



DAILY BRIEFING

Thursday, May 26, 2022

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NCHER Offices Closed for Memorial Day, Daily Briefing Returns on Tuesday

The NCHER offices will be closed on Monday, May 30, 2022 in commemoration of Memorial Day. The offices will reopen, and the NCHER Daily Briefing will resume its coverage, on Tuesday, May 31, 2022.

House Education and Labor Committee Holds Hearing with Education Secretary Cardona

Today, the House Education and Labor Committee held a hearing titled, “Examining the Policies and Priorities of the U.S. Department of Education,” with Education Secretary Miguel Cardona. In his [opening statement](#), Chairman Bobby Scott (D-VA) began his remarks by offering a moment of silence for the victims of the recent school shooting at Robb Elementary School in Uvalde, Texas. Chairman Scott then went on to discuss the federal COVID-19 recovery efforts and federal student loans. The Chairman said that, despite the Biden Administration's actions to provide targeted loan forgiveness of over \$17 billion, the federal student loan system must be improved in order to fulfill its promise to borrowers. He said that, although the U.S. Department of Education had taken “historic steps to get back on track, there is still more to be done.” Chairman Scott called on Congress to increase the maximum award for Pell Grants, lower interest rates on federal student loans, and expand eligibility for Pell to short-term programs. In her [opening statement](#), Ranking Member Virginia Foxx (R-NC) said that it is clear that “blanket student loan forgiveness is well underway” based on recent news reports and conversations on Capitol Hill. She criticized the Biden Administration’s actions regarding the Public Service Loan Forgiveness (PSLF) program and the income-driven repayment (IDR) program over the past year saying that the administration had exceeded its executive authority. Ranking Member Foxx discussed the cost of blanket forgiveness and argued that taxpayers will “foot the bill for forgiveness.” She also stated that forgiveness does not lower the cost of college or improve student outcomes, but rather “exacerbates the problems of our higher education system.”

In his [testimony](#), Secretary Cardona began by saying that he was ashamed “that we as a country are becoming desensitized to the murder of children.” He said that he would be failing the country as Secretary of Education if he did not use the platform to tell federal policymakers that students, teachers, and school leaders are scared. Secretary Cardona then turned his attention to the President’s budget request for Fiscal Year 2023 where he said that, on higher education, the \$400 increase to the maximum award for the Pell Grant program “is a down payment on the President’s call to double Pell and will help more students pursue an education or training beyond high school.” Secretary Cardona also discussed how the budget calls for increased funding to make pathways to higher education more affordable, including through investments in community colleges, Historically Black Colleges and Universities, Hispanic-Serving Institutions, Tribal Colleges and Universities, and other minority-serving institutions. He also highlighted investments in career-connected learning, including \$200 million to help high school students graduate with credentials and career opportunities.

During the question-and-answer portion of the hearing, Rep. Raúl Grijalva (D-AZ) asked

Secretary Cardona what the Department is doing to invest in adult education; the Secretary responded that the President's budget proposes a \$50 million increase for competitive grants for a college bridge initiative. Ranking Member Foxx criticized the Department for not responding to her concern about Federal Student Aid's (FSA) data leak to Facebook; Secretary Cardona said that the Department will continue to be transparent about the leak, but did not commit to making FSA Chief Operating Officer Richard Cordray available to discuss the incident. Ranking Member Foxx also asked Secretary Cardona why the Department had not responded to her letters on the release of an evaluation report on the federal student loan program; the Secretary said that the Department was complying with the numerous requests." Rep. Joe Courtney (D-CT) asked Secretary Cardona to discuss the Department's improvements to the PSLF program; the Secretary emphasized that the Department is continuing to work toward making improvements to the PSLF system and ensuring that eligible borrowers receive forgiveness. Rep. Frederica Wilson (D-FL) asked Secretary Cardona about a number of higher education issues; the Secretary said that the Department is committed to making sure that federal student loan regulations are fair and equitable, and that borrowers have an opportunity to participate in income-driven repayment. He noted that Congress can change interest rates on student loans, and he is committed to working with Congress to make sure that these issues are addressed. Secretary Cardona also noted that he is committed to offering Pell Grant funding to undocumented students and that the Department must do better on the potential restart of federal student loan payments, but that he is proud of the work that FSA is doing to create more on-ramps for students to work toward forgiveness.

Rep. Russ Fulcher (R-ID) asked Secretary Cardona if he knew that the Department has not filed any required monthly reports on borrower defense to repayment since December 2021. Rep. Fred Keller (R-PA) asked Secretary Cardona for an explanation on the changes the Department is proposing to the gainful employment rule and asked why enforcement is targeted at for-profit schools; the Secretary said that the Department has the responsibility to improve gainful employment for all students and said some institutions are more likely than others to create problems to students and taxpayers. Rep. Andy Levin (D-MI) asked about the timing of the announcement for federal loan forgiveness; Secretary Cardona said conversations are underway with the White House, but the Department is not waiting for a decision and continues to forgive loans eligible for discharge due to PSLF, closed schools, and disability. Rep. Mariannette Miller-Meeks (R-IA) told Secretary Cardona that 60 percent of student loan debt is owed by borrowers with graduate degrees and asked if graduate students will be excluded from IDR; the Secretary said all graduate students do not make high salaries. Ranking Member Foxx

asked Secretary Cardona when Operation Fresh Start and its details will be announced to the public; the Secretary said Fresh Start has been announced, but deferred on the details. Ranking Member Foxx also asked about the impact that Fresh Start will have on the value of credit reports, and suggested that the Department provide clear guidance to borrowers and the Consumer Financial Protection Bureau; the Secretary said the Department is working hard to provide clear guidance to borrowers. Ranking Member Foxx said the Department is treating borrowers poorly. Rep. Scott Fitzgerald (R-WI) asked if Secretary Cardona knew the amount of Parent PLUS loans that are being paid by students rather than parents; the Secretary said he would get back to the member on the answer. Rep. Fitzgerald also asked if the borrower interest rate on student loans can be brought down. Rep. Bob Good (R-VA) asked who should pay off student loans, the person who took out the loan or others; the Secretary suggested that the current situation is a result of poor oversight. Rep. Mark Pocan (D-WI) asked the Secretary about increases in the Pell Grant; Secretary Cardona said the Pell Grant program is the best opportunity to level the higher education playing field. In closing remarks, Ranking Member Foxx said that loan forgiveness will shift responsibility from the borrower to the taxpayer. She said Congress is not getting straight answers from the Department.

For additional coverage, including an archived webcast of the hearing, visit the [committee website](#).

CFPB Publishes Blog Discussing How Borrowers Could Consolidate FFELP Loans to Take Advantage of IDR Program Changes

Yesterday, the Consumer Financial Protection Bureau (CFPB) published a [blog post](#) discussing how borrowers with loans under the Federal Family Education Loan Program (FFELP) could consolidate their loans into a Federal Direct Loan in order to benefit from the U.S. Department of Education's recent changes to income-driven repayment (IDR). In April, the Department [announced](#) several changes to IDR, including giving borrowers credit toward loan forgiveness for months that were not counted previously. If a borrower's FFELP loan is commercial, the CFPB added that borrowers can consolidate these loans into the Direct Loan Program; if the loans are consolidated before the Department's IDR changes go into effect, borrowers will benefit from the IDR fix. The Department estimates that the IDR changes will go into effect no sooner than January 1,

2023.

CFPB Announces “Black Box” Credit Models Must Still Inform Consumers of Reasons for Adverse Actions

Today, the Consumer Financial Protection Bureau (CFPB) [announced](#) it was confirming that lenders need to inform consumers of the reasons for denying a credit application or taking other adverse actions even if the action is based on credit models using complex, “black box” algorithms. “Companies are not absolved of their legal responsibilities when they let a black-box model make lending decisions,” said CFPB Director Rohit Chopra. According to the Bureau, data harvesting has become voluminous and ubiquitous, and many firms rely on these detailed datasets to power their algorithmic decision-making, which is sometimes marketed as “artificial intelligence.” The press release and a related [Consumer Protection Circular](#) note that the Equal Credit Opportunity Act (ECOA) - Regulation B require creditors to provide statements of specific reasons to applicants against whom adverse action is taken. The CFPB says that the adverse action notice requirements of ECOA and Regulation B apply equally to all credit decisions, regardless of the technology used to make them. Thus, “creditors who use complex algorithms, including artificial intelligence or machine learning, in any aspect of their credit decisions must still provide a notice that discloses the specific principal reasons for taking an adverse action.”

National Student Clearinghouse Research Center Publishes Data Highlighting Spring Enrollment Decline

The National Student Clearinghouse Research Center [published](#) updated data in its series tracking higher education enrollment, which found that enrollment declines continued to worsen this spring, marking the fifth consecutive semester of enrollment decline. The one-year decline in enrollment reached 4.1 percent, representing a decline of 685,000 students. The Research Center noted that undergraduate enrollment accounted for the majority of the decline this spring, with public institutions of higher education suffering the worst decline. Compared to last spring, public institutions now enroll 604,000 fewer students; community colleges account for half of this decline. Notably, the Clearinghouse found that the enrollment of women declined by 4.6 percent, which more than doubled the losses from the previous year. Since the spring of 2020, postsecondary institutions have lost nearly 1.3 million students.

Speaking on the most recent findings, the National Student Clearinghouse Research Center's Doug Shapiro said, "I'm not surprised by the ongoing [decline]. I am surprised that it seems to be getting worse. I thought we would start to see some of these declines begin to shrink a little bit this term, particularly because I think there's a general sense that we should be coming out of the effects of the pandemic at this point." While the number of students who started college for the first time this spring increased 4.2 percent compared to spring 2021, the increase was not enough to return college freshmen enrollment to pre-pandemic levels. Mr. Shapiro stated this overall trend of enrollment decline "suggests that there is a broader questioning of the value of college and particularly concerns about student debt and paying for college and the potential labor market returns."

For more coverage, see these articles from [Inside Higher Ed](#) and [The Chronicle of Higher Education](#).

U.S. Department of Education News

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

General News

[Inside Higher Ed](#) reports that, as President Joe Biden is inching closer to making an announcement on a possible plan to cancel some of the \$1.7 trillion owed in federal student loan debt, rumors of when the final announcement will occur and what the policy might look like are spreading. Related, [Forbes](#) reports that the President could announce a plan to cancel student loan debt this Saturday.

[CNN](#) reports that the White House is considering canceling some federal student loan debt and explores why it might not be such a great idea.

[Forbes](#) reports that the Biden Administration is in the process of implementing significant new federal student loan forgiveness initiatives, which may ultimately help millions of borrowers get closer to having their student loans cancelled. But depending on the specific program and the exact timing of that loan forgiveness, some borrowers may wind up getting hit with a surprise penalty: extra taxes.

[Fox News](#) reports that the 5-year variable rate for private student loans fell for a second

week in a row.

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