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FSA Publishes Quarterly Portfolio Reports, Focuses on Student Loan Payment Pause

Yesterday, the U.S. Department of Education's Office of Federal Student Aid (FSA) [posted](#) new quarterly portfolio reports on its [Data Center website](#) to highlight key data on the federal student loan programs as of March 31, 2022. The reports highlight that, as of the end of March, 43 million student loan recipients hold about \$1.62 trillion in outstanding federal loans, which represents an increase of \$80 billion in the outstanding loan balance and 400,000 student loan recipients from March of 2020. FSA notes that, over the past two years, the total federal student loan portfolio has increased by about five percent. The reports find that the portfolio of Direct Loans has slightly increased, while the

Federal Family Education Loan (FFEL) portfolio has shrunk, which could be partially attributed to the limited waiver program for Public Service Loan Forgiveness that led around 168,000 FFEL borrowers to consolidate their loans into Direct Loans since October 2021. Since the advent of the Coronavirus Aid, Relief, and Economic Security or CARES Act forbearance program, nearly 25 million Direct Loan recipients are in forbearance, compared to only 3.8 million Direct Loan borrowers in March 2020. The reports also find that income-driven repayment plan enrollment has increased by about four percent since March 2020.

In addition to new data on federal student loan programs, the reports provide an update to the 2019–2020 Financial Responsibility Composite Scores based on institutions' financial statements submitted under the Higher Education Act in order to participate in Title IV programs. The updated Financial Responsibility Composite Scores found that:

- Nearly 2,600 schools (92 percent) had a score greater than or equal to 1.5 (and thus are considered financially responsible).
- 73 schools had a score less than 1.5, but greater than or equal to 1.0 (and thus are considered financially responsible but require additional oversight).
- 152 schools had a score less than 1.0 (and thus are considered not financially responsible).

For-Profit Colleges File Motion to Intervene in Department of Education's Proposed Borrower Defense Settlement

On Wednesday, American National University and Lincoln Educational Services Corp. [filed a motion](#) to intervene in the proposed settlement in the *Sweet v. Cardona* case regarding the handling of borrower defense to repayment claims by the U.S. Department of Education. The proposed settlement, announced last month, would 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, but whose applications for relief went unanswered by the Department for several years. American National University and Lincoln Education Services Corp. are two of the for-profit institutions named in the settlement, along with Everglades College, Inc. which filed a separate motion, and claim that the settlement “is fundamentally unfair and maligns them without giving them a chance to respond to the allegations of misconduct against them,” according to *Politico*. News reports add that the two for-profit institutions’ “court filing does not make a specific proposal but suggests they want language added to the deal that

explicitly prohibits the Department from recouping the billions of dollars' worth of loan forgiveness from the colleges." The motion filed by Everglades College, Inc. accuses the Department of conspiring with student loan borrowers to reach the settlement and calls the proposed settlement "so sweeping it has little analogue in American jurisprudence," according to Everglades College, Inc. attorneys.

House Democrats Introduce Legislation to Reform PSLF

Yesterday, Reps. Alma Adams (D-NC), Joe Courtney (D-CT), Jahana Hayes (D-CT), Adam Smith (D-WA), Frederica Wilson (D-FL), and Jamaal Bowman (D-NY) introduced the "Simplifying and Strengthening Public Service Loan Forgiveness (PSLF) Act" to codify and add on to the current overhaul of the program. More specifically, the proposed legislation would halve the number of payments required to qualify for PSLF, count prior periods of repayment toward forgiveness, and clarify eligibility requirements to include active-duty military and Peace Corps volunteers. It would also allow Parent PLUS Loan holders and couples who have previously jointly consolidated their Federal Family Education Loans to re-consolidate them into one Direct Loan in order to qualify for PSLF eligibility. "Our bill, the Simplifying and Strengthening PSLF Act, ensures we keep the promise to our public servants by codifying administrative fixes made by the Biden Administration," Rep. Adams said in a [press release](#). "At a time when so many students and borrowers are awaiting debt relief, we must honor our promises." A companion bill was introduced in the U.S. Senate in May 2022 by Sen. Sheldon Whitehouse (D-RI).

Reps. Bonamici and Kilmer Introduce Bill to Update Federal Work Study

Yesterday, Reps. Suzanne Bonamici (D-OR) and Derek Kilmer (D-WA) introduced [H.R. 8343, the Opportunities for Student Success Act](#), which aims to better provide low-income students with an affordable higher education and valuable work experience. The bill would increase funding for Federal Work Study (FWS) to \$2.5 billion over five years, reform the FWS formula to allocate funding based on the amount of Pell Grant funding an institution of higher education receives as well as address student need, and target FWS funding to low-income students. It would also provide work experience opportunities for students by providing additional funding for Job Location and Development programs, allowing students to earn FWS wages during periods of non-enrollment, and authorizing a \$30 million work-based pilot program to help connect low-income students to high-quality internships. "By modernizing the Federal Work Study program, this bill will give more students the ability to learn new skills that can lead to a career – and give local

businesses access to workers they need,” said Rep. Kilmer in a [press release](#). Rep. Bonamici added that, “The Federal Work Study Program has tremendous potential to help students afford college while obtaining work experience. I benefitted from Work Study, and it helped me pay for college and develop my career path.” The bill has been referred to the House Education and Labor Committee for additional consideration.

Excelencia in Education Report Examines Latino College Completion

Excelencia in Education recently published a report titled, [Latino College Completion: 2019-2020](#), which provides an overview of the Latino college enrollment context during the first months of the COVID-19 pandemic. Overall, the report found that, while Latino college enrollment declined in 2020, Latino college completion continues to increase. Excelencia in Education cited that, in 2021, 21 percent of Latino adults had earned a bachelor’s degree or higher, compared to 38 percent of all adults in the U.S. The report highlighted that Latinos represented the second-largest group of certificate or degree earners in the country at 17 percent of all students earning degrees, behind white degree earners that comprised 51 percent of all students earning degrees. In terms of institution type, the report found that 70 percent of Latino certificate or degree earners received their credential at a four-year public institution, with 55 percent of these students enrolled at Hispanic-Serving Institutions (HSIs). Excelencia in Education also examined enrollment and completion trends over time, and found that Latino degree completion has increased over the last five years, although degree completion increased at a slower rate during 2020. Significantly, the report found that of the 250,000 increase in certificates and degrees earned over the last five years, Latino students account for 85 percent of the increase.

U.S. Department of Education News

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

General News

[Higher Ed Dive](#) continues to update its searchable chart that shows state totals under the American Rescue Plan and all three rounds of funding under the Higher Education Emergency Relief Fund (HEERF). HEERF was funded by three packages passed by

Congress earlier in the pandemic

[CNN](#) reviews the U.S. Department of Education's proposed rule to limit the number of ways that interest adds to the principal balance of a federal student loan -- known as capitalization. The change for Direct Loan borrowers could go into effect as early as next summer after a formal review process takes place. Related, [Forbes](#) reviews the proposed rule changes related to borrower defense to repayment to make student loan cancellation easier.

[HRD](#) reports that student loan assistance is a worthwhile benefit that employers should offer their employees.

[CNET](#) reports that more than a 10th of Google Ads promoting student loan relief plans push bogus services, according to a report released Wednesday by the Tech Transparency Project, a nonprofit watchdog organization.

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