



DAILY BRIEFING

Wednesday, July 13, 2022

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Department of Education Publishes NPRM on Borrower Defense to Repayment and PSLF in *Federal Register*

Today, the U.S. Department of Education officially published the [Notice of Proposed Rulemaking \(NPRM\)](#) making revisions to the existing processes for borrower defense to repayment, Public Service Loan Forgiveness (PSLF), Total and Permanent Disability (TPD), closed school discharge, false certification discharge, and interest capitalization in

the *Federal Register*. As highlighted in yesterday's *NCHER Daily Briefing*, the regulations would:

- Amend current regulations to establish a new federal standard and process for determining whether a borrower has a defense to repayment on a loan.
- Prohibit the use of certain contractual provisions regarding dispute resolution processes by institutions of higher education, and to require certain notifications and disclosures by institutions regarding their use of arbitration.
- Amend the current process for granting TPD discharges by eliminating the income monitoring period and expands allowable documentation allowing additional health care professionals to provide a certification that a borrower is totally and permanently disabled.
- Amend the closed school discharge provisions to expand borrower eligibility for automatic discharges and eliminate provisions pertaining to reenrollment in a comparable program.
- Amend current regulations to streamline those rules governing false certification discharges.
- Amend the Federal Direct Loan regulations to eliminate interest capitalization in instances where it is not required by statute.
- Amend regulations governing PSLF to clarify and expand definitions for full-time employment, qualifying employers, and qualifying monthly payments.

Public comments on the NPRM can be submitted to the Department on or before August 12, 2022. For additional coverage, see these articles from [The Hill](#) and [Forbes](#).

House and Senate Education Committee Republicans Urge Secretary Cardona to Extend Public Comment Period on NPRM

Yesterday, Senate Health, Education, Labor, and Pensions Committee Ranking Member Richard Burr (R-NC) and House Education and Labor Committee Ranking Member Virginia Foxx (R-NC) sent a [letter](#) to Education Secretary Miguel Cardona expressing their concerns over the public comment period for the Notice of Proposed Rulemaking (NPRM) on borrower defense to repayment and other changes to federal student loan programs. The letter references the U.S. Department of Education's NPRM published in today's *Federal Register*, which the members state would cost taxpayers \$85.1 billion, and

state their opposition to “the Department’s push for a rule of such magnitude without giving Congress and the public sufficient time to consider such changes.” Ranking Member Foxx and Burr request that the Department extend the public comment period by no less than an additional 30 days (for a total of 60 days). The letter also expresses concern over the proposed changes to the Public Service Loan Forgiveness program. “It is evident this proposal is part of a frenzied effort to meet a campaign promise to forgive as much student debt as possible before the November midterm elections,” the letter concludes. “In doing so, this proposal seeks to override the legislative process and ignore input from the American people.”

House Begins Consideration of National Defense Authorization Act, Debt Collection Amendment Made in Order

Today, the U.S. House of Representatives began consideration of [H.R. 7900, the National Defense Authorization Act \(NDAA\) for Fiscal Year 2023](#), which authorizes funding for the U.S. Department of Defense and other national security programs. The House Rules Committee recently made in order more than 650 amendments, including an [amendment](#) by Rep. Madeleine Dean (D-PA) to prohibit a debt collector from representing to service members that failure to cooperate with a debt collector will result in a reduction of rank, a revocation of security clearance, or military prosecution. The committee did not make in order an [amendment](#) by Rep. Dean to direct the holder of a private education loan to discharge the loan in the event of the borrower’s death or total and permanent disability, nor an [amendment](#) by House Financial Services Committee Chairwoman Maxine Waters (D-CA) to eliminate the negative credit reporting for Corinthian private student loans and eliminate the negative credit reporting for cancelled federal student loans. The chamber is expected to consider the NDAA over the next three days.

New York Department of Financial Services Sends Letter to Federal Loan Servicers on Best Practices for PSLF

Today, the New York Department of Financial Services sent a [letter](#) to all of the federal student loan servicers calling on them to implement a series of best practices to increase awareness and enrollment in the limited-waiver for the Public Service Loan Forgiveness (PSLF) Program. The waiver, begun by the U.S. Department of Education last year to count additional monthly payments toward forgiveness, is supposed to expire at the end

of October 2022. “More than 45 million Americans are burdened with student loan debt, in many cases limiting or delaying their ability to reach long term financial goals,” said **Superintendent of Financial Services Adrienne Harris** in a [press release](#). “As the primary contact for borrowers, student loan servicers are in the best position to ensure eligible individuals are made aware of and apply for the PSLF program, particularly during this critical period when borrowers can receive credit for past periods of repayment under the waived rules.” The Department of Financial Services’ letter encourages federal student loan servicers to adopt eight best practices to promote awareness of the potential benefits of PSLF and the time-limited waiver, including enhanced trainings for customer service staff, proactive communications with borrowers, and increased promotion of the program on servicer websites and on borrower account pages. The letter also outlines corrective measures that some servicers need to take if they are engaging in potentially unfair, deceptive, and abusive practices as identified by the Department.

Department of Education Releases Final Installment of HEERF Grants from American Relief Plan

Today, the U.S. Department of Education [announced](#) that it was releasing the final installment of grants under the Higher Education Emergency Relief Fund or HEERF included in the American Relief Plan. The agency said that \$198 million would be released to 244 colleges and universities to help them recover from the impacts of the pandemic. The grants have been awarded to public and private non-profit colleges and universities that have the greatest unmet needs, including community colleges and rural institutions that serve a high percentage of diverse student populations and low-income students, and those that have experienced enrollment declines since the start of the pandemic, among other categories. The Department said that, of the funds awarded today, almost 90 percent will go toward Historically Black Colleges and Universities, Minority Serving Institutions, community colleges, rural institutions, and institutions serving large populations of low-income students. The majority of institutions are also required to distribute roughly half of all grant funds directly to students with the greatest need, which helps provide additional support for housing, tuition support, addressing food insecurity, and other basic needs. For a state-by-state break down of the grants, click [here](#). For a full list of institutions that received grants, click [here](#).

CBO Publishes Monthly Budget Review for June 2022

On Monday, the Congressional Budget Office (CBO) published its [Monthly Budget Review for June 2022](#), which estimates that the federal budget deficit was \$514 billion in the first nine months of Fiscal Year (FY) 2022. CBO notes that this deficit is less than one-quarter of the \$2.2 trillion shortfall recorded during the same period in FY 2021. According to CBO, federal revenues were \$779 billion, 25 percent higher, and federal outlays were \$945 billion, 18 percent lower, than the same period in the previous year. The review notes that this is due, in part, to the fact that COVID-19 response spending was much higher during this period last year. The most-recent budget outlook released in May estimates that the federal deficit for FY 2022 would be \$1.0 trillion, but the budget data for June means that the deficit will actually be less than last month's estimate. CBO also estimates that the federal government incurred a deficit of \$88 billion in June 2022, which is \$86 billion less than the deficit recorded in June 2021.

American Association of Collegiate Registrars and Admissions Officers Publishes Report on Alternative and Micro-Credentials

The American Association of Collegiate Registrars and Admissions Officers (AACRAO) recently published a report titled, [Alternative Credentials: Considerations, Guidance, and Best Practices](#), to summarize the findings of its Alternative Credentials Work Group formed in 2021 to address increased interest in alternative and micro-credentials across higher education. The report defines alternative credentials as “non-traditional (non-degree) credentials offered by institutions of higher education that may include a myriad of credit alternatives including Massive Open Online Courses or MOOCs, micro-credentials/badges, credit- or non-credit bearing certificate programs, and various other opportunities typically issued in a digital format.” AACRAO found that there are approximately 1 million unique credentials in the United States, and over 43 million open badges - a type of portable credential - issued to earners. The report stated that micro-credentials, digital badges, and certificates represent an area of rapid growth in higher education and present opportunities to increase retention and community partnerships, though the alternative credential system has faced issues regarding the lack of common definitions. AACRAO advocated for the creation of a common understanding and the adoption of common definitions and standards so that the micro-credentialing system can be more effectively expanded.

U.S. Department of Education News

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

The following announcements were posted on Federal Student Aid's Knowledge Center website:

- [\(CB-22-12\) Information about the Reallocation Process, the 2021-22 Campus-Based Reallocation Form, and the Process to Request Supplemental Federal Work-Study Funds for 2022-23](#)
 - [\(LOANS-22-07\) HEAL Program Information - Maximum HEAL Program Interest Rates for Quarter Ending Sept. 30, 2022](#)
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General News

[Roll Call](#) reports that House Appropriations Committee Chairwoman Rosa DeLauro is working to get all 12 spending bills, including the Labor, Health and Human Services, Education, and Related Agencies Appropriations Act, through the House by the end of the month and the start of the upcoming August recess.

[CNBC](#) reviews recent data and notes that most federal student loan borrowers have small balances and would benefit greatly from having \$10,000 wiped away. About a third (33 percent) of borrowers owe less than \$10,000, while another 20 percent owe less than \$20,000.

[The Hill](#) discusses five key takeaways from the stunning inflation numbers released today despite interest rate hikes from the Federal Reserve and a host of policy responses from lawmakers over the past several months aimed at fixing supply chains.

[Inside Higher Ed](#) reports on the results of its 2022 survey of college and university business officers. While the 248 chief business officers surveyed acknowledge many of the pressures facing their institutions and express slightly less optimism than they did in last year's survey, they are upbeat about their institutions' financial stability and largely disinclined to see the need for dramatic changes in how they operate.

[Higher Ed Dive](#) continues to update its listing of major closings, mergers, acquisitions, and other consolidation among public and private nonprofit institutions from 2016 to the present.

[Connecticut Public Radio](#) reports that teachers in Connecticut could soon see some relief

from their student loan debt. On Tuesday, state officials announced that a new state-funded loan subsidy program is aimed at helping teachers refinance their loans.

[Go Banking Rates](#) reports on 10 strategies that student and parent borrowers should take to pay off their federal student loans faster after the repayment pause ends.

An online version of this Daily Briefing is available to view and print from the [Daily Briefing Section](#) of the [NCHER e-Library](#).



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