



DAILY BRIEFING

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NCHER Annual Conference: Draft Program Agenda Now Available, Registration Now Open!

The NCHER Annual Conference, which is scheduled for June 6-8, 2022 at The DeSoto in Savannah, Georgia, is almost two months away. This important conference is open and designed for everyone across the higher education finance industry, and will provide attendees with ample opportunities to network, learn, and take information back home that they can use in their current jobs. The [draft program](#) centered around the theme of “Embracing the Future-Together” was just released and includes 10 pre-conference meetings and conference sessions on issues of importance to the membership such as:

- Key updates from the federal level, including anticipated or possible action by the Biden Administration on federal student loan repayment, negotiated rulemaking, student loan forgiveness, bankruptcy reform, and the development of a new federal student loan servicing system.

- Important information on the nation's economic outlook, including the latest reports on consumer credit, lending, and employment trends coming out of the pandemic and the impact of rising interest rates on inflation; and information on enrollment trends in postsecondary education and a discussion on the short- and long-term impact of declining enrollment on colleges and universities and federal and private student aid programs.
- Valuable sessions examining the current and emerging trends and practices in private education loans, the impact of the federal student loan payment and collections pause on students and our industry, and new and existing state student loan servicing licensing and lending laws. The conference will also include an "Ask the Attorney's" panel, a staple of past conferences, where attendees can hear first-hand from legal experts on those hot topics impacting the higher education finance industry. It will also include a session examining employee retention and development efforts in light of the Great Resignation.
- A membership meeting, where members will receive updates from the Chair, Treasurer, and President on recent actions taken by the NCHER Board of Directors.
- Pre-conference meetings consisting of off-the-record discussions with industry leaders on their strategic approach to the wind-down of the federal legacy program and the necessary steps that they are taking to realign their public mission in order to help students and their families, and discussions with the financial services industry on how they have successfully navigated challenging political and policy environments, similar to what the student lending industry is currently facing with federal and state regulators.

Similar to past conferences, NCHER hopes that the program agenda will provide all of the information that you will need to do your job effectively - whether you are a Chief Executive Officer or in Program Operations and whether you are in the federal legacy program or hoping to be a new federal student loan subcontractor, third-party servicer, or private education loan provider. It is tailor-made for those members who want to hear about the current trends and hot topics to those members who want to explore new and potential business opportunities. In short: it is a 'can't-miss' event for all NCHER members. So [register](#) today and take advantage of the Early Bird registration rate. Also, be sure to make your hotel reservations [online](#) or by calling (800) 239-5118. When calling the hotel, be sure to mention the NCHER 2022 Annual Conference in order to guarantee a room rate of \$182 per room, per night.

We look forward to seeing you for our first in-person conference since 2020 - in Savannah, Georgia!

FSA Releases Quarterly Reports on the Federal Student Loan Program

Yesterday, the U.S. Department of Education's Office of Federal Student Aid (FSA) released the [Quarterly Portfolio Reports on the Federal Student Loan Program](#) to its FSA Data Center. The reports include key data and other information about the federal student aid programs from December 31, 2021, and reflect the flexibilities applied to borrower accounts as prescribed in the Coronavirus Aid, Relief, and Economic Security or CARES Act and extended by executive actions.

- **Overview:** As of December 31, 2021, the outstanding federal student loan portfolio is \$1.61 trillion, representing 43.4 million unduplicated student loan recipients. Direct Loans now represent nearly 86 percent of the portfolio; Federal Family Education Loan Program (FFELP) loans represent 14 percent; Federal Perkins Loans are a negligible fraction. The Department-held portfolio is now more than \$1.46 trillion, representing nearly 91 percent of the total. Portfolio growth has slowed since 2010, as new disbursements have declined. Year-over-year, the total federal loan portfolio has increased almost 3 percent or about \$41 billion. The Direct Loan portfolio is up about 4 percent while the FFELP portfolio is down about 7 percent; Perkins Loans continue to be phased out.
- **Shift in Loan Statuses:** As a result of special pandemic flexibilities for student loans, the number of recipients in repayment status has fallen sharply over the last 21 months. Fewer than 500,000 Direct Loan recipients were in an active repayment status as of December 31, 2021, compared to 18.1 million recipients in March 2020, just a few days after the CARES Act was passed. These borrowers consist largely of customers who have opted out of the CARES Act payment pause. Nearly 25 million Direct Loan recipients with \$1 trillion in outstanding loans are in forbearance status, and more than 99 percent of these balances are in the special CARES Act forbearance.
- **Department-Held Delinquencies and Direct Loan Defaults:** With almost all federal student loan borrowers now in forbearance, no new Direct Loan borrowers entered default during this period. As a result, the more detailed Direct Loan delinquency demographic reports have been suspended.
- **Income-Driven Repayment Enrollment:** Despite the repayment pause for most borrowers, enrollment in income-driven repayment (IDR) plans has slightly increased during the pandemic. As of December 2021, almost 8.4 million Direct

Loan recipients were enrolled in IDR plans, up about 2 percent from December 2020. Incorporating Department-held FFELP recipients, 8.7 million unique recipients are enrolled in IDR plans. That is 29 percent of all Department-serviced borrowers or, in dollar terms, 47 percent of Department-serviced balances.

- **Free Application for Federal Student Aid (FAFSA®) Volume and Aid Disbursements:** FSA has posted its second update of the loan and grant disbursement data for the full 2020–21 award year as of December 31, 2021, which shows nearly \$110 billion in grant and loan disbursements. While small adjustments to the data may continue to occur, the data has stabilized enough to make meaningful comparisons. Applications for 2020–21 decreased 1 percent, whereas the disbursements for loans and grants were down about 7 percent compared to the 2019–20 award year. Applications have been declining since award year 2011–12, except for a modest increase in award year 2017–18 when the application cycle was extended from 18 to 21 months. Applications for the 2021–22 award year so far are down about 2 percent from this time last year. The application cycle for the 2022–23 award year also launched in October 2021 with more than 4.4 million applications submitted through December 31, 2021.
- **Public Service Loan Forgiveness (PSLF):** In October 2021, the Department announced a new limited PSLF waiver that helps borrowers employed in public service make greater progress toward PSLF. The implementation of the waiver has had a significant effect on the number of borrowers receiving forgiveness as well as the number of PSLF applications being submitted. In total, almost 101,000 borrowers have received PSLF, TEPSLF, or limited PSLF waiver discharges through February 2022, totaling more than \$7.1 billion. An additional 1.25 million borrowers have had some employment certified for PSLF but have not yet received forgiveness under PSLF. Many of these borrowers are expected to receive an increase in their qualifying payment counts under the waiver criteria without taking any further action. These updates are currently being processed by the PSLF servicer.

The quarterly reports also include sections on heightened cash monitoring, proprietary institution conversations, and financial responsibility composite scores.

CFPB Director Chopra Says Regulators Should Reign in Repeat Offenders

Earlier this week, Consumer Financial Protection Bureau (CFPB) Director Rohit Chopra

gave a [speech](#) at the University of Pennsylvania Law School where he said that federal and state regulators need to rein in repeat offenders, particularly large dominant firms. In his remarks, Director Chopra claimed that certain financial services firms continue to violate consumer protection law with seeming impunity, pointing out that small firms can face punishing sanctions that threaten their existence while many large firms see their fines as mere expenses. He cited the Federal Trade Commission's action against Facebook as an example. While Facebook was hit with a \$5 billion fine, the company, valued at nearly \$1 trillion, did not need to make material changes to its business practices and its executives secured immunity. He said, "honest players and new entrants are disadvantaged, and the whole system is corroded." The Director said regulators must forcefully address repeat offenders to alter company behavior, and that the CFPB will be looking for remedies that are more structural in nature such as seeking limits on the activities or functions of a firm that violates the law. He said that the Bureau could push for caps on size or growth, bans on certain types of business practices, divestiture of certain product lines, and limitations on leverage and revocation of government-granted privileges under its authorizing statute. Director Chopra also said the CFPB will pay close attention to executive compensation and that remedies may include claw-backs. The Director concluded his remarks by saying, "In the end, large dominant firms should be subject to the same consequences of enforcement actions as small firms. We need to end double-standard enforcement that exists. We need to move away from just monetary penalties and consider an arsenal of options that really work to stop repeat offenses."

FSA Announces Virtual Training Conference for November 2022

The U.S. Department of Education's Office of Federal Student Aid (FSA) recently [announced](#) that it will hold its annual Federal Student Aid Training Conference for Financial Aid Professionals virtually on November 29 – December 1, 2022. According to the announcement, while there are many influencing factors that support a virtual event, most critical is that it will make this important training event accessible to the widest audience possible. "With two years of virtual conference experience under our belts, we remain committed to providing a meaningful and beneficial training experience," FSA said. "We are already hard at work designing an engaging, informative, and relevant program to meet your training needs." FSA will post additional information about the conference and how to participate later this summer.

U.S. Department of Education News

For today's *Federal Register*, click [here](#).

The following announcement was posted to the Federal Student Aid's Knowledge Center Website:

- [\(FFEL-22-01\) FSA Letter to FFEL Program Participants – Responsibilities to Borrowers Seeking to Benefit from the Public Service Loan Forgiveness Program](#)
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General News

[Forbes](#) reports that Sen. Joni Ernst (R-IA) says that, if President Joe Biden extends the federal student loan payment pause past May 1st, it would be both “unfair” and “shortsighted.”

[FEDweek](#) reports that the percentage of those borrowers having student loan debt, and the size of that debt for those who have it, accounts for a large part of the difference in wealth among generations at different points of their careers, according to data from the Employee Benefit Research Institute.

Newswire includes a [press release](#) from iQuanti reviewing how borrowers can qualify for a mortgage with student loan debt.

[PlanSponsor](#) reports that workplace benefits can help employees navigate their student loan debt.

[Business Insider](#) reports that a growing number of college professors support universal student loan debt cancellation. These professors say that canceling student debt will not solve all the inequities in higher education, but it is a vital first step.

[Fast Company](#) publishes a column reviewing what the future of financial literacy in schools look like.

[Diverse Issues in Higher Education](#) examines the impact of emergency microgrants - a type of emergency financial aid aimed at supporting students with immediate financial need.

An online version of this Daily Briefing is available to view and print from the [Daily Briefing Section](#) of the [NCHER e-Library](#).

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