



DAILY BRIEFING

Monday, June 27, 2022

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NCHER Daily Briefing Publishing on Abbreviated Schedule for Next Two Weeks

The *NCHER Daily Briefing* will be published on an abbreviated schedule consisting of today and Thursday as the U.S. House of Representatives and U.S. Senate are in recess for the July 4th holiday. We will resume our regular publication when Congress returns to legislative business on Monday, July 11, 2022.



Weekly Rundown

The NCHER Weekly Rundown, which includes the latest information on important events in Washington, DC, is available today and can be downloaded from the [NCHER website](#).

Politico Interviews House Education and Labor Committee Chair Scott on College Affordability

Today, *Politico* released an interview with House Education and Labor Committee Chairman Bobby Scott (D-VA) where he discussed college affordability, including plans to expand Pell Grants to short-term programs. Chairman Scott has been a champion of doubling the maximum award and expanding access to the Pell Grant, which he says has boosted access to higher education for many Americans. Over the last few years, Congress has restored access to Pell Grants for incarcerated individual and increased the maximum award, including a \$500 increase in the draft House version of the Labor, Health and Human Services, Education, and Related Agencies Appropriations Act. That would bring the maximum Pell Grant award from \$6,895 to \$7,395 for the 2023-2024 school year.

Key highlights from the interview include the following:

- On support for expanding Pell Grants to short-term programs: “Right now, you can only use Pell Grants for courses that lead to a college degree. If all it leads to is a good job, you can’t use the Pell Grant. Well, that’s ridiculous. The problem is that we don’t want to get in a situation where people set up little storefronts, pass out worthless credentials and take all the Pell Grant money. We need to have significant safeguards to make sure that the programs are providing high-quality job training.”
- Doubling Pell Grants vs. free community college: “One of the reasons that initiative made sense is it came with a significant required investment on the part of the states. The alternative would be to just, instead of putting money into community colleges, just put it into Pell Grants. That would be more targeted toward those who actually need the help. And the Pell Grant would be sufficient to properly cover the full cost of the community college so that those who need the help would be able to go.

Department of Education Releases Updated Data on PSLF

The U.S. Department of Education recently released [updated data](#) on how much forgiveness has been provided under the Public Service Loan Forgiveness (PSLF) program, which is intended to forgive student debt for public servants, such as nonprofit and government workers, after 10 years of qualifying payments. In October of 2021, the Department implemented several new changes to the program, including a waiver for previously non-qualifying payments that is running through October 31, 2022. The waiver allows borrowers to count payments from any repayment plan toward loan forgiveness through PSLF, including plans that were not previously eligible. As of June 1, 2022, the Department has approved about \$8.1 billion in forgiveness for nearly 145,000 borrowers under the waiver. The Department noted that some of those borrowers have already received relief while it is forthcoming for others. For more coverage, see this article from [Yahoo News](#).

CBO Releases New Estimates for Cost of Federal Student Loan Programs

Last Friday, the Congressional Budget Office (CBO) issued a new report titled, [Estimates of the Cost of Federal Credit Programs in 2023](#), which updates the estimates of the lifetime costs of new federal loans and loan guarantees that are projected to be issued in 2023, including the costs of \$85 billion in Federal Direct Loans that are projected to be made by the U.S. Department of Education. The report shows two kinds of estimates: those currently included in the federal budget, which are made by following the procedures prescribed by the Federal Credit Reform Act of 1990 (FCRA), and those referred to as fair-value estimates, which measure the market value of the federal government's obligations.

According to CBO, the difference in budgetary cost between the FCRA and fair-value estimates for Direct Loans made in 2023 is \$9.2 billion. Calculated on a FCRA basis, the average subsidy rate for the federal student loan programs in 2023 is estimated to be -1.7 percent while the lifetime budgetary savings are projected to be \$1.4 billion. The subsidy cost varies by individual loan program, from -29.3 percent for the PLUS Loan program for parents to 13.7 percent for subsidized Stafford Loans. Calculated on a fair-value basis, the average subsidy rate for the federal student loan programs in 2023 is estimated to be 9.1 percent while the lifetime cost is projected to be \$7.7 billion. As in the case of FCRA estimates, the fair-value subsidy rates differ substantially among the individual programs, from -15.0 percent for the PLUS Loan program for parents to 24.5

percent for subsidized Stafford Loans. In both cases, the CBO estimates exclude Consolidation Loans. A negative subsidy rate means the federal government is making money off of the program.

Compared to CBO's estimates from a year ago, the average subsidy rate for federal student loans under FCRA is projected to increase by 0.2 percentage points, from -1.9 percent in 2022 to -1.7 percent in 2023, resulting in a \$0.2 billion decrease in projected budgetary savings. On a fair-value basis, the average subsidy rate for federal student loans in 2023 is projected to decrease by 5.1 percentage points, from 14.2 percent in 2022 to 9.1 percent in 2023 while the projected cost of student loans in 2023 is \$4.9 billion less than what was projected last year. CBO states that some of that fair-value cost decrease is due to a change in the type of expected losses that the office considered subject to market risk.

Debt Collective Forgives Debt for For-Profit College Students

Last week, the Debt Collective announced that its sister organization, the Rolling Jubilee Fund, purchased and forgave \$16 million in private student loan debt for over 7,000 former students who attended Vista College, a for-profit school based in El Paso, Texas that declared bankruptcy and shut down. In the letter shared with student borrowers, it reads, "We bought the private student loan listed above and canceled it. You no longer owe the balance of this debt. You do not need to pay us, nor should you pay anyone else for this debt—it is gone!" Last month, the organization also purchased and forgave \$1.7 million in student debt owed to Bennet College, a women's Historically Black College or University, through a collaboration with the school to provide relief to its students. For further coverage, see this article from [Business Insider](#).

Federal Judge Sets Hearing on Settlement Involving Borrower Defense to Repayment Case

Last week, U.S. District Judge for the Northern District of California William Alsup scheduled a hearing to discuss the preliminary approval of a [motion](#) that includes a settlement in Sweet v. Cardona to end a class-action lawsuit that challenged the U.S. Department of Education's handling of borrower defense to repayment claims. As previously reported, under the settlement, the Department agreed to discharge over \$6 billion in federal student loan debt for around 200,000 borrowers involved in the suit who

claimed that they had been defrauded by institutions of higher education. For more coverage, see these articles from [ABC News](#), [The Washington Post](#), and [NY1](#).

House Passes Legislation to Improve Mental Health Services for College Students

Last week, the U.S. House of Representatives passed two pieces of bipartisan legislation aimed at strengthening mental health services for college students and helping prevent suicide, drug, and alcohol abuse on campus:

- [H.R. 5407, the Enhancing Mental Health and Suicide Prevention Through Campus Planning Act](#), would direct the U.S. Department of Education to encourage institutions of higher education to strengthen and expand evidence-based comprehensive campus mental health and suicide prevention plans to better support students' needs. For a fact-sheet released by the House Education and Labor Committee, click [here](#). For a section-by-section of the bill, click [here](#).
- [H.R. 6493, the Campus Prevention and Recovery Services for Students Act](#), would reauthorize the Drug and Alcohol Abuse Prevention provision of the Higher Education Act to help institutions of higher education prioritize evidence-based programs in campus prevention and recovery efforts. For a fact sheet released by the House Education and Labor Committee, click [here](#). For a section-by-section of the bill, click [here](#).

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:

- [\(GENERAL-22-35\) NSLDS Professional Access – Upcoming Launch of Modernized Website and Important Deadlines, Outage, and Training Information](#)
- [\(GENERAL-22-34\) New Ransomware and School Closure Resources Available](#)
- [\(GENERAL-22-33\) New Quarterly Cybersecurity Newsletter from Federal Student Aid](#)
- [Request for Comment: Health Education Assistance Loan \(HEAL\) Program Regulations](#)
- [\(GENERAL-22-36\) COD System Operational Update 2022 – Reporting Deadlines and Reminders for CARES Act Relief, Coronavirus Indicator and R2T4](#)

General News

[*The Hill*](#) reports on the true cost of college, including costs and fees beyond tuition, and how the high cost of higher education may be impacting enrollment.

[*Inside Higher Ed*](#) reports on the U.S. Department of Education's new proposed rule on changes to the Title IX program, and its impact on colleges and universities.

[*Community College Daily*](#) reports that the Higher Education Emergency Relief Fund created opportunities for colleges to not only help students during the COVID-19 pandemic, but also innovate and create long-term solutions.

[*Inside Higher Ed*](#) reports that international students are returning en masse to college campuses in the United States after the challenges of COVID-19 limited student mobility for the last two years, according to a new report by the Institute of International Education.

[*Higher Ed Dive*](#) reports that a former college president asks what institutions of higher education will do to prevent women's gains in higher education from evaporating.

[*The Chronicle of Higher Education*](#) reports that, although graduate student enrollment has been relatively stable or increasing over the last few years, colleges and universities' reliance on graduate admissions has strained staff.

[*AP News*](#) reports that the West Virginia University Board of Governors recently voted to increase tuition costs and housing rates for the upcoming school year across the West Virginia University System.

[*Higher Ed Dive*](#) reports that the Delaware State Senate passed a bill that would forbid the state's public and private colleges from inquiring about applicants' criminal histories, otherwise known as a "ban-the-box policy."

[*eCampus News*](#) reports that more and more institutions of higher education are creating microcredential programs to outfit learners of all ages and backgrounds with validated and evidence-based proof of learning and skills. The University of Maine System's

microcredentials comprise stacked digital badges, which offer evidence of learning and highlight the skills employers are seeking. Microcredential pathways focus on workforce development and lead learners through different levels to demonstrate learning and skill mastery.

[The Washington Post](#) reports that the Commonwealth of Virginia's new budget will take \$10 million designated for state financial aid for undocumented students over the next two years and invest it in state aid for students at Historically Black Colleges and Universities.

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