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NCHER Daily Briefing to Publish on Abbreviated Schedule This Week

The NCHER Daily Briefing will publish on an abbreviated schedule consisting of today and Thursday while Congress is in a two-week recess for Easter. We will resume our regular publishing schedule once Congress returns to legislative business next Monday, April 25, 2022.
Senate Democrats Send Letter to CFPB Urging Investigation into Mismanagement of IDR, Letter to the Department of Education Calling for New IDR Waiver

Sens. Sherrod Brown (D-OH), Dick Durbin (D-IL), and Elizabeth Warren (D-MA) recently sent a letter to the Consumer Financial Protection Bureau asking the Bureau to investigate recent press reports that student loan servicers mismanaged the income-driven repayment (IDR) program and to ensure that borrowers are accessing IDR program benefits that they are entitled to under current law. The senators sent a separate letter to the U.S. Department of Education requesting that the agency implement a time-limited waiver of IDR, similar to the ongoing waiver for the Public Service Loan Forgiveness Program, to allow borrowers access to loan forgiveness promised through IDR. The letter urges the Department to ensure that the IDR waiver counts months spent in deferment, forbearance, and default as qualifying months. Both letters follow a recent NPR story that examined internal records from the Department showing that, though over 4 million borrowers were in repayment for at least 20 years, few students had their loans canceled through IDR forgiveness. NPR also uncovered several issues that some student loan servicers had in counting qualifying IDR payments and said that the IDR plans were mismanaged by the Department and ACS Education Services, the previous sole servicer for the Direct Loan program.

House Republicans Send Letter to FSA and CFPB Accusing the Agencies of Improperly Coordinating Oversight of Federal Student Loan Servicers

House Education and Labor Committee Ranking Member Virginia Foxx (R-NC) and House Financial Services Committee Ranking Member Patrick McHenry (R-NC) sent letters to Federal Student Aid (FSA) Chief Operating Officer Richard Cordray and Consumer
Financial Protection Bureau (CFPB) Director Rohit Chopra accusing them of improperly coordinating with each other in overseeing federal student loan servicers. The lawmakers said that Congress bestowed the power to oversee federal student loans and federal student loan servicing solely to the Department. But since taking office, the Biden Administration has outsourced FSA's responsibilities to other federal and state agencies. While the CFPB and the Department previously shared two Memoranda of Understanding (MOUs) regarding information-sharing in connection to the oversight of federal student loans, the Department terminated those MOUs in September 2017. Ranking Members Foxx and McHenry stated that, despite the termination of the MOUs, recent actions by the CFPB signal the agency is once again expanding its unchecked authority over federal student loan servicers. “This expanded role complicates the legislative oversight of federal student loan servicing and negatively impacts borrowers,” the lawmakers wrote. The letters to FSA and the CFPB seek a wide range of documents, communications, and meetings between the two agencies over the past several years.

CFPB Releases Report Finding 20 Million Borrowers May Struggle to Repay Their Federal Student Loans

Last week, the Consumer Financial Protection Bureau (CFPB) released a report titled, Student Loan Borrowers Potentially At-Risk when Payment Suspension Ends. According to the report, as a result of the Coronavirus Aid, Relief, and Economic Security or CARES Act and subsequent administrative actions, more than 25 million student loan borrowers have had suspended payments on their federal student loans for more than two years. The suspension is scheduled to end later this year, and it remains uncertain how financially ready student loan borrowers are to resume payments on these debts. Using data from the CFPB’s Consumer Credit Panel to identify which types of borrowers may struggle to make their scheduled loan payments based on five potential risk factors (pre-pandemic delinquencies on student loans, pre-pandemic payment assistance on student loans, multiple student loan servicers, delinquencies on other credit products since the start of the pandemic, and new third-party collections during the pandemic), the Bureau found that about 15 million borrowers have at least one and over 5 million borrowers have at least two risk factors. Those indicators of potential problems were most concentrated among borrowers who are 30-49 years old and those who live in low-income and high-minority census tracts. “With the record number of borrowers entering repayment at once, recent servicing changes, and many unresolved financial difficulties from well before the pandemic, millions of borrowers might face a difficult road after pandemic-related relief expires,” the analysis said. The report acknowledged that some borrowers will be able to successfully return to making monthly payments, noting that
some borrowers — especially those from high-income neighborhoods and older borrowers — have been able to reduce their balances during the COVID-19 pandemic.

Department of Education Releases Inaugural Equity Action Plan

Last week, the U.S. Department of Education released its inaugural Equity Action Plan in an effort to advance racial equity and support for underserved communities. The plan was in response to President Joe Biden's Executive Order on Advancing Racial Equity and Support for Underserved Communities Through the Federal Government. The plan summarizes the Department's early accomplishments, including providing over $15 billion in federal student loan cancellations, the time-limited waiver for the Public Service Loan Forgiveness Program, the move to halt default collections, and significant emergency pandemic relief funding disbursed through the Higher Education Emergency Relief Fund. To deal with both ongoing recovery efforts from the pandemic and begin to remedy long-standing disparities that underserved students and communities face in achieving equal education opportunities, the Department highlighted a series of plans to incorporate equity throughout its operations and mission with respect to the entire education spectrum from K-12 to higher education. Regarding higher education, these efforts include:

- **Prioritizing access to and completion of an education beyond high school.** According to the plan, the Department will review and improve its model used to verify financial aid applicants. The Department also intends to undertake a comprehensive approach to providing equitable funding by increasing investments in Historically Black Colleges and Universities, Tribally Controlled Colleges and Universities, Hispanic-Serving Institutions, Predominantly Black Institutions, Asian American Pacific Islander Serving Institutions, community colleges, and other under-resourced public institutions; and supporting institutions, systems, and states to raise completion rates for underserved students.

- **Advancing equity in contracting and procurement.** The Department will identify opportunities to award higher dollar actions to minority owned small businesses, consistent with the authorizing statute and regulations governing minority owned small business contract awards. Additionally, the Department will work with its Senior Executive Service to ensure executive performance plans address progress towards our achievement of the small business contracting goals.
Advancing equity in grant process strategies. The Department will expand its outreach efforts to attract the broadest possible pool of reviewers.

Following the release of the Equity Action Plan, the Department said that it will host a listening session on May 17, 2022 which will be led by senior agency officials to hear feedback on the plan.

Texas Public Policy Foundation Releases Report on Student Loan Debt

The Texas Public Policy Foundation recently released a report titled, College Student Loan Debt 2022, which documents the student loan debt of recent college graduates. The report uses the data from the College Scorecard to calculate the median loan debt for students who borrowed and graduated between 2017 and 2019. Overall, the report found that the median student loan debt varies by credential: associate degree ($14,160), bachelor’s degree ($23,796), master’s degree ($42,903), professional degree ($168,277), and doctoral degree ($81,072), though these figures vary by state with some states facing substantially lower debt burdens than graduates from other states. The report also includes median student loan debt by academic field, and documents which of the largest academic fields and degrees had the biggest growth or decline in student loan debt.

U.S. Department of Education News

For today’s Federal Register, click here.
The following announcements were posted to the Federal Student Aid’s Knowledge Center Website:

- Comment Request: Part 601 Preferred Lender Arrangements
- Comment Request: Loan Cancellation in the Federal Perkins Loan Program

Member News
The Kentucky Higher Education Assistance Authority (KHEAA) recently released an announcement that Kentucky high schools can now register to participate in any of the four Kentucky Goes to College campaigns for the 2022–2023 school year. As written, schools that want to join the Kentucky Colleg Application Campaign, FAFSA for the Win Challenge, Close the Deal, or College Decision Day should register on kygoestocollege.com no later than May 30 to receive free materials from KHEAA. “Participating in these campaigns is a great way for high schools to build excitement and increase their students’ awareness of postsecondary education paths,” Gov. Andy Beshear said. “Students who aren’t immediately interested in pursuing a four-year degree should still explore their options. They may realize that a short-term certificate or two-year degree can be their ticket to a better future.”

General News

*Diverse Issues in Higher Education* reports that, last week, the U.S. Department of Education announced a four-month extension on the federal student loan repayment pause. But to many advocates and experts, one line in the press release stood out: borrowers who were in default pre-pause would get a “fresh start” to “reenter repayment in good standing.” The column examines the question of what happens next and how a fresh start for borrowers in default will work.

*The Chronicle of Higher Education* examines how rising inflation is affecting higher education.

*NPR* has a podcast that reviews the recent extension of the federal student loan repayment pause and asks the question - why hasn’t the federal government restarted student loan payments and will borrowers be ready when the switch finally flips? *The New York Times* also has a podcast that examines the federal student loan repayment pause over the last two years. The experiment in debt deferral has had unintended consequences and poses a dilemma for the President.

*Newsweek* reports that, earlier this month, the White House extended the federal student
loan payment moratorium until August 31st. But when White House Press Secretary Jen Psaki recently appeared on the Pod Save America podcast, she was asked if canceling student loan debt was still on the table. She responded that it was and that between now and August 31 the moratorium will either be extended again or "we're going to make a decision" about canceling student debt.

Forbes publishes a column reporting that the Biden Administration has cancelled $7 billion in federal student loans through a data sharing initiative.

The Chronicle of Higher Education reports that two-year colleges have borne the brunt of higher education's pandemic-era enrollment spiral, with enrollment in fall of 2021 down 15 percent from less than two years ago. But the program-specific data tell a different story. While majors like English and physical sciences have shrunk, skilled trades like agriculture and construction management are flourishing.

Higher Ed Dive reports that Dollar General will provide full-time employees access to employer-paid degree programs at Strayer University and Capella University. The benefit will come via Workforce Edge, an employee education management platform owned by Strategic Education.

University Business reports “Work from Purdue” is being touted by the Indiana university as a first-of-its-kind program that incentivizes remote workers from outside the state to relocate to its Discovery Park District. The live/work community features research facilities alongside apartments, single-family homes, and townhomes.

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