



# DAILY BRIEFING

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Wednesday, March 30, 2022

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## FSA Announces New Website Enhancements and Modifications

Today, the U.S. Department of Education's Office of Federal Student Aid (FSA) [announced](#) that it had made additional updates to StudentAid.gov in an effort to improve the information and self-service tools available to students and parents. The additional updates include the following:

- Aidan® Virtual Assistant: Aidan can answer common questions about federal student aid and guide customers to the correct information and resources. With this release, enhanced information and responses to questions about FSA ID and income-driven repayment plans are covered.

- Loan Simulator: Loan Simulator was updated with additional content and functionality including a new tooltip for Public Service Loan Forgiveness.

Processing Flow Updates: Updates were made to the Direct PLUS Loan application flow and Loan Consolidation flow.

## House Financial Services Committee Announces Schedule for April

House Financial Services Committee Chairwoman Maxine Waters (D-CA) recently [announced](#) the upcoming hearing schedule for the month of April. The following hearings may be of interest to the NCHER membership:

- Wednesday, April 6 at 10:00 a.m. ET: The full committee will convene for a hybrid hearing entitled, “The Annual Testimony of the Secretary of the Treasury on the State of the International Financial System.” The witness is expected to be The Honorable Janet Yellen, Secretary, U.S. Department of Treasury.
- Wednesday, April 27 at 10:00 a.m. ET: The full committee will convene for a hybrid hearing entitled, “Consumers First: Semi-Annual Report of the Consumer Financial Protection Bureau (CFPB).” The witness is expected to be The Honorable Rohit Chopra, Director of the CFPB.

Due to the latest information available regarding COVID-19, hybrid hearings will take place in 2128 Rayburn House Office Building. All hybrid hearings will have a virtual option for all members and witnesses to participate remotely. All hearings are livestreamed on <https://financialservices.house.gov/live/>.

## House Passes Securing a Strong Retirement Act, Includes Student Loan Provision on Matching Contributions

Yesterday, the U.S. House of Representatives passed [H.R.2954, the Securing a Strong Retirement Act](#) by a vote of 414-5. The bill now heads to the U.S. Senate for further consideration.

As noted in yesterday’s briefing, the bill aims to increase retirement savings, and simplify and clarify retirement plan rules. Section 111 of the legislation addresses the treatment of student loan payments as elective deferrals for purposes of matching contributions. According to the committee, the language is intended to assist employees who may not be able to save for retirement because they are overwhelmed with student debt, and thus

are missing out on available matching contributions from their retirement plans. The section will allow such employees to receive those matching contributions by reason of repaying their loan by permitting an employer to make matching contributions under a 401(k) plan, 403(b) plan, or SIMPLE IRA with respect to “qualified student loan payments.” Under the bill, qualified student loan payment is broadly defined as any indebtedness incurred by an employee solely to pay qualified higher education expenses of the employee. Governmental employers will also be permitted to make matching contributions in a section 457(b) plan or another plan with respect to such repayments. The provision is effective for contributions made for plan years beginning after December 31, 2022.

For more coverage, see this article from [Fortune](#).

## American Action Forum Releases Paper on Continued Federal Student Loan Payment Pause, Forgiveness

Today, the American Action Forum (AAF) released a paper titled, [Potential Consequences of Continued Student Loan Forbearance, and Blanket Loan Forgiveness](#). The paper found that just over 1 percent of all federal student loan borrowers are regularly making their loan payments, in large part due to COVID-19 forbearance provided by the Trump and Biden Administrations, and over half of federal student loan holders have entered and remained in forbearance since the third quarter of 2020. The author says that, with the economy and labor markets booming back in 2021, the repeated extensions of student loan forbearance became unnecessary. Instead, the continued pause in repayment requirements, combined with the targeted forgiveness provided so far, have raised the expectation of future blanket loan forgiveness. The paper examines the current distribution of federally managed student loans by repayment status and the distribution of blanket forgiveness by debt size and income, and finds that a \$10,000 or \$50,000 blanket forgiveness would reduce outstanding federal student loan debt by \$380 billion or \$1.1 trillion, respectively; provide greater relief to the affluent as half of the benefit would go to the top 40 percent of the income distribution; and create a moral hazard with future student loans. “The current pause on repayment of federal student loans is slated to end on May 1, 2022,” the paper concludes. “The Department of Education is contemplating extending the pause again into 2023. If it does, federal student loan holders would most likely continue in forbearance while holding out for future forgiveness. In the meantime, the pause in repayment has done nothing to increase educational attainment or lower costs; instead, it has encouraged holders to attempt to shift their debt to taxpayers by holding out for blanket forgiveness. Blanket student loan

forgiveness would be a highly regressive policy. It would reward the wealthiest of students and families all the while encouraging future borrowers to pay back their loans as slowly as possible, if at all.”

## U.S. Department of Education News

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

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## Member News



The Kentucky Higher Education Assistance Authority (KHEAA) recently [announced](#) that Kentucky eighth-graders headed for high school in the fall should

check out “High School Basics,” a four-page flyer. “Kentucky students have endured two years of a pandemic, and many in Western Kentucky are dealing with the aftermath of the tornadoes that stuck their communities in December,” Gov. Andy Beshear said. “As our eighth-graders prepare to enter high school, this free flyer is an excellent resource to help them transition into freshman year so they can make the most of their high school experience.”

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## General News

Edfinancial Services released a statement responding to the Consumer Financial Protection Bureau (CFPB): “Edfinancial Services has been providing loan servicing to our clients, including the U.S. Department of Education, for more than 25 years. We were recently ranked the No. 1 federal student loan servicer by the Department of Education as a result of our commitment to quality. The Consumer Financial Protection Bureau reviewed loans in our Federal Family Education Loan Program (FFELP) and alleged that our company had deceived or misled some of our borrowers about eligibility in a public service loan forgiveness program, an allegation we strenuously reject. However, facing protracted and costly litigation that would have distracted us from our day-to-day responsibilities to our clients, borrowers and staff, we have settled the case with the CFPB with a payment of \$1 million and agreed to update our training for staff servicing

FFELP loans. The FFELP loans we service represent only a tiny fraction – one-half percent – of the total FFELP loans in the country. Additionally, Edfinancial is a loan servicer; we do not directly loan money to borrowers, nor do we retain any payments made by borrowers. Edfinancial’s mission has always been to do the right thing for our customers. With this process now behind us, we can once again devote all our energy and resources toward our customers.”

[University Business](#) provides further coverage of the President budget proposal for Fiscal Year 2023. The article says that the Biden Administration doubled down again on its offer of sweeping relief for students across higher education – namely boosting the maximum award for Pell Grants to \$13,000 by 2029 with an immediate gift of an extra \$1,775 in school year 2023-24 that would push it to \$8,670.

[Higher Ed Dive](#) reports that 28 percent of women working for colleges and universities believe they have been passed over for a promotion because of their gender, according to new survey data from Gallup. Hispanic and Asian women were more likely to say they missed an opportunity for career advancement due to gender than others, with 33 percent and 30 percent saying they thought they had been passed over, respectively.

[Pittsburgh Post-Gazette](#) reports that fewer students are applying for aid to colleges and trade schools, saying that there is a risk of money ‘being left on the table’ for those in need.

[ZDNet](#) reports that everyone from Gen Z to Boomers could use more financial education, according to a new study from the National Financial Educators Council. In its annual study, it found GenX and Boomers barely tested higher than Gen Z and Millennials.

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