



DAILY BRIEFING

Wednesday, May 4, 2022

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NCHER Annual Conference: Don't Forget to Register, Early Bird Rate Expires This Friday

The NCHER Annual Conference is scheduled for June 6-8, 2022 at The DeSoto in Savannah, Georgia. 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" includes 10 pre-conference meetings and conference sessions on issues of importance to the membership. So [register](#) today and take advantage of the Early Bird registration rate that expires this Friday. 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 to guarantee a room rate of \$182 per room, per night. We look forward to seeing you in-person in Savannah!

Sen. Cotton Sends Letter to Education Secretary Cardona Asking for Legal Justification for Federal Student Loan Forgiveness

Today, Sen. Tom Cotton (R-AR) sent a [letter](#) to Education Secretary Miguel Cardona

demanding transparency over the U.S. Department of Education's deliberations around federal student loan forgiveness. "I'm firmly opposed to student debt cancellation," Sen. Cotton said. "It is an insult to the majority of Americans who chose not to attend college, a hand-out to the wealthy and well connected, and a get out of jail free card for universities that charge unjustifiably high tuition and fees. Student debt cancellation would also exacerbate the rising inflation that is crushing working-class Americans—the very people who would be responsible for bailing out college-educated Americans under this policy." In the letter, Sen. Cotton asks for a copy of the unredacted legal memorandum prepared by the Office of General Counsel on the legality of cancelling debt via executive action so that he can understand the legal justification for the action. He asks for a copy of the memo by May 20, 2022.

Senate Banking Committee Holds Listening Session Ahead of Tomorrow's Hearing on Student Loan Servicing

Yesterday, the Senate Banking, Housing, and Urban Affairs Committee held a listening session with student loan borrowers across the country to hear their experiences with student loan debt and the impact on their lives. At the beginning of the session, Chairman Sherrod Brown (D-OH) said that student loan debt was preventing the hard work of a generation of Americans from paying off. The listening session heard from four borrowers who attended graduate school and subsequently worked in public service as either a teacher or a social worker on how student loans shaped their professional and personal lives. One of the borrowers successfully had her loans forgiven through the limited waiver for the Public Service Loan Forgiveness Program put in place by the U.S. Department of Education. At the conclusion of the session, Chairman Brown said that the borrower stories would influence the committee's hearing on student loan servicers that is currently scheduled for tomorrow. For more coverage of the listening session, visit the [committee website](#).

Federal Reserve Holds Two-Day FOMC Meeting, Votes to Raise Rates by 50 Basis Points

Today, the Federal Reserve concluded the two-day meeting of its Federal Open Market Committee (FOMC) where it voted to raise the target range for the federal funds rate by 50 basis points to $\frac{3}{4}$ to 1 percent. The FOMC's action, the first by more than a quarter percent since 2000, was unanimous. In a [statement](#) issued this afternoon, the Federal

Reserve said that it anticipates ongoing increases in the target range will be appropriate in order to address the dramatic increase in inflation. The statement acknowledged that economic activity edged down in the first quarter, but said that household spending, business fixed investment, and job growth have all been strong, and the unemployment rate has declined substantially. The statement also said that inflation remains elevated, “reflecting supply and demand imbalances related to the pandemic, higher energy prices, and broader price pressures.” The statement placed some of the blame for inflationary pressures on the Russian invasion of Ukraine and COVID-19-related lockdowns in China. The statement also indicated that the Fed will begin reducing its \$9 trillion balance sheet in June by reducing its holdings of Treasury securities and mortgage-backed securities by \$30 billion and \$17.5 billion per month, respectively.

During a press conference following the statement, Chairman Jerome Powell said inflation is much too high and that the central bank is highly attentive to inflation risks and restoring price stability. “Without price stability, the economy doesn’t work for anybody,” he said. With respect to fed funds rate increases, Chairman Powell said there is a “broad sense” that 50 basis point increases should be on the table for the next two meetings and that reductions in the Fed’s holdings of Treasury and mortgage-backed securities will increase to \$60 billion and \$35 billion per month, respectively, after three months. He said there is a good chance of a “softish landing” for the economy. The next meeting of the FOMC is scheduled for June 14-15, 2022.

For more coverage, see this article from [The Wall Street Journal](#).

Pew Calculates Potential Effects of Department of Education’s Proposed Student Loan Repayment Plan

Pew Charitable Trusts recently [released](#) an analysis of the U.S. Department of Education's income-driven repayment (IDR) plan that the agency proposed during negotiated rulemaking in the fall. The Department says that its plan, called the Expanded Income-Contingent Repayment (EICR) plan, will make student loans more affordable for many borrowers. But Pew said that there is room for improvement. The organization recommends the Department:

- Provide borrowers with a monthly payment above \$0 with an interest subsidy.
- Build a tool to allow borrowers to track their repayment progress in real-time.
- Consider incremental loan forgiveness throughout repayment.

- Reduce the number of IDR plans.
- Enroll defaulted borrowers into IDR automatically.
- Exempt forgiven loans from tax penalties.
- Implement the FUTURE Act so borrowers do not have to annually enroll in an IDR plan.

U.S. Department of Education News

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

General News

[Inside Higher Ed](#) and [University Business](#) report that a new study from the National Student Clearinghouse Research Center finds that transfer enrollment from two- to four-year institutions dropped precipitously across all demographics and colleges and universities. The consequences could be stark for underserved students.

[Diverse Issues in Higher Education](#) publishes a column examining the debates around federal student loan debt cancellation.

[The Chronicle of Higher Education](#) reports that, after years stuck in limbo, the idea of widespread federal student loan cancellation has suddenly picked up momentum over the past week. But with the details yet to be determined, colleges and universities are struggling to explain to current students what debt forgiveness could mean to them.

[The Atlantic](#) publishes a column reporting that President Joe Biden has just walked into a student loan debt trap and it is not the first time - the President has made himself hostage to his party's activist wing.

[Newsweek](#) reports on who may be excluded from the Biden Administration's federal student loan cancellation plan.

[News Nation](#) reports on four things known about the Biden Administration's possible federal student loan forgiveness plans.

[AARP](#) publishes a column reviewing how borrowers with disabilities can get federal student loan forgiveness saying that the federal government is removing some roadblocks for the totally disabled.

[MarketWatch](#) reports on student loan refinancing rates and what student and parent borrowers should consider before refinancing.

[Inside Higher Ed](#) reports that a spate of initiatives across the country are bringing high school graduates and their relatives to college in hopes of improving the financial status of families and increasing college retention rates.

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