NCHER

DAILY BRIEFING

Monday, August 1, 2022

In Today's Edition

- *NCHER Daily Briefing* Publishing on Abbreviated Schedule in August
- Weekly Rundown
- GAO Releases Report Finding Department of Education Underestimated Cost of Federal Student Loan Program by $311 Billion
- Politico: U.S. Department of Education has Detail Plans for Federal Student Loan Forgiveness
- FSA Announces TEACH Grant Program Will Transition from FedLoan to MOHELA
- State Attorney Generals Send Letter to President and Education Secretary Cardona Calling for Additional Changes to PSLF Waiver
- UNCF Report Examines HBCU Funding
- U.S. Department of Education News
- General News

NCHER Daily Briefing Publishing on Abbreviated Schedule in August

The *NCHER Daily Briefing* will be published on an abbreviated schedule consisting of today and Thursday as most of Congress has begun the traditional month-long August recess. We will resume our regular publication schedule once Congress returns from its break.

NCHER
Weekly Rundown

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](#).

GAO Releases Report Finding Department of Education Underestimated Cost of Federal Student Loan Program by $311 Billion

On Friday, the U.S. Government Accountability Office (GAO) released a report titled, **Education Has Increased Federal Cost Estimates of Direct Loans by Billions due to Programmatic and Other Changes**, which analyzed loan data between 1994 and 2021 and found that the U.S. Department of Education had underestimated the costs for the federal student loan program by $311 billion. The report was requested by Sens. Richard Burr (R-NC) and Mike Braun (R-IN) and Reps. Virginia Foxx (R-NC) and Greg Murphy (R-NC). The report found that the Department had initially estimated that the federal student loan programs would generate $114 billion in income over 25 years, but recent data indicates that these programs have cost the federal government $197 billion. The Department annually estimates the lifetime costs of the federal student loan program for inclusion in the President's budget, and the estimate includes costs for new loans and changes in economic factors and actual loan performance. According to GAO, the largest estimated cost increases — about $102 billion in total — came from emergency relief under the Coronavirus Aid, Relief, and Economic Security or CARES Act and administrative actions. Those included the pause on federal student loan repayment, interest, and involuntary collections for loans in default. The majority of the increase, about $189 billion, is due to reestimates based on actual data on how loans have performed, including updated income data for borrowers in Income-Driven Repayment plans. GAO also noted that income growth and inflation, two factors that affect borrowers' ability to repay loans, are difficult to predict and fluctuated during the COVID-19 pandemic.

"For decades, the Department of Education has significantly underestimated the true cost of the Direct Loan program," said House and Senate Committee Republicans. "Any way you look at it, the claim that the federal government 'profits' off student loan borrowers is FALSE. Taxpayers have lost hundreds of billions of dollars on this program." In a statement in response to the report, House Education and Labor Committee Chairman Bobby Scott (D-VA) said, "Every American deserves access to an affordable, high-quality college degree. Rather than cast blame on previous Administrations—two of which were Republican and two of which were Democratic—we should focus on solutions. The solution to this problem is not to eliminate the student loan program, but—rather—we should work together to address the rising cost of college, restore the value of the Pell Grant, and make meaningful reforms to the student loan program."

For additional coverage, see these articles from ***Higher Ed Dive*** and ***Inside Higher Ed***.

Politico: U.S. Department of Education has Detail Plans for Federal Student Loan Forgiveness

Last week, *Politico* reported that internal documents prepared by the U.S. Department of Education indicate that the agency has developed detailed plans on how to implement a new federal student loan forgiveness program, if the White House makes the decision to move forward. According to the news report, the proposed plan would grant automatic relief to several million borrowers for whom the Department already has income information, while other student and parent borrowers would need to self-certify that they qualify for relief through StudentAid.gov. The documents specify that all types of federal student loans would be eligible for relief, including Parent PLUS Loan and Federal Family Education Program borrowers, and note that Pell Grant recipients may be eligible for additional relief. "Internal discussions have resolved most key operational and policy issues necessary for speedy implementation potentially allowing immediate eligibility determination for millions of borrowers, the first cancellations within 45 days of announcement and millions of cancellations within 90 days," the memo prepared for Education Secretary Miguel Cardona by senior officials says. Neither the White House nor the Department have released any official information on a plan for student loan debt forgiveness, but the President Joe Biden is expected to make an announcement in the next few weeks ahead of the expiration of the most recent federal student loan payment and collections pause that is currently set to end on August 31. Sources speculate that the President will extend the current payment pause beyond August 31 and may make a decision about student loan debt cancellation around the same time.

FSA Announces TEACH Grant Program Will Transition from FedLoan to MOHELA

The U.S. Department of Education's Office of Federal Student Aid (FSA) recently announced that it will transfer Teacher Education for College and Higher Education (TEACH) Grant Program participant accounts, grants, and loans from FedLoan Servicing to MOHELA on September 15, 2022. FSA said that the transfer is necessary because FedLoan announced that it will stop servicing federal student grants and loans when its contract ends. FSA noted that TEACH Grant Program participant accounts should be available on mohela.com at the end of September 2022, and participants will receive five notices as their accounts are transferred so that they can monitor progress of the transfer. The change in servicer will not affect the terms and conditions of the TEACH Grant Program.

State Attorney Generals Send Letter to President and Education Secretary Cardona Calling for Additional Changes to PSLF Waiver

Last week, 20 Democratic Attorneys General (AGs) sent a letter to President Joe Biden and Education Secretary Miguel Cardona asking them to make changes to the time-limited waiver of the Public Service Loan Forgiveness (PSLF) program to help additional public servants. The letter requests that the Department automatically count all forbearance periods toward loan forgiveness, extend the waiver at least until all new PSLF regulations take effect, and grandfather in existing waiver benefits for those borrowers who miss administrative deadlines. The AGs also ask the agency to apply the waiver to all federal loan borrowers, including Parent PLUS and joint consolidation borrowers. Finally, the letter asks that the Department "harmonize" the PSLF waiver with the Income-Driven Repayment Account Adjustment to avoid borrower and servicer confusion such as aligning deadlines and certain other terms.

UNCF Report Examines HBCU Funding

Last week, the United Negro College Fund (UNCF) published a report titled, Greater Funding, Greater Needs: A Report on Funding for HBCUs, which analyzes recent federal funding streams for Historically Black Colleges and Universities (HBCUs) and advocates for increased funding through both federal and private streams to rebuild infrastructure at the colleges and universities. The report surveyed 37 UNCF member institutions to examine how HBCUs utilized recent funding included in COVID-19 relief packages, and found that funds were used to implement and upgrade technology to provide remote instruction, stabilize operations to cover payroll expenses, and help students ease their debt. UNCF found that nearly two-thirds of the institutions surveyed still have more than

$5 million in deferred maintenance for facilities. The report advocated for the passage of the HBCUs IGNITE Excellence Act to address aging facilities and provide more funding to HBCUs. Lodriguez Murray, Senior Vice President of Public Policy and Government Affairs at UNCF, said, "If Congress fails to act now, HBCUs now run the risk of losing out on funding from stakeholders who may erroneously believe the need has lessened. Now, a critical challenge for HBCUs will be overcoming common myths about these institutions." The report included the following recommendations to increase funding for HBCUs:

- Commit to fund HBCUs, collectively, at federally mandated levels going forward while providing extra funds to address the deferred maintenance backlog.
- Rally public- and private-sector donors to help HBCUs attain unrestricted funds to obtain parity in their endowments.
- Capitalize on the greater awareness of HBCUs to attract a higher level of contributions from private donors and reinforce the importance of unrestricted gifts.

U.S. Department of Education News

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

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

- [(ANN-22-07) Training Workshops – 2022-23 Fundamentals Training Series]
- [(ANN-22-06) Online Training Course – Completing the 2023–24 FISAP]
- [Service Release for EDExpress for Windows 2022–2023, Release 3.0]
- [(EDESUITE-22-04) Service Release Available for EDExpress for Windows 2022–2023, Release 3.0 to Resolve Pell Disbursement Entry, Display Issues]

General News

Forbes publishes a column reporting on four things to expect if President Joe Biden enacts federal student loan forgiveness.

Fox Business reports that President Joe Biden is taking his time to reveal whether he will issue a seventh extension of the pandemic-era pause on federal student loan payments that expires at the end of this month, raising speculation that a bigger announcement involving student debt forgiveness will come with it.

The Motley Fool reports that the U.S. House of Representatives recently passed the SECURE 2.0 Act, which is designed to build upon the SECURE Act of 2019. SECURE 2.0 aims to make it easier for workers to prepare for retirement and includes a proposal to match 401(k) contributions from employers. For every dollar an employee pays toward eligible student loans, the employer can match those contributions. So, for instance, if the employee paid $200 toward your loans, the employer could contribute up to $200 to their 401(k).

Diverse Issues in Higher Education reports that a recent Florida state education policy that allows U.S. military veterans to teach without a college degree has been met with criticism and concern.

Diverse Issues in Higher Education reports that a recently released study by the National Bureau of Economic Research notes that Black and Latinx students who participated in a rigorous STEM summer program prior to their senior year of high school were more likely to enroll at top-ranked colleges and universities, persist, and graduate within four years with a STEM degree.

University Business reports that college degrees still matter to employers and, while that might be a great sign for higher education, it might not be the best measure to solve the jobs crisis in America. The new Employability Report released by Cengage Group shows that 62 percent of all employers surveyed still believe a degree is a must-have for their candidates, despite the fact that less than 40 percent of all adults in the U.S. have a bachelor’s degree and many have the skills to do the required work via other credentials.

Do not forward this email with this link included.

Anyone clicking on this link will unsubscribe you from the Daily Briefing distribution.

Unsubscribe | Manage subscription

National Council of Higher Education Resources
1050 Connecticut Ave NW #65793
Washington, DC 20035

Phone: **(202) 822-2106**
Fax: (202) 822-2142