</td>
<td>47,275</td>
<td>$ —</td>
<td>$ (47,275)</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>1,706,302</td>
<td>$ —</td>
<td>$ 47,275</td>
</tr>
</tbody>
</table>

|                      | Undesignated | Designated             |       |
| **EXPENSES**         |              |                        |       |
| Program services     |              |                        |       |
| Conferences          | 274,324      | $ —                    | $ —   | 274,324     |
| Membership and program services | 276,421 | $ —                    | $ —   | 276,421     |
| Advocacy             | 330,410      | $ —                    | $ —   | 330,410     |
| Committees           | 370,324      | $ —                    | $ —   | 370,324     |
| Special purposes     |              |                        |       |
| Research and Outreach | 1,222    | $ —                    | $ —   | 1,222       |
| **Total program services expenses** | 1,252,701 | $ —                    | $ —   | 1,252,701 |
| Management and general | 342,574 | $ —                    | $ —   | 342,574     |
| **Total expenses**   | 1,595,275    | $ —                    | $ —   | 1,595,275   |

| **CHANGE IN NET ASSETS** | 111,027 | $ (47,275) | 63,752 |

| **NET ASSETS**         |           |            |       |
| Beginning of year      | 677,248   | 479,370    | 47,275 | 1,188,898   |
| End of year            | $ 788,275 | $ 479,370  | $ —   | $ 1,267,645 |

23 2017 - 2018 Annual Report
STAFF

James P. Bergeron
President

Stefanie Gramm, CMP
Director,
Operations & Meetings

Shelly Repp
Senior Advisor & Counsel

Pamela A. Shepherd
Director, Communications

Vicki Shipley
Senior Advisor
CONFERENCE SPONSORS

Noble Systems

EdSouth

Educational Funding of the South, Inc.

Thompson Coburn LLP

Lobbying & Policy

NFP #1 Team Members

Access Group

Aspire Resources Inc.

BND Bank of North Dakota

CollegeInvest

CostEP

NorthStar N.E.F.

Ohio Centric

RISLA Student Loan Assistance

South Carolina Student Loan

Student Assistance Foundation

Excellence in Student Loan Servicing